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"MODIFIED" PREFERENCES SHAPED BY THE MARKET-DRIVEN "HOUSING CULTURE" IN SOUTH KOREA

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Abstract

This paper aims to understand how a "housing culture" is shaped and operates in a market-driven capitalist society, governing our built environment as well as our lifestyles. Specifically, it explores how the market influences consumer preferences through a dominant "housing culture", by conducting in-depth interviews with main housing market actors (including house builders, residents and policymakers). The research looks at the particular case of South Korea, where fundamental changes in the country's housing market have occurred in tandem with the rise of a so-called "apartment culture". A specific pattern of supply and demand, which may contribute to forming a particular housing culture, depends on the interaction between the market and consumer behaviour under policy constraints. Based on this hypothesis, this research shows that consumer preferences are 'modified' by a dominant housing culture structured by the market mechanism. This differs from the rationality implied by "revealed preferences" in mainstream economics. In other words, decision-making in housing choices is not free from cultural structure. Therefore, this paper reveals the importance of housing culture as a complement to existing housing research based on mainstream economics.

Streszczenie

Celem tego artykułu jest zrozumienie w jaki sposób kształtuje się metodologia projektowania domów oraz zaspakajania potrzeb, rynkowo napędzanego, kapitalistycznego społeczeństwa, która ma wpływ na nasze środowisko zbudowane jak również na nasz styl życia. Szczegółowym badaniom poddane są rynkowe preferencje konsumenta, mające dominujący wpływ na metodologię projektowania domów, w wyniku prowadzonych dogłębnych wywiadów z głównymi uczestnikami rynku inwestycyjnego domów (wykonawców inwestycji, mieszkańców, decydentów). Badanie dotyczy szczególnego przypadku Korei Południowej, gdzie podstawowe zmiany na rynku inwestycyjnym budowy domów w tym kraju, nastąpiły razem ze wzrostem znaczenia tak zwanej „kultury apartamentu". Określony wzór podaży i popytu, który może przyczynić się do tworzenia szczególnego standardu i wizerunku domów, zależy od współdziałania między rynkiem i zachowaniem się konsumenta pod presją polityki marketingowej i medialnej. Opierając się na tej hipotezie, badania te dowodzą, że preferencje konsumenta są „zmodyfikowane" przez panujący standard i rozpowszechniony medialnie wizerunek domów zbudowany przez rynkowy mechanizm. To różni się od racjonalnych, nasuwających się wniosków w stosunku do ujawnionych preferencji w ogólnie pojętej ekonomii. Inaczej mówiąc , decyzje podejmowane przy wyborze domu nie są wolne od kulturowego podłoża społeczeństwa i jego preferencji estetycznych. Dlatego, artykuł ten ujawnia znaczenie metodologii projektowania domów jako uzupełnienie do istniejącego badania domów bazującego na ogólnie pojętej ekonomii.

Keywords: **Housing culture; Modified preferences; Revealed preferences; High-rise apartments; Consumer culture.**

1. INTRODUCTION

Previously, housing was formulated not only by natural constraints such as climate, materials and technology, but also by social and cultural norms such as religion, custom and ritual in general (Raport, 1969). Since the modernist era with the advancement of tech-

nology and capitalism, however, these natural and cultural constraints no longer limit the construction of housing. In consumer society, instead, housing is a mass-produced good provided by the development industry within a mature market. Consumers purchase and, largely, live in standardised housing, which helps to form particular lifestyles and contributes to the reproduction of cultural norms, so-called "consumer culture".

Culture is not only a product created by the continuous interaction of actors, but it also influences socio-economic structure, shaping individual identities and lifestyles and governing their institutional behaviours (Samuels, 1995). That is, consumer culture is interrelated with the market structure. It means that economic outcomes can also be reconstructed by altering the institutional form as needs and preferences change (D'Arcy and Keogh, 2002). This is because the market is not neutral in the way that it distributes resources and values, but constructed by human beings reflecting various social, economic and political institutions (D'Arcy and Keogh, 2002).

According to different structures and practices, thus, cultural diversity is found increasingly in our daily life, and economic power in public policy has encouraged a competitiveness between our preferences within multiple cultural "layers" in the modernist era (Healey, 2006). How these preferences are shaped, however, is not mentioned (Douglas, 1992). Institutional analysis tends to explain only how outcomes can emerge from the relationships between institutional environments and institutional practices. In other words, how culture, as an outcome of institutional behaviour, influences consumer preferences is rarely studied.

Therefore, this research tries to understand what drives demand in the housing market by examining how preferences for housing are shaped by cultural effects. In order to explore the relationship between market outcomes and consumer preferences according to various constraints, the research needs to examine the strategies of providers and the attitudes of consumers in addition to policymakers' perspectives. In particular, this paper focuses on examining the market's role in shaping preferences, which has resulted in the restructuring of old places of detached and low-rise houses to a dominant built form high-rise apartments in South Korea. This built form has become deeply embedded within Korean culture.

This study uses a framework which highlights the difference between economic and cultural meanings of preferences, and highlights the market's considerable impacts on housing culture. This is an attempt to provide a new way of thinking over existing housing research. In consumer society, there exists another cultural perspective of choice that complements both sociological understandings the "housing pathway" framework based on lifecycle (Clapham, 2005) and the assumptions of rational and universal behavioural axioms made by mainstream economists. Particular interests of and relationships between actors are important and the market's role is increasingly pervasive in "creating" and promulgating distinctive lifestyles. Therefore, this paper suggests that "housing culture" should be a key theme in housing research, and exploring a particular housing culture and its impacts on socio-spatial outcomes is an important agenda for further research.

2. HOUSING HISTORY IN SOUTH KOREA

South Korea has a housing market with particular characteristics that set it apart from many other developed countries. The high rise apartment is now the most favoured form of housing in metropolitan Seoul as well as other regions. Over the last half century, as a response to intense industrialisation and urbanisation pressures following political and economic reform, there has been massive transformation of old sites and old buildings, as they make way for high-rise housing and, recently, the distinctive luxury provider-branded apartments which have come to dominate the market and the physical city. The construction of massive apartment blocks is still an ongoing process in the South Korean capital city. Now, a new phase of development, "new town developments" has commenced in 26 designated inner areas of Seoul. They intend to combat the problems caused by local, piecemeal redevelopment and reconstruction, combining the areas of redevelopment and reconstruction into a large project. They are usually focused on replacing the traditionally settled parts of the city with massive high-rise blocks, which was a public promise of the current government in the last election and has become a priority of economic policy in the 2000s. The areas available are much larger, totalling 24,050,000 m^2, than the 19,390,000 m^2 that was redeveloped during the 36 years from 1973 to 2008 (Kim, 2009). In this context, there are also questions about why "town houses", which are a style of housing with an amalgam of the private space of houses and the management system of apartments, have recently emerged as an alternative housing style

and the extent to which they will become accepted because of the clear dominance of the "apartments culture" in Seoul. Early evidence suggests that town houses are comparatively unpopular.

2.1. Historical background of apartment culture

Following independence from Japan in 1945 and the Korean War during the 1950s, South Korea remained a poor agrarian society. With the military coup in 1961, the government replaced an economic policy of import-substitution during the 1950s with an export-oriented policy, resulting in the transformation of Korea into an increasingly rich urban, industrial nation (Lett, 1998). The crucial power of dramatic economic growth from GNP of 80 dollars per capita in 1960 to 10,000 dollars per capita in 1995 was seen in Seoul: its population increased almost five times as a result of migration from rural and local urban areas over the period (Gelézeau, 2007). As a result of such rapid industrialisation and urbanisation, Seoul began to suffer from a drastic housing shortage.

These shortages have provided the backdrop to another parallel phase of development in the urban built environment. Urban squatters have formed sub-standard settlements comprised of different types of illegal and informal housing, driven by the need to adapt their housing circumstances in the face of social changes (Ha, 2001). These changes have occurred throughout much of the 20th Century. Japanese colonial policy in the beginning of the 1900s resulted in many poor farmers being evicted from rural areas and, later, the struggle for independence and the Korean War from 1945 to the early 1960s resulted in the production of a new urban refugee class (Ha, 2001). Even more recently, from the 1980s to the present time, a number of evictees have resulted from urban redevelopment and reconstruction processes.

Given the problem of housing shortages and substandard housing, the government carried out a massive supply plan based on the statutory law, the "Housing Construction Acceleration Act" in 1972 for high-rise building and private development to meet increasing demand. Since then, the plan was accelerated, particularly through the redevelopment and reconstruction policy as well as new city development. The programs to redevelop and reconstruct have more than doubled the amount of housing stock that originally existed in certain neighbourhoods (Ha, 2007), at the same time improving the residential environment for the middle class through a gentrification process (Lee et al., 2003). Those schemes have also contributed to

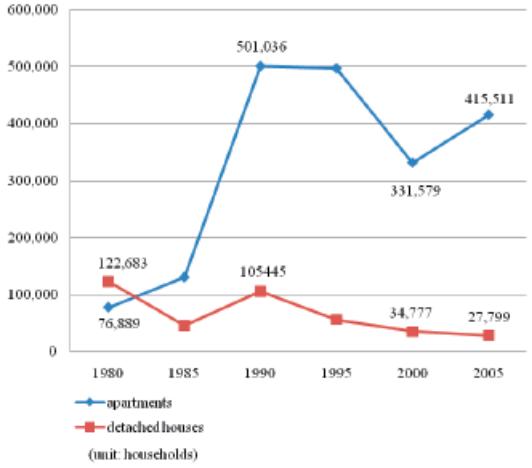

Figure 1.
The number of supply in apartments vs. detached houses (Note: Data from Ministry of Land, Transport and Maritime Affairs) (Cha, 2007)

raising housing finance from private investment to augment insufficient public housing funds (Ryu, 2004). As a result, an extreme change in urban housing as well as of the physical urban pattern has been caused by the dramatic urban growth, replacing detached houses with apartments, as shown in Fig. 1.

Less than 5 percent of urban housing built before 1960, and 3 percent built before Korean War, still existed by the time of the 2000 census, and apartments came to represent the symbol of these changes (Gelézeau, 2007). The number of apartments increased in all areas of Seoul, accounting for 55.7 percent of all and about 90 percent of new built housing stock in 2007 (RPL, 2008). It extensively transformed the skyline of Seoul, which was relatively low-rise in character up to the end of the 1970s (Gelézeau, 2007).

2.2. Mass-production of apartments since the 1970s

During the 1950-60s, since the Korean War, the government's efforts to improve urban squatting and the housing shortage by introducing a new housing style of apartments, usually for the lower class, were unsuccessful. As Lee (1971: 41, cited in Lett, 1998) noted:

Apartments were not suited to a traditional lifestyle; Koreans wanted to own real estate which, of course, was not possible with apartments; and since many households live in the same building, each family is conscious of having its living standards exposed to the scrutiny of immediate neighbours.

Such dislike, however, turned to a positive attitude with a successful development by the government in 1971, which targeted the wealthier classes (Gelézeau, 2007). The largest unit (80 *pyong*: about 264 m^2, as 1 *pyong* is approximately 3.3 square metres) of the apartment complex was named the "mansion", symbolising housing for the wealthy, and marketing strategies such as advertising and show homes were employed to promote sales (Gelézeau, 2007). This development acted as a pioneering model for the "Kangnam development" onward.

Mass-production targeting the middle classes in the 1970s (Fig. 2) started with the series of new neighbourhoods in Kangnam, which remains the richest area of Seoul (Fig. 3). This was intended to alleviate over-population in "Kangbuk", the traditionally settled area of the city. During these developments, housing production and distribution systems were structured to meet housing demand almost without recourse to public housing funds. The Housing Related Saving Scheme of 1977 enabled those with saving accounts to have priority allocations for new apartments at below-market prices before they were built. The instalments paid during the construction period effectively became an interest-free fund for the company. Furthermore, loans made from the saving scheme funds were given by government at low rates of interest, usually to large construction companies (Ryu, 2004). This method has been important in enabling the mass supply and demand of apartments in Korea.

2.3. Extension of apartment culture in the 1980-90s

As developable land became scarce in Kangnam, "new city developments" in surrounding areas of Seoul were initiated at the end of the 1980s. This "Two Million Housing Construction Plan" aimed to solve the housing shortages in and near Seoul (Ha, 2000). As a result, whereas supply of detached houses decreased gradually to just over 6% in 2005, the construction rate of new apartments increased from 200,000-250,000 per annum to 500,000-600,000 per annum up to 1997 (Kim 2002). This resulted in overproduction, in excess of 2.7 million units, during the planning period from 1988 to 1992 (Bae, 2002).

Over the period of the developments, high-rise building penetrated deeply into people's lifestyles. Since then, given the preferences for high-rise apartments, high-end developers have also increasingly sought to redevelop old traditional sites and reconstruct original apartment blocks within the city, which have

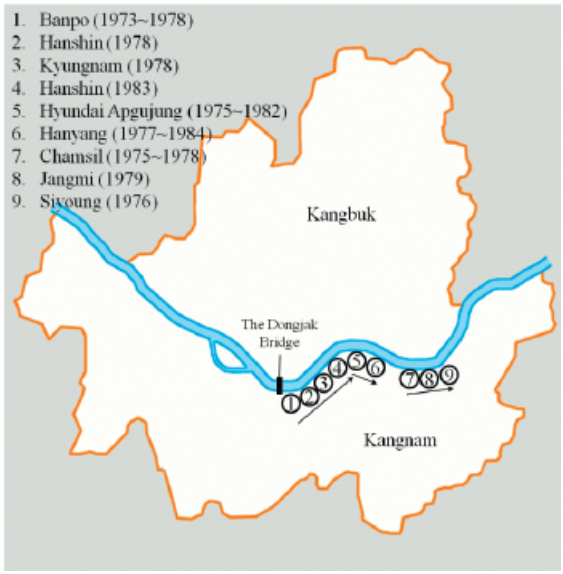

Figure 2.
The developments of apartments in the 1970s (Gelézeau, 2007)

Figure 3.
The richest areas in Seoul (Source: http://commons.wikimedia.org/wiki/Image:Map_Seoul_districts_de.png)

transformed its physical and socio-spatial structure.

2.4. Luxury provider-branded apartments since the 1997 financial crisis

Following the Asian financial crisis of 1997, luxury branded apartments emerged as a response to the deregulation of housing policy, and it became a distinctive feature of the housing market in Seoul. This

brought about a price premium, inflating apartment prices enormously and causing low income households to be unable to access affordable and appropriate housing. It also resulted in low income groups experiencing deprivation, which is exacerbated by the reinforcement of residential segregation between apartment complexes and other housing areas. This is particularly clear in local contexts where the areas are redeveloped or reconstructed, restructuring socio-economic patterns as well as revealing spatial and physical distinctions in both Kangbuk and Kangnam, as can be seen in Fig. 4 and Fig. 5.

Figure 4.
Kangbuk (Source: google map)

Figure 5.
Kangnam (Source: google map)

The problem is basically rooted in the structure of the housing market. In a real sense, there is no provider of low-income housing, only apartments for the middle classes and above, as the government is involved in constructing housing for sale that must be allocated to those who have enough money to enter. More seriously, policy is potentially inconsistent with aims of the government. Regardless of political position, governments generally aim to stabilise the national economy and housing availability for the middle and lower classes. However, most Korean policy, whether broadly about regulation or deregulation, is focused on the upper middle-class segment of the housing market. Most builders, including the government's own institutions, are focusing on the provision of above-average size apartments. For instance, recent provision by the Korea National Housing Corporation (KNHC) had medium and large size with the range of 125-228 m^2 as well as higher prices than neighbouring areas (Choi, 2009), despite being public rental housing. (It is worth noting that this public housing can be sold after 10 years.) It is not clear for whom this housing is intended. This is why the original tenants cannot enter into newly built apartments because of their high price, although rights are given to them for public rental housing in the development site. It is arguable that even "public" housing is helping to shape a middle-class housing culture, excluding low income households from the dominant structure of the housing market.

3. HOUSING CULTURE

The continuous development of apartment complexes has caused two broad problems in terms of social segregation and gentrification. It may be that not only has the housing provision been focused on high value apartments, but the involvement of large builders and middle-to-high income households has also been encouraged. At the same time, lower income households have often been marginalised in the decision-making processes, by the interests of large housing developers and by the inconsistency of the government's quantity-oriented housing policy (Ryu, 2004). These particular interests have resulted in a distinctive housing culture in Korea, with luxury high-rise apartments becoming the embodiment of the middle classes housing. On the other hand, lower income families have mostly been excluded and segregated from the development process in terms of housing policy and the operation of the housing market.

An inevitable outcome has thus been gentrification and socio-spatial segregation, partly aided by the eviction of original residents within redeveloped areas and the "restructuring of middle-class culture" (Smith, 1996). This has meant that the development process has entailed continuous conflict between the parties interested in the development and the evictees. In some high profile cases this has even led to evictions with the use of police force (Kim, 2000).

A recent tragic incident in the eviction stage, in which one policeman and five tenants of a commercial building died following a fire that broke out during a siege in a site designated for "new town developments" (Catalinotto, 2009), clearly represents the sometimes stark outcomes of conflicts in the development process. The government announced that the incident was due to terrorism by those who made a protest against eviction, expressing regret at the subsequent resignation of the police chief. It became a fierce political issue, and one which commentators believe is likely to happen again during the progression of the 26 "new town developments". The Conservative Party and its advocates agree with the statement of the government based on the statutory law to be followed. On the other hand, the Democratic Party and others criticise it strongly as non-humanistic treatment by the state.

Despite all these matters around apartments, most people in Korea aspire to live in apartments. Consequently, most political debate related to housing policy focuses on apartments. The wisdom of an exclusive focus on developing apartments is questioned by many people. Why are apartments so taken for granted? Why are people so desperate to transform the original low rise neighbourhoods into the high-rise apartment blocks? It may be that a particular "housing culture" embedded to our lifestyles has been constructed, which is based on the dominant power of economy and politics as well as on social status. It may also be why the acceptability of alternative forms of housing, such as "town houses", is debatable.

In a capitalist society, the role of the market is increasingly pervasive in shaping not only markets but culture, in the form of a consumer culture. The consumption of commodities is deeply structured by the mediation of agents and systems with economic motivations (Slater, 1997). In other words, consumer choices and preferences are closely linked to the market behaviour of a wide range of actors. This means that there are close reciprocal links between preferences for and patterns of housing consumption, cultural identity and lifestyle, and the housing market. How the market can reproduce a particular housing culture and, in turn, how that housing culture can affect the housing market in terms of people's preferences and the development process is a key question in understanding how the built environment can be transformed.

3.1. The limit of "revealed preferences"

The relationship of housing to lifestyle differs markedly from place to place. Whereas producer-branded apartments are preferred by the Korean middle classes, Britain has a lifestyle pattern associated with low-rise suburban houses with gardens. These totally different housing cultures are central in distinguishing between Korean and British lifestyles. Furthermore, high-rise apartments have different meanings: in Korea they are symbolic of middle-class housing, whereas in other societies they are often associated with social housing. The importance of brand awareness in marketing apartments built by industrial conglomerates such as Samsung, LG and Hyundai has caused significant price increases and speculation on apartments.

Such phenomena are examples of the limits of the conventional economic explanation of the housing market. Economists have long been aware of apparently systematic patterns of housing and land uses within and around urban centres (Steuart, 1769; Schumpeter, 1954). As microeconomic theory has been reflected in housing economics since the 1950s, the neoclassical equilibrium framework has come to form the core of microeconomic thought, revealing how consumers and producers behave in a particular market (Maclennan, 1982). It generally deals with the value of space, and space-access models and tends to predict sprawl, surburbanisation and single-family dwellings. However, the Korean value premium placed on compact apartments appears to confound neoclassical land economics with its emphasis on the price of space.

In understanding consumer behaviour, "revealed" preferences defined as "observed choices" have been the dominant influence in mainstream economics (Varian, 2005). Most housing economists have also applied revealed preference models to observed market outcomes to understand housing choices (Maclennan, 1982). These simple economic models are, however, limited in explaining the emergence of distinctive housing markets (Maclennan, 1982). That is, the concept of revealed preferences does not adequately explain the behaviour of actors, and is not a good predictor of future preferences. Instead, cultural factors and their interaction with market forces need to be better understood, especially as they may inform latent or unfulfilled preferences rather than constrained, pragmatic or "satisficing" choices.

3.2. Empirical evidence

To investigate cultural interaction between the market and consumers, semi-structured interviews were undertaken to explore cultural structure in the housing market. This was conducted with 45 interviewees, including housebuilding companies, residents and policymakers, all of which are actively involved in the housing market.

Through a qualitative analysis of the interview data, this research explores how consumer choices are closely linked to market behaviour, drawing upon a new concept of "modified" preferences. "Revealed" preferences in the conventional economic models are usually considered as rational choices based on externally given and fixed factors. It thus does not explain why the "snob" and "bandwagon" effects (such as culturally-driven price premiums) happen. Therefore, this paper suggests that a concept of "modified" preferences manipulated by the market can be a better way of understanding outcomes.

3.3. Defining a HC

Williams (1961) sees culture as "a whole way of life", which means "both involve collectivities: the collective name for forms of cultural production, dissemination, and reception; and the collective values of a social group as expressed in the habits and expressions of everyday lives" (Miles et al., 2004: 51). Similarly, as Johann Herder (1969) argues, "culture is not universal but specific to the groups who produce it, and comes to mean the distinctive qualities of different civilisations or societies, or of different groups or classes within a society" (cited in Miles et al., 2004: 55). In this way, a "housing culture" can represent a "collective identity" (after Jenkins, 2008) formed by the residential environment and its development process, governing consumer preferences and decision-making processes. Jenkins (2008) argues that,

The notion of identity involves two criteria of comparison between persons or things: *similarity* and *difference* (17)… Similarity among and between a plurality of persons is the clearest image of the collective. A collectivity is a plurality of individuals who either see themselves as similar or have in common similar behaviour and circumstances. However, this similarity cannot be recognised without simultaneously evoking differentiation. Logically, inclusion entails exclusion (102-103)… Collective identity is, by definition, institutionalised: as ways of being they are the way things are done (163).

Following this conceptualising of housing culture, the next two sections give evidence of how the market plays an important role in shaping a specific housing culture, and how this influences consumer preferences.

4. THE ROLE OF THE MARKET: COMMERCIALISATION VS CULTURALISATION

Economic institutions, which are not interested in need or cultural values but actually in profit and economic values, create a variety of alternative products only in order to sell them to consumers on the market (Slater, 1997). They may have various forms, such as new goods, existing products with only "wrapping" or "renaming", or even intangible things. The economy is, thus, necessarily entangled with culture. In other words, there is more "culturalisation" in the economy than "commercialisation" in the culture (Slater, 1997). Based on culturalisation, consumption depends on more symbolic compensations than use values and actual needs (Baudrillard, 1981). Therefore, the boundaries between the two become increasingly blurred, and they do not operate in separated environments (Lash and Urry, 1994). Looking into the Korean housing market can show this very well. This section will discuss how the market has responded to policy contexts by means of culturalisation to create profits.

4.1. From physicality to symbolisation

Apartments have evolved remarkably since becoming a housing type for the middle class in Korea. Firstly, an image of new identity was inscribed on apartment buildings by the government's endeavour in terms of supplying large units and advertising them. This led to an aspiration for people to be included in, creating collectivity which shows both similarity and difference at the same time. To create this "collective identity" continuously, thus, the market has adopted various methods in design and marketing strategies. In this sense, the focus and pattern of market products have changed. This has broadly been developed from physical features to psychological effects.

During the process of mass-production since the 1970s up to the end of 1990s, an apartment product, which differed physically from houses, was relatively simple. Even in the very first stage, an apartment itself was easy to sell even without any particular features or marketing, as a phase in the cultural shift

from houses supported by supply-oriented policy. The only consideration was the site where it was located. As one housebuilder put it,

From about the end of the 1970s to the beginning of the 1980s, apartment demand was markedly increasing. So, it was all successful if companies got such good sites… at the time, the middle classes aged 30s, 40s and 50s used to live in detached houses. Most of them moved to 60 *pyong* of apartment, 50 *pyong* and so on because it was a progress of change to apartment culture.

Providers thus concentrated on just finding good sites. It resulted in the fact that building forms were mostly same (Fig. 6). This has been why apartments were so criticised by academics as well as the general public, making dull and grey cities.

Parking space also became a selling point, and it advanced from ground level to underground space, allowing more communal gardens. This was encour-

Figure 6.
Typical form of high-rise apartments until the 1990s (Source: photo from http://blog.naver.com/e_adena/130087107914)

Figure 7.
Before underground parking (Source: own photograph)

Figure 8.
Various communal gardens in an apartment complex with no over-ground parking (Source: (a)(b)(c) own photograph, (d) http://happy-box.tistory.com/1188)

aged by the competition between builders when apartments were mass-produced in the five new city developments. Firstly, having a parking space was an issue, as car ownership was increasing. By the 1990s car parking occupied most of the ground space in apartment complexes (Fig. 7). Now, new apartment complexes have mostly underground parking areas, which have been covered by a variety of themed communal gardens (Fig. 8).

Interior design such as floor plans, materials and storage has been an important marketing strategy as well, but a more crucial factor has been the unit size. Some examples of successful development by the government consisting of up to about 80 *pyong* (264 m^2) or duplex apartments were big enough to attract the middle class and above. This shows clearly that apartments were built for the rich. In consequence, private developers have tended to provide large floor plans of apartments to satisfy middle classes. 33 *pyong* with usually three bedrooms is the size most demanded by general middle income households (Fig. 9). Private developers now focus mostly on apartments of this size and larger, although the government used to supply smaller units in the past.

All this physical advancement of apartments was due to the highly competitive market environment as a great number of private housebuilding companies had come into being and grown with the government's encouragement for mass-production. Accordingly, developers have appealed to consumers by developing a wider variety of products. This has resulted in improving the physical quality of housing

Figure 9.
The floor plan of around 34 *pyong* (approximately 112 m^2) unit. Other size units have a generally similar arrangement, but only the number of rooms is different. (Source: Samsung Raemian webpages)

in some sense even if it is limited to particular groups within the social structure.

Since the economic downturn in 1997, however, these features no longer attracted consumers because they were not convinced of the value of investing in properties or in the already saturated housing market in a period of economic downturn. The paradigm has thus been changed in marketing strategies to a more "luxurious" and "differentiated" product using brand name connections to represent a wealthier status. This was a result of the government's abolition of the price control policy in 1998 to boost economy, which gave the freedom to set prices with no limits on the product quality.

We supplied 142 units from 72 to 107 *pyong* (238 to 353 m^2) in 1998 just after the IMF in 1997. Others said that it was a crazy idea when we were selling them. It was even more expensive. But it was so competitive between consumers to get them. How could it be explained? That is it. There was over supply due to no demand, which was an impact of the IMF. But old apartments were more expensive, because there were not enough large apartments. It means that there was potential demand. It had to be a target. So we decided to provide them, and it was successful.

This development by one of the biggest companies (Fig. 10) mentioned by an interviewee became a major issue, leading to a complete change in the marketing paradigm which resulted in much higher prices than before the IMF. Since then, according to this rationalisation, most companies have been eager to supply larger luxury apartments with brand names, which have more potential value in the wealthy places. As a result, apartment prices increased enormously, and the "snob value" has again caused residential movement from normal to luxury producer-branded apartments. It has thus led to the competition of brand names rather than physical matters among all companies, including even the KNHC.

Figure 10.
Supplied by Samsung (Source: http://local.daum.net)

Figure 11.
An example of cultural event marketing for residents: (a) Music festival (b) Golf championsip (Source: LG Xi Webpages)

Corresponding to this symbolisation, providers sell their products, stressing other features such as various services and cultural events to show the "difference", which necessarily causes higher costs.

Consumers even consider who designs, because we also market that, or whether it is a work of art, so it is getting harder to make products. Community spaces and facilities such as golf centres, kids or fitness clubs are basic… It is getting complex. Space only used to be provided before, but now we need to provide ongoing lifestyle services.

For example, therefore, developers are not only providing services for cleaning carpets or bathrooms, but also supporting the residents' cultural life by holding music concerts, cultural lectures, festivals or leisure events (Fig. 11). These are advertised to consumers as producing an exclusive identity which incorporates different lifestyles in their products.

Also, to attract consumers, the design focus has changed from interior to exterior, showing their difference from earlier buildings. While the entrance and the roof of buildings were not important before, new luxurious complexes have a majestic entrance and distinctive roofs in their design, (Fig. 12). Even the exterior colour of buildings designed by foreign artists has become a distinctive marketing point (Fig. 13).

All these features that were usually not important previously have become new values created by the market for consumer attraction since the economic downturn in 1997. This focus has become taken for granted in all new developments over the last decade, creating not only new rules of the market operation but also new cultural structures in the housing market.

4.2. From information to images

Figure 12.
Recently built luxury apartment, which highlights an entrance and roofs with the brand name of "Lotte Castle" (Source: http://kiup.joinsland.com)

Figure 13.
Colour design of buildings by a French artist (Source: Hyundai Hillstate Webpages)

According to paradigm changes in production, advertising strategy has also been shifted from giving simple information about physical product to creating images about different lifestyles. This is accompanied by altered advertising methods. Previously, newspapers, magazines or leaflets were major resources for carrying advertisements, but there was very little on TV, covering information only in terms of sites, floor

Figure 14.
Advertising in newspaper in 1971 (above) and TV CF in 1976 (below) (Chang and Park, 2009)

plans or prices (Fig. 14). Such information has led consumers to visit show homes that includes actual features, as apartments are sold before their construction.

After commercial advertising of branded products started on TV, however, little information is given in a factual sense. Instead, it relates to lifestyles or identities to highlight its differences in accord with the brand awareness (Fig. 15).

Eloquent slogans are thus coined, for example, "when housing changes, the future of woman changes", or "where you live is who you are". These advertisements employ celebrities or top actors. Companies consciously attempt to make people desire to be different from others. Accordingly, this has not only had the effect of targeting specific consumers who can afford price premiums based on "snob value", but it has also increased apartment prices, in terms of spending on marketing costs such as advertising as well as service. Therefore, branded apartments have premium values compared to others

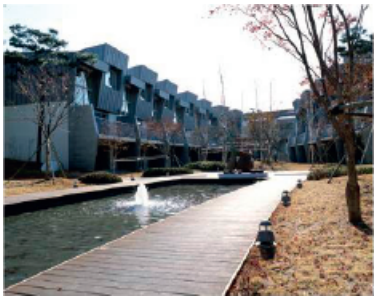

Figure 16.
Hermannhaus introduced as first town houses built by Samsung in 2005 (Source: http://blog.damoe.co.kr/tc/Gaia/72)

even in the same region. Even buildings constructed before adopting brand names increase their value just by changing to brand names. Under the influence of such psychological phenomena, the "bubble price" has become a controversial issue for academics and market analysts as well as the general public. This issue of bubble price formation provides another impetus for housing research to focus on cultural structures in the housing market.

4.3. Market responses to constraints

Empirically, it is recognised that constraints tend to make a new phase of development pattern through culturalisation as described above. Initial public reluctance about apartments was turned into the pleasure of living there through explicit imagemaking of the middle class lifestyle. Since then, an apartment business for developers has flourished and created resources for the national economy. Also, the economic downturn at the end of 20th century made apartment values higher, as the price control policy was abolished.

However, this development pattern has increased

Figure 15.
TV CF with various themes by LG (Source: LG Xi webpages)

Figure 17.
Green Villa originally consisted of town houses built by an individual developer in 1983 but not recognised by the public until recent times (Source: Google map (left) and own photograph (right))

housing prices too much, and accordingly has resulted in a toughening of housing policy again. Against new strict constraints imposed on apartments, a new product called "town houses" for the higher class housing has emerged (Fig. 16).

Yet they are essentially a new product created by renaming, and culturalising an existing type (Fig. 17). One developer explained their shift in focus:

There is a price control policy at the moment, but construction costs are necessarily higher than before, because of underground parking or various conditions imposed by the government's requirement, and so on. These make it difficult for housebuilding companies to supply apartments. We have limitations on improving quality. So, based on that fact, we tend to take another ways such as town houses.

This story gives some clue to understanding why the housing market has suddenly become interested in constructing town houses. The other reason of providing town houses is also due to policy. Plots for only construction of low rise housing have been designated in some part of development area from 2002. Policymakers have been specifically aiming to vary housing supply. Yet housing developers are not very interested in supplying town houses as less profit. The town house product is struggling to attract consumers, and so suppliers are reluctant to provide more.

Importantly, urban form has been structured by apartment culture in terms of social infrastructure as well, notably schooling. Town houses have some disadvantages in this respect. For instance, the elderly have difficulty with access to hospital or socialisation, or family with children have accessing education more difficult. Healthcare and education facilities are provided as part of the "product" in apartment complexes. Only a minority of very rich or professional people with little need for day-to-day connections with the city centre can now live in suburban town houses. In addition, building town houses is not flexible yet because policies have not been prepared to provide them in various ways. The plot is designated to build only very big town houses, which necessarily cost too much despite their location in suburban areas. Since they are low-rise houses usually built as gated communities, it is also not clear how they are categorised whether as individual houses or collective buildings, each having different rules.

5. CONSUMER RESPONSES TO MARKET PRODUCTS

The consumption of goods is constructed by money and market relations, and everyday life is mediated by economic forces and agencies through the items consumed in modern society (Slater, 1997). This is realised in a way that the market stresses the cultural aspects to control people's preferences, which in turn reproduces cultural effects in the market by consumption. How consumers accept the market products is the focus of this section.

5.1. "Because it is different"

Not only do apartments have a special meaning as middle class housing, but they also tend to be considered as luxury goods by consumer sentiment in Korea. This recognition by residents clearly shows the "snob effect"; in other words, people buy a luxury apartment "because it is expensive". It also explains why brand awareness in housing like other consumer goods has become a distinctive feature of the housing market. Although most residents recognise that branded apartments are not necessarily of better quality than others, they would still purchase them rather than non-branded products. Moreover, this has changed tenure preferences; households would rather be tenants if it allows them to access larger and more luxurious apartments. All of these provide some explanation of how consumers relate their identity to housing products.

In general, people have vague expectations about brand awareness in the psychological sense. This idea broadly stems from two reasons. One comes from the economic environment since the 1997 Asian financial crisis and again since the recent global recession. The general consciousness of consumers is that big branded companies are more secure in the face of uncertainty and crisis, even though some big companies have gone bankrupt. Buying branded housing provides a psychological comfort for consumers in insecure circumstances where the norms of economic safety hardly exist. The other point is purely on the value of a brand in raising expectations of price when exchange happens. This is a clear reflection of a psychological marketing strategy. For these two reasons, we can surmise that brand awareness is an active market strategy.

Regarding tenure patterns, there is some sense of a "psychological ladder" in social status. Many interviewees spoke of selling their own houses to allow a move – as tenants – to luxurious or larger apartments. Respondents generally provided three explanations of this phenomenon. First of all, consumer sentiment has dropped because of an end to expectation of increased value in apartments. They are conscious that prices have already risen too much (a "bubble') and might fall. Therefore people are not buying their own housing, but prefer to attain better quality through renting.

Secondly, a distinctive identity of apartments has created a social gap between housing types. Even when people live in their own decent houses, they generally expressed a sense of inferiority when communicating with others living in apartments. People seek a sort of social comfort by participating in the dominant housing culture. This may also explain why many Koreans seek to redevelop their old houses to luxury high-rise apartments.

Another reason for changed tenure preference is that apartments are less individual because of their dominance in recent supply. Many people thus have no intention to own apartments but instead aspire to own town houses as their future residence. It is clearly revealed in a resident's insight:

In my opinion, apartments may be getting less favoured. They were popular because of inadequate supply in the 1990s until the beginning of 2000s. But there are so many apartments now, their value tends to be going down… so we are thinking of not living in apartments in the future… I don't want just detached houses in suburban, but want to live in such kind of town houses.

It may be possible that consumer perspectives are changing as a result of town house marketing strategies. Although, in the 1990s, there was some movement to suburbs, it was not very popular. A few people individually built their own detached houses in the traditional style. However, town houses are now advertised in the media as a different style, combining advantages of both houses and apartments. But they are mass supplied, usually by big companies rather than individual developers. These examples show how consumers are beginning to recognise town houses as a potential new culture, based on new lifestyle amenities and image rather than a new physical product. This suggests that the way the market shapes consumer ideas is important in understanding housing preferences.

5.2. "Others do, so I do"

Such ideas based on the difference make people aspire to be included in the particular culture, which fosters a sense of collectivity. This becomes a notion of social aspiration in broad society, leading the "bandwagon effect" which just follows others. As the recognition of a particular culture is becoming widespread, consumers expect change in their lifestyle. This has made massive residential movement of middle classes to apartments through the 1980-90s in Korea.

I used to live in detached house with garden, and had nice neighbours with similar status in terms of occupation and academic background. So I enjoyed my life there at that time … there was a boom of apartments … and my neighbours were getting move out

there to apartments by ones and twos, so I also wanted to live in apartments.

This is a clear example of residential movement following changed cultural expectations at the end of the 1980s. As this kind of movement has become taken for granted, embedded within a cultural structure, the choice of apartments has become natural and unquestioned for most.

Interestingly, such a cultural effect is noticed by those who have experience of living in other countries. Although people used to live in apartments in Korea, they tend to live in houses with gardens in other countries. This shows not only how cultural structure influences people's preferences, but also how values associated with housing types are not fixed. In other words, there is no particular economic or social rationale for Koreans' preferences for apartments, other than that the market has embedded them within the cultural conscience.

I have lived in apartments since getting married, because new married couple starts their living mostly in apartments… I thought apartments convenient as I used to visit my friends since my teens …and it is not good to have houses as an asset because apartment values will get higher than detached houses… I have heard about town houses recently. They sound nice. Apartments will be still popular for about next 10-20 years, but people may prefer such house types because they have nostalgia about nature…so I also would live in suburbs after retiring. But it doesn't seem so easy because it is far. Such choice can be difficult although we have that idea. However, it might be easier to choose it if a cultural change would happen in the whole system.

This story was typical, and reveals that cultural structure exists in people's choices. It clearly shows the extent to which housing culture influences our life. However, the government tends to consider such choices as real preferences because surveys about preferences are usually conducted in the current, taken-for-granted housing culture.

5.3. Modified preferences

As people want to be different and yet identify with particular groups, a discussion of snob and bandwagon effects is important. According to the effects of cultural structure, which is constructed through the market behaviour inculcating legitimation upon their choices, consumer preferences become modified. Here, "modified preferences" can be defined as socially-constructed choices, which represent a feature of contemporary economic and social institutions by their system of production and exchange. "Latent preferences", on the other hand, are innate preferences that cannot be fulfilled in the dominant market culture. This is because to follow these latent preferences would incur social disadvantages and economic costs even though they have attractive or distinctive cultural features. How culture and the market interact, and what preferences consumers have for a particular form of housing are, thus, important to understand in restructuring and requalifying the built environment.

6. CONCLUSION

As discussed in this paper, developers find ways of enhancing profits by exploiting a variety of cultural aspects. In order to overcome various constraints, the housing market has tended to be restructured to provide high-end products that can make continuous and better profit, accordingly leading to magnified social polarisation. This shows that economic behaviour in the market-driven society does not necessarily follow the intentions of policy. Also, consumer preferences tend not to be strictly rational in the economic sense but are informed by cultural effects.

Considering these market and consumer behaviours, lessons can be learned about how increasing housing supply can be balanced with reducing inequalities. Policy focused solely on quantity and price cannot solve housing problems, and can make situations worse. For example, the fact that the rental market has insufficient stock and high values can provide misleading cues about the causes of supply shortages. In this respect, the knowledge about the process shaping a particular culture is needed to understand distinctive social phenomena and the market's actual mechanisms.

Another concern can be laid on culture itself in terms of the value of life or environment in society. Culture encompasses every aspect of physicality and mentality in contemporary society. Can preferences "modified" in a market-driven culture satisfy every need? How can we balance environment and economic objectives in such a model? These questions accordingly raise the question of how we can assure sustainable development in circumstances where a dominant housing culture is formed. There may be a need to reconsider the role of market mechanisms in informing cultural expectations of housing if sustainable development is an aim for the future. This may have implications in contexts where, for example,

"New Urbanism" aims for sustainable urban centred lifestyles are sought, by understanding the importance of cultural change under the market mechanism.

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