Video Games in South Korea

SHS Project, 1st year Master

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Introduction

What is so interesting in Video Games in South Korea someone might ask? People play video games all over the world, so what is so special about South Korea? The main reason is that video games are immensely popular there – more than anywhere else in the world. Video games have truly become a part of general culture of South Korea. Following examples try to provide insight of just how much games are popular there.

- Some statistics\(^1\) show that more than 17 million people in South Korea play video games.\(^2\) At any moment in time there are more than 4 million players playing on line multi-player games.\(^3\) South Korea has a population of 48,422,644 (July 2005 est.).\(^4\) This means that more than 35% of total population of South Korea plays video games actively which is much more than in other countries.

- Internet cafés, called PC baangs represent important places in social life of young adults. They go there to play games, video-chat and socialize. Popularity of this kind of Internet cafés is so big that they became “third-places”. People spend more time only at their homes and at work. There are about 26 thousand of PC baangs in the country.\(^5\)

- South Korean government takes video gaming very seriously. The 2nd World Cyber Games were held in November 2002, in South Korea. The best illustration of how seriously Korean government takes video games is the fact that the Department of Culture and Tourism as

\(^1\) We tried to use as relevant information sources as we could find and to compare the numbers we found from multiple sources in order to get realistic data. Anyway, all of the numbers should be taken with a grain of salt, as we mainly used sources that are not so accurate (Internet articles and other web pages). More accurate sources exist (marketing agencies, for example), but they offer results of their surveys as a commercial service, so we were not able to use them. Although numbers are not completely accurate they are used so readers can get general feeling of the actual situation.

\(^2\) According to: CHO, Kevin, “Samsung, SK Telecom, Shinhan Sponsor South Korean Alien Killers” in Bloomberg News (January 15, 2006)

\(^3\) According to: Contemporary culture of South Korea, Wikipedia

\(^4\) According to: South Korea, Answers.com

well as the Korea Game Promotion Center were partner hosts of the event and that South Korean President Jung was the honorary chairman of the WCG organizing committee.  

- Popularity of games is such that South Korea has the highest level of professional gaming in the world. Players are paid huge amounts of money to play in teams sponsored by big companies, similar to more traditional sports like football or basketball. Final competitions in some tournaments attract attendances higher than in basketball or football matches – audiences are big enough to fill large stadiums. On top of this, South Korea has a few television channels which only broadcast video game tournaments and shows dedicated to them.

We will explore some of the more interesting aspects of the examples above in further details in the remainder of the text. Apart from describing the current situation, we will try to give explanations about why are the games so popular in South Korea and not nearly as much in the rest of the world or even surrounding countries with special attention to historical, technological, cultural and other reasons. Interesting aspect of the whole phenomena is also commercial and industrial one – producing video games for such a huge market is a very lucrative business. In the conclusion we will try to predict what will happen in the future – will gaming become more popular in Korea itself and in other countries (especially in China) or will interest in games decline? Maybe all of us (or next generations) will one day watch our favorite video game players on video beams in central town squares and cheer for them loudly?

According to: "The 2nd world cyber Games Fever Hits Singapore." in Lycos Asia Info (July 12, 2002)
Video Games

We will give a general definition of a video game in this section, followed with description of game genres that are most popular and descriptions of some particular games. This will create frame for following sections and try to make whole concept of video games closer to the reader.

Definition

A common definitions of video and computer games is:

"A computer game is a computer-controlled game where players interact with objects displayed on a screen for the sake of entertainment. A video game is essentially the same form of entertainment, but refers not only to games played on a personal computer, but also to games run by a console or arcade machine. The term "computer game" also includes games which display only text (and which can therefore theoretically be played on a teletypewriter) or which use other methods, such as sound or vibration, as their primary feedback device, or a controller (console games), or a combination of any of the above. Also, more esoteric devices have been used for input (see also Game controller). Usually there are rules and goals, but in more open-ended games the player may be free to do whatever they like within the confines of the virtual universe.

The phrase interactive entertainment is the formal reference to computer and video games. To avoid ambiguity, game software is referred to as "computer and video games" throughout this article, which explores properties common to both types of game."

In this text we will use terms computer games and video games interchangeably to refer to interactive entertainment as defined above. This means that we will talk about all games played on any kind of computing devices: computers, video consoles, arcade machines, mobile phones, mp3 players...

Game Genres

All video games can be classified in a number of genres in a more or less detailed manner. Some genres, or particular games, are more popular in certain demographic groups or in certain occasions than the others. As point of this text is not to describe all kinds of games that exist, we only try to give the basic information about genres we feel are the most important for the topic. Interested reader can find more details in [7].

Real-time Strategy

Real-time strategy games are sub-genre of strategy games. In strategy games, players control a larger number (tens or even hundreds) of buildings and military and other units. These buildings and units usually represent one side in a war with other player(s). Typically, the goal of player is to beat other player (or players) by destroying their army. To accomplish this, player must carefully plan its actions and try to outsmart its opponents. Usually players see a world from birds-eye perspective and can control individual buildings or units and issue orders: tell them where to move and what to do. This genre of games can be compared to chess in a way – in chess, players also control individual units (figures) and their goal is to beat other player by capturing her king.

In real-time strategy games players control their army in real-time. This gives another dimension to the game – players have to think and act quickly. Unless they are able to execute their intended moves quickly enough, they can lose even though their strategy might be superior. Speed in thinking and issuing orders is essential – some of the best players of Starcraft are able to issue more than 400 actions per minute in average during their games. It takes a lot of practice to become this fast and that is why these games are usually not played casually, but by more hard-core gamers.

Games can be played against one opponent or in teams and they last from about ten minutes up to two hours (majority lasting less than half an hour). This is why these games are ideal for play with (against) your friends and why there are professional tournaments featuring
them. As majority of these games are war games, they are usually played by male players, but interest in the tournaments and the players is high among girls as well. Usually real-time strategy games have both single player modes (in which human players are playing against computer controlled ones) and multiplayer (on-line) modes in which different human players play against each other.

**Sports Games**

In sport games player control teams in simulation of real sports (with usual deviation from real world as games are much shorter – on the order of a couple of minutes). There are simulations of many, if not all, real sports – football, basketball and baseball being only some of them. Professional and other competitions in these kinds of games come natural – this is what happens in the real world as well.

**Racing**

In racing games players are put into driving seat of a vehicle (car or something more exotic and appealing) and their goal is to race against other players. Although this sounds pretty simple, some of this games are enormously popular (maybe their simplicity is the reason).

**Massively Multiplayer Online Games (MMOG)**

This genre of games is probably the most popular online genre. In MMOGs thousands of players play and interact in the virtual world (in contrast to previously described games in which at most a few tens of people take part in a single game). These games are also very profitable for companies that make them, as most of them are subscription based – users have to pay monthly subscriptions in order to be able to play online.

Most popular sub-genre are Massively multiplayer online role playing games (MMORPG) in which players assume identity of a person (virtual self in a way) in the virtual world. They are improving that character by finishing different kinds of tasks which in turn lets them acquire different skills, money or powerful items. These kinds of games can be put in any surrounding, but
the most popular are games in which players are put into medieval fantasy world with dwarfs, orcs, dragons and other fantasy creatures. Games like these don't have an end – players can play as long as they want, sometimes for months with the same character. Players are often ready to pay real world money to acquire in-game items that will make their character more powerful. This opens door to unfair play and even to virtual crime (a topic that we will describe in more detail later in the text).

Depending on a particular game and background story, different MMOGs are more popular among male or female population. A game that is particularly popular among girls is Mapple Story. [19]

Games

A brief description of particular games that are good representatives of above mentioned genres is given in this section. We try to give basic descriptions and some facts that are interesting from point of view of the text as a whole.

Starcraft

Starcraft might be the game that started it all in South Korea. It is a real-time strategy game in which players can control one of three races – Terrans, Zergs or Protoss. Every race has different kinds of units and buildings and every has some dominant characteristic – Terrans have fragile units with high firepower, Protoss have powerful, but expensive units and Zerg are mindless horde that count on their overwhelming numbers. These characteristics carry different playing styles and players generally specialize in only one race. Also, casual players can more easily identify with professionals that use the same race as them.

Starcraft was developed in 1998 and it was (and still is) very popular all over the world – over 9 millions copies of Starcraft were sold till 2006. But nowhere is Starcraft as popular as in South Korea – more than one third of sold copies (3.5 million) were sold there.⁸ This number is

really huge as, unlike some other games, Starcraft is usually played in PC Baangs and it is not necessary to own a copy in order to play. Although this game is quite old (ten years is really a lot in world of computers and Internet) there are no signs of its popularity declining.

**Lineage**

Lineage is a MMORPG that takes place in medieval fantasy world. It was released in 1998 and it is one of the first MMORPGs to gain high levels of popularity. It is very popular in South Korea but it also started to gain popularity in other parts of the world with release of Lineage 2 in 2004. Some of the characteristics of the game that are need to join forces with other players in order to progress in the game, possibility of taming and using pets of different levels of power (dragons being the strongest) and, sometime, time consuming progression to next character levels. This last characteristic might be the one that prevented first part of Lineage from becoming really popular outside of Korea.

“Worldwide, Lineage II is one of the most dominant titles in the MMO market, having reached more than 14-million customers in just over two years, and continues to grow as NCsoft takes the game into additional territories.”

**Mapple Story**

Mapple Story is also a MMORPG, but it differs from Lineage in many aspects. First of all, it is free to play. Wizet, company that developed it, organizes Cash Shop to compensate for that. In this virtual on-line shop players can buy in-game items for real money. Among the items that can be bought are clothing and pets (which are, unlike in Lineage, cats, bunnies, pandas and the like). One more unusual game feature is marriage (which requires ring bought in Cash Shop). Friends can be invited to the ceremony and party held afterwards.

Some of these unusual features in the game are targeted at the female population which

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10 According to: “MappleStory”, *Wikipedia*
makes the majority of the game players. Graphics in the game also features small and cute characters that are more appealing to girls and commercials on the TV depict girls playing the game.

Mapple Story can boast huge numbers of subscribers – as of February 2006 14 million of accumulated subscribers in Korea with 200,000 concurrent players. Number of total subscribers reaches 50 million world wide.¹¹

**Kart Rider**

Kart Rider is an interesting example of an online racing game. A very simple to learn and play it was on of the games that proved that casual gaming is not just for children – more than half of the players were over twenty years old, even though the whole game looks like an animated movie. It is also free to play, with possibility to buy different kind of accessories at the online shop (very similar to the business model of the MappleStory described above).

The combination of ease of play and free availability made this game hugely popular – at one point in time the game was gaining around 40,000 new subscribers every day¹².

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¹¹ According to: "Some facts on MapleStory", *GameStudy.Org*
¹² According to: "Pan-National Kart Rider Frenzy", *KBS Global*
Popularity

In this section we try to illustrate how popular video games in Korea really are. Although it might be difficult for people from different countries and background to understand this fully, we hope that this section will help.

Professional Players

Level of high-speed Internet access has fueled a craze for cyber games that appears to consume an entire generation. Since gaming over the Internet has proved so popular, powerful and big companies realized potential profit and have embraced this opportunity to earn money. They sponsor professional video game teams which now play in the world's professional league.

Usually, they provide professional players with an apartment and electronic equipment so that players can practice for 12 hours a day. Estimations by Korea's Game Development Institute are that sponsors spend around 1.5 billion won per year on gaming teams. Kids chosen to be sponsored and become professional video game players are considered unbelievably lucky – they are getting payed for something they really like doing. Some of them have six-figure income. At first they enjoy publicity and life as celebrities, but practice shows that after some time they start to feel extreme pressure. They have to be at the peak all the time which is not easy as people think. That is when playing video games stops being fun.

Bringing gaming into professional venues is well payed off particularly in South Korea due to the sufficient commercial and cultural support for a community of professional players to earn money for living and even get rich. The fact that the level of professional gaming in South Korea is the highest in the world does not come as a surprise then. Up to 700,000 people attends StarCraft tournaments each year. It is he 40 billion won ($39 million) industry, including revenue from broadcasting and sponsorships fees. Due to the increasing interests in gaming among population,

13 According to: “JoongAng Daily” - Korea's Newspaper in English, Games.slashdot.org
Samsung Economic Research Institute predicts that revenues will be tripled by year of 2010.  

Here are some of the numbers from the lives of professional players. In 1999, a Canadian became the Starcraft world champion and was offered a job as a professional game player in South Korea, with initial salary about $100,000 a year. He has a status of a star now, earning estimated $500,000 per year, and he needs bodyguards to protect him from his fans. Fans attend shootings of TV shows or they watch matches on TV. They are trying to track the strategies and tactics of those professional players in order to improve their gaming skills. Best professional players who won many tournaments have even released a DVD with their best games with commentary. Some of them are: Lim Yohwan, a two-time winner of the World Cyber Games, Lee Yunyeol, current number one player and Choi Yeon Sung, three-time (in a row) winner of the Starleague championship.

One of the major South Korean’s mobile phone manufacturers, Pantech&Curitel Communications Inc., spent 1 billion won to set up its gaming team in August 2004. Lee Yun Yeol, 21, key player, signed a three year 600 million won contract. As a comparison, Korea’s professional baseball players earned an average 71 million won last year.

Professional players meet regularly on tournaments which are held all over the world. They attract large number of fans and they are also the sources of income for sponsor companies and players themselves. The biggest and most well known worldwide tournament is named World Cyber Games and it is an equivalent to Worlds Olympic Games. In World Cyber Games ranking South Korea’s is ranked as 1st. WCG Ranking is decided cumulatively by the performance in WCG Grand Finals and WCG Pan Championships. The World Cyber Games made its debut in Seoul in the year 2000 as the WCG Challenge and since its debut, number of participating countries is increasing from 17 in 2000 to around 70 in 2007 (Figure 1).

14 According to: "News & Commentary", Bloomberg.com
15 According to: "Arts & Entertainment: Gamers unite for video game Olympics", Cba.ca
17 According to: Official World Cyber Games web site, Worldcybergames.com
The World Cyber Games are the Olympics of Cyber Gaming and as traditional Olympic Games they adopted a host city concept. Host city is chosen based on a highest score in city government support, willingness for joint business development and suggested venues. This year, Seattle will host WCG 2007. Seattle is home to major IT companies such as Microsoft and RealNetworks and over fifty game development companies are in that area which contributed to selection of Seattle as a host. Seattle will be only the second US city to host the WCG Grand Final. San Francisco hosted the event in 2004, and that was the first time the final was held outside of Korea. This fact greatly highlights the involvement and importance of South Korea in video gaming.\textsuperscript{16}

It is expected that up to 700 of the world’s best gamers will fly to Seattle in October 2007 to participate in the world’s most prestigious gaming competition. This will attract tens of thousands of people that will come to watch their favorite game players competing for a prestigious titles and rewards. Crowds of fans fill the world's largest stadiums in order to watch professionals play their favorite games. Popularity of such events becomes greater than of football
matches or music concerts which were considered as world’s most visited events. This is the reason why the Qwest Field, a football stadium in Seattle, home of the Seattle Seahawks, was chosen as the venue for the 2007 Grand Final.

**Fan Clubs**

Fan clubs are actually bigger in size than the fan clubs of actors and singers in Korea. The number of video and computer game fans exceeds the number of basketball, baseball and soccer fans all together.

Lim Yo Hwan, 25, who was ranked as second in the latest tournament, has an Internet fan club with 587,000 members. South Korea’s most famous female singer, has about 510,000 fans at the same site. This is also a reflection of how gaming affects cultural and social behavior. It is well known that in almost every country in the world, celebrities that are most popular and have most fans are musicians, TV and sport stars. In South Korea, situation is different. Another illustration is attendance of the finals of “Sky League” team competition held in the city of Busan in July 2004, when more than 100,000 game fans filled the outdoor stadium to watch their idols on giant screens. On the other side, on the same day in the same city, Korea’s professional baseball All-Star game drew a crowd of just 15,000 people.\(^\text{18}\)

So far, only few women have become professional players. It is primarily a male sport, but majority of fan clubs are actually girls. Girls sit in public when TV show tournaments are held, they wait for the celebrity players in front of their buildings,... girls adore them. Sometimes fans wait for 14 hours in a queue to buy the ticket for the first-row seat so that they can watch and support their favorite players.

**Involvement of Media**

For people that cannot visit live events, TV broadcasts are organized. Besides broadcasting these large events there are three TV channels in South Korea that are dedicated only to video

\(^{18}\)According to: “News & Commentary”, *Bloomberg.com*
games, broadcasting matches 24 hours a day.\textsuperscript{19} Live matches are organized on a weekly basis. Fans enjoy watching their favorite players playing so they come to studios in large numbers, comparable to the number of people going to the movies.

The way in which South Korea is presented to the rest of the World, one might think that it is the Mecca for gaming. Government which promotes games, companies investing money into professional players, organized tournaments, TV channels broadcasting matches 24 hours a day, celebrity players earning a lot of money.... This pictures draws many people from all over the world to South Korea. They want to try out themselves and make their dream come true: earning for living and becoming rich by doing what they like the best – playing video and computer games.

Number of subscribers for TV broadcast channels increased from 3 million households in 2006 to 6.5 million last year. Companies like Coca Cola Co., Olympus Corp. and Gillette Co., took turns sponsoring three-month-long tournaments, paying $400,000 each. Last year, SK Telecom, South Korea’s biggest telecom company, paid $1.5 million to sponsor a nine-month tournament.\textsuperscript{20}

Korean TV imposes social behavior with approving and encouraging young people to play games. They created an image of a game player that are cool, famous, recognized by society, successful, which contributed to an amazing popularity of games. Even to the extent that it becomes a question if you have to be a gamer to be able to socialize. Gamers have a need to always keep track, to be in the know, to have the latest tips and walk-throughs and then fulfill that by watching TV shows, buying gaming magazines or searching for information on the web sites.

Gaming in South Korea is one step to becoming practically mandatory and being good at games is a measure of how well accepted you are in the society.

\textsuperscript{19} According to: “List of South Korean broadcasting networks”, Answers.com
Addiction

There are, however, examples of negative influence of video games on people in South Korea. As can be expected, there are cases of addiction that can cause disastrous consequences. Several cases when young men even died due to gaming addiction are registered. They play an online computer game for 50 hours or more, with few breaks and cause of death is heart failure stemming from exhaustion. Those people were usually fired from their job because they kept missing work to play computer games. Results of a detailed research conducted on 540 gamers show that only four of them were playing more than 80 hours per week, which is considered "excessive".  

Results are tightly connected with a type of the game that has been played. There are social aspects of some games (such as MMORPGs) which completely engross the player, and he cannot just stop playing after short time. Those players often sacrifice their jobs, partners and friends, and become addicted, spending countless hours playing, sometimes forgetting to get adequate amounts of food, liquids, and sleep.

There has been another incident in South Korea, when parents of the four month old infant left her alone in the car so that they could play games in Internet cafe. Couple forgot about the time and stayed for 5 hours. In the mean time, infant turned over onto her stomach and suffocated herself. Parents have been charged with involuntary manslaughter.  

A local law prohibits minors from entering Internet cafés between the hours of 10 p.m. and 9 a.m. but obviously that law has not been respected.

To prevent such cases in the future, South Korean government runs small treatment programs for gaming addicts. They built centers with aim to prevent online gaming and Internet addiction, as well as offer anti-addiction courses to local universities.

According to the Korea Times, a government-funded agency, Korea Agency for Digital

21 According to: "Sex, Fame and PC Baangs: How the Orient plays host to PC gaming's strangest culture", Rossignol.cream.org
22 According to: "Baby dies while parents play WoW", Joystiq.com
Opportunity and Promotion (KADO), has provided 2243 people seeking help in 2003., and 8978 people in 2004. This number is almost quadrupled each year. Most of the clients are young adults and teenagers. Treatment consists of alternative recreation programs and group therapy to ease addictive compulsion. According to Korea Herald KADO currently has 40 active agencies and plan to open more local counseling agencies across the country.  

Trained people and psychologists are proactively trying to repress gaming addiction by going to Internet cafés and PC bangs and educating and warning people about dangers of online gaming addiction. Some of the reasons that are blamed for the rise of online gaming addiction in South Korea are increased complexity of gaming objectives or story lines which require much more time to be completed; very cheap broadband Internet access (on average a household pay $30 per month for high-speed Internet services); games offer escape to the other world where players don’t have to face their daily responsibilities or lifestyles. No matter the reasons, there are clear alarming signs which point that gaming is slowly, but surely, becoming a big social problem in South Korea.

**PC Baangs**

After big Korean economic crisis during 1997 and 1998, known in Korea as IMS crisis, Korean government sensed the older economic model had failed them and decided to make turn over to new technology. IMS crisis has a consequence that big numbers of middle managers were laid off without hope that they will find new adequate job. A lot of them opened PC baangs - it cost the same as opening a restaurant, and it was less complicated to run. So this is how PC Baang story in Korea started.

How it looks today? There are 26,000 of them, and they are everywhere. Every street and every block has at least one PC Baang. These Internet cafes represent very important places in social life of young adults. They are so pervasive that they are known as "third places" - ranking

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23 According to: “Korean Government Seeks to Reach Out to Game Addicts”, Joystiq.com
24 According to: “JoongAng Daily” - Korea's Newspaper in English, Games.slashdot.org
just behind home and work. What makes these Internet cafes different than its peers all around the world is that baangs are places where youngsters go to socialize, to be part of a group. For Koreans, group interaction is extremely important, and PC Baangs have shown as a right place for that.

Maybe the best illustration that PC Baangs are not just places where you go when you want to play games are so called “love seat” stations which are outfitted with computers and a double wide bench. The idea is that while guys can play Lineage or Starcraft their girlfriends can video-chat with their friends. So this is for those who are already found someone. When singles want to meet someone, they don’t go in bars or disco, they rather go in local baang. In PC Baang they can play their favorite game, but if you want to meet someone you usual video-chat. So if chat becomes interesting, guy usual invite girl to join him at his love seat number at particular PC baang. Thanks to the fact that nothing is more than 20 minutes away in central Seoul, if she is sufficiently intrigued she will go there, checks him out, and if she likes the look she sits down. These scenarios happens all the time in PC bangs, so these are definitely not just places where you go and play your favorite video game. Interested reader can find more details in article “The Bandwidth Capital of the World”, by J.C.Herz.

PC Baangs are very often turned into virtual war rooms. And how this happens? Namely, one of the most popular games in Korea is Lineage in which players organize in clans with aim of taking over castles spread across fantasy kingdom and teamwork is essential. So what happens is that gamers belonging to the same clan commonly take over a PC Baang to plan and execute an attack. Clan leaders will shout commands at their troops seated at rows of PCs, so PC Baang really looks like a virtual war room.

PC Baangs seems to be very profitable business in Korea. Analysts estimate rooms are

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raking in combined revenues of about $6 billion a year. PC Baangs owners hope that mandatory Internet training in schools beginning from primary level, which has started in 2003, will lead to enlargement of PC Baang business. Another reason for their optimism lay in fact that in Korea communities are close to each other. Apartments are small and crowded. Although people have some disposable income, most families don’t have enough to buy PC for every member and everybody wants to play. Also they usual don’t have enough space to comfortably fit it in their home. So baangs are always on walking distance of their home to offer at least place to surf, smoke and play and enjoy the newest video game.

The interesting question is why would such places thrive in a country with amazingly high rates of home broadband? The answer may be that this needs to be seen as a social phenomenon, not explainable in terms of technical supply and demand. The PC baang exists for the same reasons that bars exist: it turns a potentially isolating experience into a social one. Place still matters, even when you are online.

**Virtual Crime and Virtual Economy**

Virtual crime or in-game crime, according to Wikipedia, refers to a virtual criminal act that takes place in a massively multiplayer online game (MMOG), usually an MMORPG.

It is a little bit strange to talk about crime committed in computer games. But with existence of online games such as EverQuest, Ultima Online or Lineage in which player control one character all the time, people invest lot of hours every day to make its game character better or to get some virtual items which can bring him advantages in game. When you put so much effort to build your game character or some powerful sword then loss of this is just as painful to deal with as loss of some item from real world.

It is already mentioned how popular these multiplayer online games are in Korea, so it can easily be concluded that virtual crime is present in Korea. The police in South Korea announced

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28 According to: ASSIF, Shameen, “Starting with a Baang”, in Asiaweek.com (September 1, 2000)
that of the 40,000 cybercrimes reported in the first six months of 2003, more than half (22,000) had something to do with online gaming\textsuperscript{30}.

In order to make it clear what exactly we mean when we say virtual crime we illustrate this with few examples. In forwarding examples, everything mentioned is related to virtual game world, so for example when we mention house we mean virtual house in game. Namely, what is happening to some players is that gangs invade into their virtual houses, kick them out and steal all their virtual goods. Or some players have been robbed and powerful magic items have been stolen, that in some cases took months of “work” to obtain. Another example is the emergence of protection rackets. It is not rare case that weaker players are threaten or warned that they will have negative consequences unless they pay virtual or real protection money. There are also cases of cyber prostitution. In the game “The Sims Online,” an MMO, a “cyber-brothel” was developed by a 17-year old boy using the game alias “Evangeline.” Customers paid sim-money (“Simoleans”) for cybersex by the minute. His account was canceled, but no legal action was taken. The newest well-known example occurred in the online game EVE. One of the players set up a virtual banking system. Till one point in time the head of the virtual bank play by regular banking rules in order to get trust of other players, and then when large amount of the virtual money was deposited he took a money and run away. In all these cases players were affected by loss of ingame money, not real money, but in order to get ingame money usual case is that you exchange real for ingame money with company which is owner of the game. So this is one way how real money is involved in this story.

And what makes this even more complicated is existence of virtual economy. Player can make its character better or obtain some magic item which can give him advantage in game by playing game several months or can go to some market such as Ebay and buy it there. Even this sounds unbelievable it is true. Game character and collections of virtual items can now be exchanged for real money. And there are lots of people willing to pay for this. “These virtual goods

\textsuperscript{30}According to : WARD, Mark, “Does virtual crime need real justice”, in BBC News Online (September 19, 2003)
and ingame currencies are often traded by players for real money, in what amounts to a basic exchange of money for time”, according to Joshua Fairfield, an associate professor of law who studies virtual economies at the Indiana Law School\(^1\).

Though, there is already large number of black markets where you can realize this trade-off, these virtual items can even be bought on auctions on EBay. And there is also growing number of people making a living from trading items from the games. According to some Internet forums some of them earn huge amounts of money on these trades-offs. Additionally, there is growing number of companies whose main activity is buying and selling virtual goods. Today, number of such companies is larger than 200 with total yearly revenue officially estimated at between $83 million and $415 million. The largest, ItemBay, has 1.5 million customers and up to $17 million in monthly revenues. Actually, what they are doing is not illegal. They just provide service people want\(^2\).

And this is not the end of enrollment of real money into games. In game “Second Life”, there is a user-created, virtual world, where people use real money to create or purchase personal property in their online world. So in some video games real money is present, in others you can change game items for real money, and as a consequence there is emergence of crime. Since real money appears in games, and law is still not distinctively defined for this area, there will always be someone who will try to take advantage of this and easily get money.

This explains why some countries have started specific laws which will deal with virtual crime. Probably because of huge importance gaming has in lives of large part of population, Korea was the first country who started process of creating law which will be focus mainly on virtual property, but also on all other types of virtual crime. Namely, there is already proposed bill named “Amendment for Game Industry Promoting Law”, according to it all kinds of mediating businesses between in-game money and real money could be punished. This bill is still not regulating

\(^1\) According to : BRAUDBURY, Danny, “Are virtual-reality games the new Wild West, and if so, who will police them?” , in Backbone Magazine (April 2007)
\(^2\) According to : RUSSELL, Mark, “Gaming the Online Games” in Newsweek(April 2007)
exchange of virtual in-game items for money. But there is indication that the Korean government is also considering another regulatory measure for in-game items not included in the above case. What is interested to mention is that U.S., whose citizens represents one half of gamers “population” have failed to draw a distinction, and leave this to aspect of crime to rely on copyright law. Korea went one step further creating special police unit composed of 110 people which will investigate computer crimes committed on the Internet.

33 According to: HUHH, Jun Sok, “Finally, Korean Government are to Illegalize RMT”, in Gamestudy.org (November 23, 2006)

34 According to: GOROSKO, Ludmila, “South Korea to create unit fighting cybercrime”, in Computer Crime Research Center (July 10, 2004)
Why Is Gaming So Popular?

In this section are giving reasons that are behind a high popularity of gaming in South Korea. They range from government influence, political and cultural aspects, economy factors ...

Government

Question that people ask when they face with phenomena of on-line gaming in South Korea is the following: "How has the landscape of Korean gaming developed so differently from other parts of the world?". Answer is: "The Korean government has gotten involved."35 Government of South Korea is very active in promoting gaming.

More than a decade ago, Korea's government had foreseen the future impact of broadband infrastructure on a digital culture of the country and have invested a huge effort to build the massive broadband infrastructure which wires the whole country.

The government funded broadband connections, which has led to the best high-speed Internet penetration rates in the world. According to the recent research from the U.S. Federal Communications Commission there are 21.3 subscribers per 100 people in South Korea, whereas US are raked 11th, with 6.9 subscribers per 100 residents. The government spent $24 billion building a national high-speed backbone network linking government facilities and public institutions. 36

Government of South Korea was investing money in broadband since mid 1990s. Decision to focus on that was accelerated and intensified after the collapse of the Asian financial markets in 1997, when the economy of South Korea was damaged as well. At that time they made a decision, which was later proven to be wise, that technology is the key for restoring the country's economy. Some argue that Koreans have been crazy about games even before Internet.

In the same way, the South Korea's government has now initiated major programs to

develop a national gaming industry. The Korea Culture & Content Agency, KOCCA, established in 2001 by the Korean Ministry of Culture and Tourism, promotes Korean media worldwide: movies, comics, music, licensable cartoon characters ... and games. KOCCA offers pro-level training programs for the "culture contents industry" through its Cyber Culture Contents Academy.

This cultural phenomena can directly be explained by the government's investments into broadband. Results are obvious, both in the advancement of the society and economy of the country. Part of the government's campaign was to train part of the population that was not likely to be part of the "Internet generation". Initially, about 10 million people fell into this category. Majority of them were stay-at-home wives and older people. Afterwards, this program was offered to anyone who wanted it.\(^{37}\)

The Korea Game Development and Promotion Institute, which is an industry trade group founded by the Ministry in 1999, has a job to make Korea the top nation in the game industry. In numbers, their goal can be stated in the following way, quoting the words of the KGDI president, Jong-Sik Woo: "Our government founded this KGDI and has been trying to accomplish its enthusiastic goal of annual game export of $300 million until year 2003 to prosper (rear) the game industry as the export-leading industries with competitiveness in global market by developing it as the core-industry in the era of knowledge based higher information industry."\(^{38}\)

From the organization's web site one may conclude that, together with KOCCA, KGDI has set up an incubator program for developers, hosted conferences, published reports, and even started a lobbying group, the Game Industry Policy Advisory Commission, to promote game business evaluation and research.

**Political Aspects**

Unlike in the rest of the world where the most dominant game platforms are consoles such as PlayStation, Sega or Nintendo, in South Korea it is PC. The reasons can be sought in fact that

\(^{37}\) According to: BORLAND John and KANELLOS Michael, "South Korea leads the way", CNET News.com (July 28, 2004)

Korea was a Japanese colony for 40 years, until the end of World War II, and that’s why has had an acrimonious relationship with Japan. That’s why, the Japan’s consumer electronics, including game consoles, have traditionally been verboten thanks to both trade policy and cultural resentment. Another reason can be found in fact that education is extremely popular in Korea, so parents wants for their children the best possible “equipment” for studying. And this is definitely one of the reasons why almost every home in Korea has PC and also high-quality broadband Internet connections.

**Cultural Aspects**

Popularity of some video games such as Lineage in South Korea is related to its cultural heritage. The Confucian hierarchy of Korean society has definitely influence on way how Korean players organize in teams, which is essential in majority of online games, and which also make these games more entertaining. In Lineage this hierarchy exists through tightly defined clan structure. This is what differ Korean’s players from American, who generally want to be the hero-king Lone Ranger. "In Korea, everyone is very comfortable with taking on subordinate roles," says Richard Garriott, who created Ultima and now runs the US division of Lineage's developer, NCsoft. "Their groups are extremely well structured, to the point where they march in lines, attack in waves, and have a style of coordination that you could not possible match in the United States."39

Another reason can be found in thematic which Korean game companies usual offer. The most popular online game in Korea, Lineage, borrow name and main storyline from series of comic books which was very popular in Korea. Another very popular game Ragnarok Online is based on the manhwa “Ragnarok”, and manhva is the general Korean term for comics and cartoons. What we would just like to mention is that games with this, for them, familiar thematic are not the only popular games played in Korea. As already mentioned they are game nation, so they play every kind of games, but from our perspective all these facts were important from perspective that Korean players have accepted very fast these games and started to play them

with great passion.

**Game Economy**

Because of its huge popularity video games in Korea are very profitable business. Last year, the combined revenues of some 1,200 online gaming companies in Korea reached an estimated $1.94 billion, up from $1.54 billion in 2005, according to the state-funded Korea Game Development and Promotion Institute. The institute forecasts the industry’s overall revenues will grow more than 20% to about $2.35 billion in 2007\(^{40}\).

Leading Korean online game company is NcSoft, established in 1997. The history of NcSoft may well be the history of Korean online games. The NcSoft becomes widely known by its product, Lineage, which now according to NcSoft official site has more than 3.5 million subscribers and simultaneous connections in the hundreds of thousands worldwide. Thanks to huge success of Lineage in Korea, NcSoft very fast reach the world market and today it has branches in North America, Japan, China, and Taiwan. NcSoft today is international company with more than 1200 employees and with capital of 10 billions wons.

One of the very successful Korean online game company is Gravity. Gravity is founded in 2000, with the growth of Korean online game industry, and just for several years has arisen in international company with more than 500 employees and with capital of 3.5 millions wons. Gravity has become famous by its product Ragnarok Online which is one of the most popular online games in Korea. What Gravity makes different than others gaming company is that it has also enlarged its business providing various services such as animation and character merchandising based on higher value-added game contents. There is also a TV show based on “Ragnarok” which is a big hit in Japan. In Gravity they think that 25 million registered “Ragnarok” players are great merchandising potential and they want to take maximal benefits out of it.

Detail information about these two very successful Korean companies interested reader can

\(^{40}\) According to: MOON, Ihlwan, “Asian gaming is here”, in BusinessWeek (April 4, 2007)
What is also interesting is that Korean companies usually started with thematic of its games close to Korean players but now are trying to create games globally acceptable. Maybe the best example is Ncsoft which made its glory with Lineage whose title and thematic came from a series of comic books with same title. One of the recently created games from Ncsoft is Auto Assault which is a massively multiplayer game where you explore a post-apocalyptic world in customized cars, motorcycles, and semis. According to its creators purpose of this thematic is to take advantage of well-known fact that Americans are “crazy” for cars so they believe that this thematic can be very attractive to them.

As already mentioned Internet and online gaming is one of industrial area in which the rest of the world can teach a lot from Korea. This is area in which Korea demonstrated a strong competitive edge. But, even they have shown they are experts in the field in Korea, results from abroad market are still missing. This may sound confusing because they are already present at world market and play very significant role, but comparing big investment and results get, most of companies didn’t have satisfactory result yet\textsuperscript{42}.

There are two simple explanations of this: cultural differences among regions where games are provided and fact that foreign competitors are catching up faster than maybe Korean companies expected. So there are some indications that Korean gaming industry, after exponential growth reach stagnating phase, or that it is even in declining phase. Opinions around this topic are divided. Some authors think Korean gaming industry is in declining phase and reasons for this they see in fact that game developers simply "copied Lineage" rather than innovating with their games and as evidence to this attitude they said that, at the moment, the most popular games in Korea are foreign titles “World of Warcraft” and “Dungeons & Dragons Online”\textsuperscript{43}.

\textsuperscript{41} Official website of NcSoft is www.ncsoft.com, and of Gravity is http://www.gravity.co.kr/en/
\textsuperscript{42} According to : HUHH, Jun Sok, ”Are they also doing well in the oversees market”, in Gamestudy.org (April 9, 2007)
\textsuperscript{43} According to : CHANG, Chung-hoon JoongAng Ilbo, “Korea’s Gaming Market - Maturing or
Opposite side represents attitude that Korean game industry is actually maturing. They also have their evidences of this belief. KartRider and MapleStory are titles from Korean publishers with 50 and 30 millions of registered players. These games are representatives of new wave of casual games which have been tremendously popular. Also, what is happening is that foreign companies are busily buying up stakes in Korean game companies. Foreign investors are holding around half of the shares at other major Korean game firms such as NCsoft (41.8 percent) and NHN (51.4 percent). The last example is that Electronics Arts, the world’s largest video and computer game company is investing 100 billion won ($105 million) in Korean game company Neowiz for the co-development and global publishing of online games.

Last few years U.S and Chinese gaming industry are in great expansion and it will be very interesting to see will Korea be able to keep very important position in this area, it is taking now, in this highly competitive gaming race.

Stagnating”, in Playnoevil.com (April 4, 2007)
44 According to : CHO, Jin-seo, "The Korean Model and the US Games Industry”, in Playnoevil.com (March 20 2007)
Summary

So far, we described the extent of popularity of video games in South Korea and also presented main reasons for that. With this in mind, in this section, we try to predict what will be the future of video games in South Korea, but also in other parts of the world. Country that is particularly interesting is neighboring China – huge country with still not so high level of Internet penetration, but with gaming culture in great expansion in recent years. That is why we pay special intention to it.

Popularity

There is no doubt that the gaming popularity is going to raise in South Korea in the future. It is already high and generations upon generations are raised with video games as big part of their lives. When children of today grow older and become parents themselves, they will not look at video games as something new – it will be a familiar (and loved) part of their lives. This is already the case nowadays – children grow up completely surrounded with video games. Unlike in western countries, gaming is really widely accepted part of the culture – as we mentioned above government is doing their best to promote video games. Moreover, kids that are good in games are the “cool” ones and Internet cafés are places to go out (and more).

Huge industry that produces video games or promotes through them is a strong force that do it's best to prevent decline of gaming culture. As every industry, it is a mechanism that is hard to stop. While new games are being sold, new and better ones are already being produced and market is being prepared for them. New games usually sell better than the older ones and it is hard to imagine that great number of new games, some of which are targeted especially at Korean market, will all fail because of some reason. Apart from companies producing games, there are a lot of dependent ones as well – TV channels dedicated to video games, professional leagues, PC baangs etc. Decline in interest in gaming would cause a lot of problems for all of them, but possibly also for Korea as a country as it would be a strong blow to it's current
economy. That is why all interested parties will do their best to keep people playing (not that they need much convincing anyway) and to create social atmosphere that is good for gamers.

The only thing that could reduce gaming popularity in Korea dramatically is something completely unpredictable at this time – similar to thinking about digital computers of today from perspective of 50 or 100 years ago.

**Future of Games**

Unlike with popularity trend, it is not that easy to predict what kinds of games will be played in the future. There is always motive from manufacturers of games to produce and sell new games in order to increase their profit. In the standard business model of producing and selling games this is the only reasonable way to go. As computers are still progressing really fast, new games are always produced for newer, more powerful, computers. This also means that new games are technically better and more appealing to gamers, which is sometimes reason enough to choose one game over the other.

But with boom of online video games, this model is not followed anymore so strictly. Companies that make online games often charge monthly fees for playing and, precisely because of that, they are not forced to produce new games, as long as their customers are happy. To keep them happy they invest a lot of time and energy in perfecting current games and making them more interesting. Also, games such as MappleStory and Kart Rider show that it is not necessary to have games that use the latest technological advances available – sometimes simpler games that have something special can achieve huge success as well. Another aspect that may prolong lives of some video games is professional gaming scene. It takes a lot of practice to become very good (years sometimes) and this would not be possible if the games aren't played actively for long enough. A glaring example of this is Starcraft which survived (and not only that) for almost ten years and is still hugely popular. As Blizzard, producers of Starcraft, recently announced Starcraft 2, it will be interesting to see what will happen with original game once the sequel arrives.
One of the most popular game genres are role-playing games and this is where the most attention from producers will go, for sure. Not only that these games are very popular, but monthly fee based business model suites them the best and it is the most profitable for producers. It will be interesting to see if this will take the next step from here towards real virtual reality simulations, especially if virtual reality equipment becomes more wide-spread or it will stay the same – widely available and easy to start playing (no special equipment required) and hard to stop.

**The Rest of The World**

Popularity of video games is on the rise in the rest of the world as well. Some of the reasons are the same as in Korea, mainly new generations growing up surrounded with them, but it is doubtful if video games will ever become as socially acceptable in some countries as in Korea (European countries and USA, for example). There will be more and more people playing them, but gaming will probably never be able to replace football, basketball or other sports. It seems that games will partially replace other pass-times, watching TV most likely. There are some studies in USA that confirm this opinion.

Although gaming will not replace traditional sports for majority of the people, there is still a strong following in some countries (Germany and Scandinavian countries as the most notable examples in Europe). Professional leagues and tournaments are now being held all over the world. There are not as many fans sitting in the crowd as in the Korea or TV coverage (apart from Internet TV channels), but it is gaining popularity more and more.

One good example that compares level of professional gaming in Korea and rest of the world is Warcraft 3. It was produced as successor to the Starcraft and it largely replaced it outside of Korea. It is the same type of the game, it requires the same skills and it attracts the same group of people. But in Korea, it didn’t catch on as people liked Starcraft better and they were already used to it. Nevertheless, Korean professional players of Warcraft 3 are still among the best ones in the world and in exhibition matches against China and Europe, Korea usually wins easily.
China

China is, perhaps, the most interesting country to look at regarding video games expansion. It is a huge country with huge population in full economical and technological expansion at the moment. At the moment, video games are really popular in China, but one of the reasons that limits this popularity is low Internet penetration of only around 10%\(^\text{45}\). It is probable that Internet connections will become available to increasingly larger part of the population in the future and that number of people actively playing games will follow the raise in growth of Internet availability. China is a huge market and it attracts attention of companies that produce games for that reason and they will do their best to promote gaming in order to expand the market.

Chinese gamers enjoy more some of the games that aren't so successful in Korea. World of Warcraft and Warcraft 3 are really popular there. They are so popular that some of the best Warcraft 3 players from Korea move to live and work (professionally play games) in China.

Unlike Korea, China is really big and it will be more difficult to provide high-speed Internet connection to all people there. This, together with not so good economical situation, is the main reason that gaming will, probably, not reach as high levels there as in Korea. But even if the relative numbers stay lower, absolute numbers would be incredible. If, sometime in the future, 10% people from China would be actively playing online games (much lower than Korea's 35%) that would mean that there are more people playing online games in China than the whole population of any single European country\(^\text{46}\).

It will also be interesting to see what will happen in the future. Will Chinese stick to the games that became popular first time gaming really caught on (like Starcraft in Korea) or will they be more flexible and switch faster from game to game? What will happen with game sales in the China (especially if we think about piracy issues Chinese government is battling against)? Could they reach some really huge numbers (hundreds of millions perhaps)?

\(^{45}\)According to “Asia”, Internet World Stats March, 2007

\(^{46}\)This is just a little playing with the numbers – we are not sure when, or if, this will happen.
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