# 2004
# THE RISE OF KOREAN GAMES

## Guide to Korean Game Industry and Culture

MINISTRY OF CULTURE & TOURISM
KOREA GAME DEVELOPMENT & PROMOTION INSTITUTE

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# Glossary of Terms

## ■ Game Platform

**Arcade Game**
A coin-op game in arcades

**Online Game**
A game that connects many players together on a server that can be accessed over the Internet by individual PC terminals

**PC Game(PC Stand-alone Game)**
A game installed on a PC through a CD-ROM

**Video Game**
A game inserted into a game console system that is connected to a TV set
※Game Console : A video game machine used with CD, DVD and CD-ROM game cartridges(e.g., Xbox, Playstation, Game Cube)

**Mobile Game**
A game played on mobile phones or portable handheld systems

## ■ Game Place

**Internet Cafe(e.g., PC Bang)**
A place where people can online games and access the Internet

**Arcade / Game center**
A place where people can play coin-op games

**Video game Room(e.g., Playstation Bang)**
A place where people can video game on a console system

## ■ Game Users

**Hardcore Gamer**
A player who plays games for over 2 hours a day on average.

**Average Gamer**
Anyone who has played a game at least once.

**Potential Gamer**
A person who doesn't play any games at all or is a casual player who plays games for less than 30 minutes a day

**Non-Gamer**
A person who has never played a game before but may become a casual gamer

# Policy and Industry

## Chapter I

1. Policy Trends Concerning the Game Industry
2. Current Status and Outlook for Korean Game Industry
3. Current Status of the Online & Mobile Game Rating System

# 1 Policy Trends Concerning the Game Industry

The game industry is considered today as the core of the industry of cultural content. It is also touted as one of the most promising businesses in the near future. In the era of a new revolution called the information technology or IT revolution, specialists foresee that the game industry will become the central industry that will complete the IT revolution due to the combination of content and high technologies. Countries around the world have already engaged in this industry characterized by a system of never-ending competition. There is also a focus on expanding the game market through the development of online network technology, the diversification of content and the development of large-scale games with high cost. Now, the business of games is not limited to companies engaged directly in the game industry anymore, but it is also identified as a strategic industry by the government. In fact, its proactive promotion as a lucrative industry for the future has become a general consensus for the government, and various policies for such a promotion as well as further encouragement on the national level are already progressing.

In Korea, the establishment of a gaming culture is being enhanced with the creation of a one-stop support system called the Korea Game Development & Promotion Institute (KGDI). Established in 1999 within the Ministry of Culture and Tourism, the KGDI takes care of all game-related fields like export, creation, human power and technologies. Plus, it provides services for the development of the game industry in Korea. The year 2004 is considered the stepping-stone when the Korean game industry restarts for the future. Having set goals for it to become Game Korea, KGDI has constructed mid- and long-term plans for the promotion of the game industry and is working hard to succeed.

## 1. Policies related Games (before 2003)

The government's policies concerning the game industry took the initiative of making game a subject of its proactive promotion policy as a new multimedia content through the reform of the Sound, Records, Video, and Game Products Act (SVG Act) in June 1996. After the establishment of KGDI in 1999 and consequently in 2000, various types of infrastructure support regarding the development of game technologies and information concerning foreign marketing followed. These are the result of such policies that the KGDI has had put forth from 1999 to 2003.

First, it provided a lawful and systemized foundation for the promotion of the game industry. The Act of Law on Records and Video Products, enacted and taken effect in 1999, has regulations with regards to the promotion of the activities of game creation, the cultivation of specialists, the establishment of infrastructure, the improvement of distribution structure and a rating system of games. Essentially, it has established a basic direction of the policies of the game industry. Based on the Act of Law, KGDI has enacted the recommendation of companies in the field of game industry for military service and a certification system for evaluating venture businesses in the field of game industry was created. Since 2002, KGDI has put in effect this certification system to evaluate the qualification for the state-certified technicians in the three fields of game, namely game planning, game graphics, and game programming.

Second, it has contributed to the establishment of the infrastructure of creation in the game industry.

KGDI has continued to incubate new game businesses through the supporting facilities for starting a business, which has resulted in producing about 100 game companies up to the late 2003. Furthermore, it has practiced a support system to promote the investment and financing of the development of game content, marketing support and an online incubating system called Crocess.com since October 2002. It has also encouraged the creation of good game content with a game and scenario support system through 'Best Games of the Month', 'Korea Game Grand Awards', 'Pre-Support of the Production of Best Games' and 'Best Game Scenario Commission Competition'. Particularly, it is also expanding its activity to publish books and articles on new information and analytical data with its yearly publication of Korea Game White Paper and Journal of Game Industry & Culture, among others.

Third, it helped establish the foundation and the system to cultivate game specialists. Having established 'Game Academy' under KGDI in November 2000, KGDI is producing about 250 game specialists annually by running a two-year formal educational course teaching game design, graphics, programming and other related areas, along with opening short-term special educational courses like a short-term course for the youth and another for the improvement of game developers. In addition, KGDI has started a long-distance game education for the public since 2002, which contributes to the labor force supply in the game industry.

Fourth, it continued to support foreign marketing. Since 1998, KGDI has supported the participation in renowned foreign game exhibits like E3 and ECTS, providing about 236 companies with the opportunity to make inroads into foreign markets. Since 2001, it has conducted WCG or the World Cyber Games, attracting about 20,000 people from 40 to 50 countries and bringing the festival up to one of the best game festivals in the world. In addition, the institute continuously hosts investment orientations and exchanging meetings in Europe, China, and Japan, among others, and supports the production of foreign language versions of games, publishes reports of foreign market, providing them with related foreign market information to help game companies produce game content suitable for foreign markets. Since 2000, it has also established a cooperative network of named foreign game distribution, production and communication companies and led them to develop productive relationships with domestic companies.

Fifth, it has promoted the development and distribution of core technologies to game application. With the opening of 'Game Institute' in 2000, KGDI successfully developed and distributed these core technologies, such as general-purpose 3D game engine and game production processing/supporting tools in 2002, and the commencement of PC game quality improvement service in 2003. Moreover, it has provided various opportunities to exchange and acquire state-of-the-art technologies by proactively hosting seminars on game technologies domestically and overseas and publishing research articles on a regular basis.

Finally, it has maintained to work on the general acknowledgement of the public about the gaming culture with the intention of spreading the market. The pre-rating system of online games was enacted in July 2002 and on October of the same year, the 'Council of Gaming Culture Promotion' was established to help the public re-evaluate the game industry and to encourage wholesome gaming culture through various projects and events. The Council of Gaming Culture Promotion has played a central role of upgrading the public's understanding on the social functions of games, leading the social proliferation of games in a cultural point of view by hosting game seminars and game camps, which attract the participation of all family members, proceeding game music concerts and wholesome gaming culture campaigns. The appointment of game PR ambassadors and running game experience programs are also part of this activity.

## 2. Mid and long-term Plans for the Promotion of the Game Industry (2003 - 2007)

The policies concerning games started in its full scale in 1999. This promoted the renaissance of the game industry in diverse fields. It was evaluated that such policies on the game industry have successfully encouraged the booming of the game industry in the country for the preparation of the foundation of domestic industry and the initial advancement of the industry to foreign market from 1999 to 2002 (identified as the preparation period of foundation). Since 2003, the game industry in Korea started to develop in full scale, and it is expected that the years 2003 to 2005 will mark the Korean game industry as the period of strategic concentration on the promotion of the domestic game industry and the active cultivation of the foreign market. Based on the results of the strategic concentration period, the Korean game industry will succeed in stabilizing its development in domestic market and acquiring the leadership in foreign market in 2006 and 2007. The policies in this period will be expanded to run in a more systemic direction under the aim of global branding of ‘Game Korea’.

**< Table 1-1 >** Game policy strategies by period

| Year | Period | Contents | Remarks |
|---|---|---|---|
| 1999-2002 | Preparation period of the foundation of the industry | · Preparing for domestic industry foundation<br>· Initial advancement to foreign market | booming of game industry |
| 2003-2005 | Concentration period of regulation and adjustment | · Promotion of the domestic industry<br>· Cultivation of foreign market | Strategic concentration |
| 2006-2007 | Expansion and take-off period | · Stabilization of the development of domestic industry<br>· Acquirement of the leadership in foreign market | Global Brand “Game Korea” |

The Mid and Long-Term Plans for the Promotion of Game Industry focuses first on strengthening the creation of the infrastructure of the gaming industry. This means that they will fortify the policy study on game industry and information delivery system regarding domestic and overseas market trends, analyzing demand, technological trends, current issues and legislative systems. The GITISS (Game Industry Total Information Service System: www.gitiss.org), which opened in March 2004, is the stronghold of the systemic accumulation, exchange and application of knowledge information in the game industry by providing various information and knowledge content services like policies related to games, marketing, technologies, management and statistical data. It also promotes the development of games whose content are based on culture and art, interactive game contents and body-experiencing games and supports the diversification of game contents to functional games or Indie games. Along with such efforts, it is also expanding the investment guild specializing in game business and pushes to begin investing on game projects in order to support the establishment of the growth infrastructure of the game industry. It is planning to introduce a game quality certification system, tentatively named as 'Best Game' through which it helps superior game developing companies be equipped with state-of-the-art technologies and equipment where an evaluation system of game quality is also run.

The plans will then put much weight on hosting international gaming and cultural events and other cooperative enterprise like an exchange program among major countries in which our products are exported. These include Asia Game Forum, Asia Youth Game Exchange, Council of Game Developers, among other exchange programs that encourages the promotion and activation of favorable export conditions. In addition, the plans will also make amends to legislative systems concerning new digital environments to seek the industry's ability to compete against other foreign competitors and provide a comprehensive policy support line that reflects the need of effectiveness in the era of globalization. They also include plans to set up a basic infrastructure of cultivating high-caliber personnel through scouting highly acclaimed professors and teachers in foreign countries.

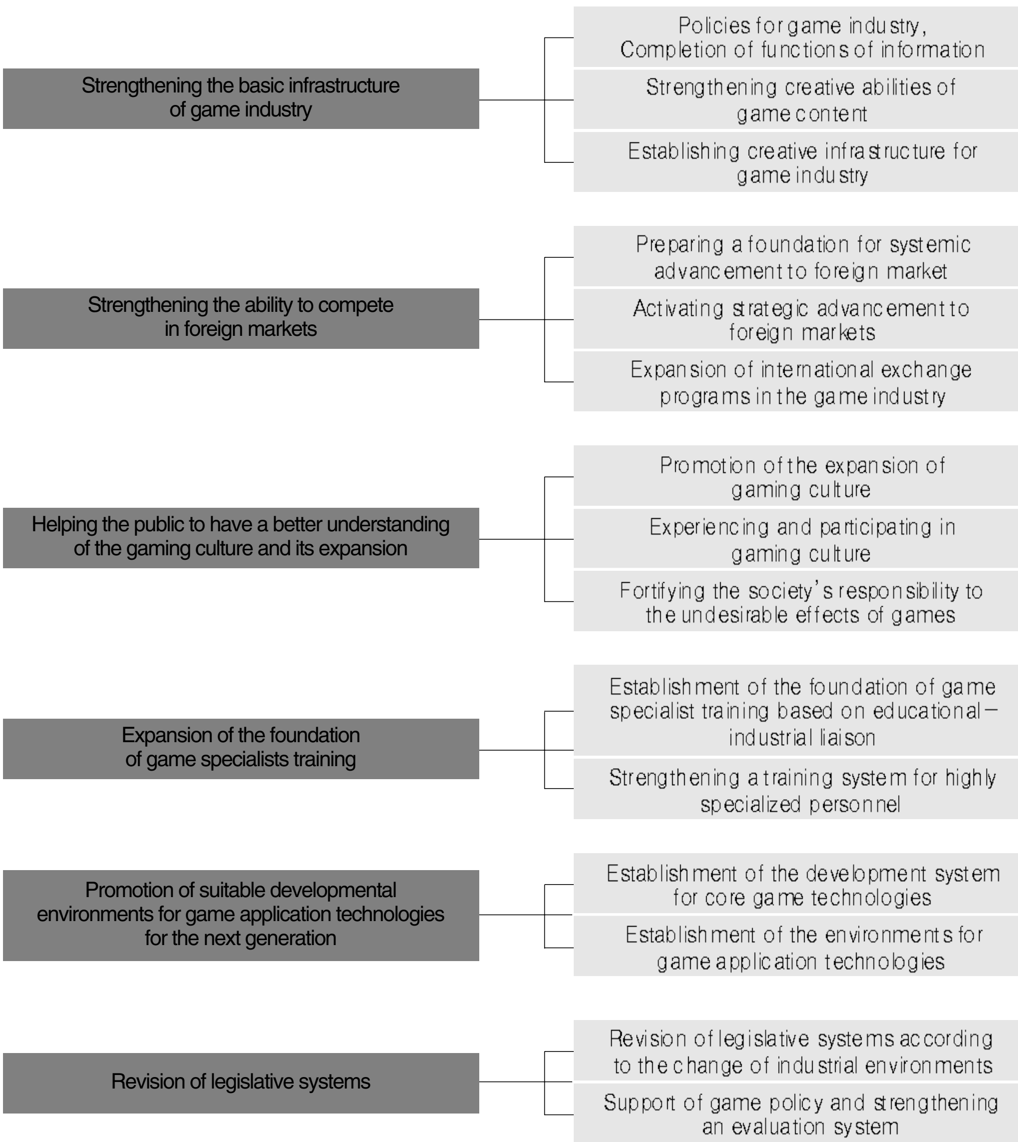
KGDI's wholesome gaming culture development project, which has been successful up to now, will be further expanded and activated. Plans include holding various forums and projects for the development and distribution of counseling and treating program of game addiction and running a regular clinic, the promotion of wholesome game cultural environments, the proliferation of the industry's voluntary participation and control. Many other voluntary and systemic game culture projects will be put into practice. 'E-Sports' competition for a wholesome playing culture will be further expanded to the national scale. The existing Council of Promotion of Game Culture will be re-established as the 'Association of Wholesome Game Culture' and 'Game Culture Week' will be newly introduced.

The plans also include the establishment and expansion of a game specialist training system. For the establishment of an educational-industrial training system for game specialists, educational-industrial joint projects and network models will be created. This will be made possible by starting to analyze the demand and supply of the labor force in the game industry and studying mid- and long-term training policies based on such an educational-industrial liaison. Additionally, highly selective game specialist training facilities like Graduate School of Cultural Contents or Culture Technology Institute will contribute to the development of the training system for game specialists. On the other hand, the plans also focus on expanding a training program for professors or other teaching personnel and strengthening the researching foundation in the academic field as well as attracting specialists through Hunting Pools, Job Expos and Internship opportunities. They also hope to expand other specialized game educational programs and curricula and activate an international exchange among game specialists by forging strong relationships with renowned educational facilities and institutes overseas and developing long or short-term study and training programs abroad and other exchange programs.

The plans will provide a development environment for game application technologies in the next generation by drawing a mid and long-term road map for the development of game application technologies and a development system for core game application technologies by establishing a liaison system among facilities and institutes concerned. Along with the development of the game production process, 3D game engines, and a quality evaluation system, environments for high-tech game application technologies will be provided by communication technology for network games, hologram technology, body-experiencing game technology, and augmented reality game technology.

Finally, the plans will make amends to legislative systems to meet the changes of the industrial environments and construct an effective policy system for the promotion of the game industry. The current SVG Act will be revised to include Game Industry Promotional Act enacted, the game rating system will be improved and the safety environment for intellectual rights will be fortified. Additionally, a more systemized policy evaluation system will be introduced by establishing a screening and evaluation system for the game promotional projects through policy communities in various fields. The government's simple administrative affairs and support projects will be transferred to other related associations or institutes to encourage voluntary cooperation among companies in the game industry.

**< Figure 1-1 >** Overview of the mid and long-term plans for the promotion of the game industry



# 2 Current Status and Outlook for Korean Game Industry

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## 1. Online Games' Predominance in Korean Game Industry : Occupying 62% of the total market, the development of game portals and the trend of large-scaled game production

Online games, which overtook arcade games in the market in 2002, is continuing to lead the Korean game market, scoring 754.1 billion won (US$ 628M) in production, and taking 49.3% of the total platform production in 2003. On the other hand, Internet cafes, one of the key factors that spurred the growth of online games, are taking a 43% share of the market, with 1,691.2 billion won (US$ 1,409M), occupying the biggest portion of the whole market. Considering that most Internet cafe users (84%) play online games, the rate of online games usage in the Korean game industry has gone up to 62% of the total game market with a total of 2,225.3 billion won (US$ 2,037M). It is a figure calculated by adding the production sales of online games to the distribution sales to Internet cafes. In other words, the growth of the Korean game industry is mostly due to the proliferation of Internet online games.

The most prominent characteristic of the Korean game industry in 2003 is the rapid growth of the game portal market. The development of game portals, in fact, reflects the growth of the number of light users, who are mainly female and mid-age users, through the popularization of games. Those game portals continue to be new lucrative models, taking the flow of online culture with game contents focused on web board games, cultural contents like merchandise sales, movies, animation, and broadcasting, and additional services like communities, avatars, and online shopping. The game portal market in Korea, which has been more intense when "Pmang" entered the market along with "Hangame", and "NetMarble" started challenging the MMORPG market when it grew up to an average of 167% compared to the previous year. It is expected that the game portal market will be more competitive with each service offering specialized contents and targeting specific users. In particular, game portal service providers are also enforcing their publishing service, which, with the advancement of the game publishing business of major companies like KT and SK, is expected to affect the current game market.

In the field of MMORPG, the trend in producing games in a major scale, together with the successful launching of "Lineage II," and the diversification of game genres are two noteworthy characteristics. "Lineage II", a full 3D game with a totally new concept, has set a record at offering the shortest beta service period (of three months) in the world. It has attracted as many as 100,000 players simultaneously to the service, and is leading the MMORPG market with its precursor, "Lineage I". On the other hand, such consecutive production of the next 3D games in a major scale, along with "Lineage II" is heating up the competition among domestic game companies in the online market. Among those games, "RFonline" and "ArchLord" are driving such a trend with an average production period of three years, about 10 billion won in production cost, and diverse marketing plans that are as massive as those done with marketing blockbuster films. Furthermore, the entry of "World of Warcraft (WOW)", a major online game by Blizzard USA, will further heat up the competition in the Korean MMORPG market.

Another noteworthy factor in 2003 is the introduction of non-traditional games, like "Seal Online", "Maple-Story" and "Mabinogi". They attract game users whose interest in existing fantasy games has waned. Urging the development of diverse game genres, this new trend will continue to expand the market share of those games, together with the introduction of other games in new genres, like online martial arts, SF action, and FPS. Such developments are expected to break up the monopoly of fantasy-oriented games to a certain degree.

The predominance of online games in the Korean game market was mainly due to Internet cafes that were equipped with super high-speed telecommunication networks. The Internet cafes' expansion in scale and technology after 2002 has helped the launch of 3D games in Internet cafes. A total of 96% of Internet cafes were equipped with super high-speed Internet connections of over 10MB in 2003, providing a foundation to develop games like "Lineage II", which requires high-quality equipment(over P3). The spread of the online game market and the technological advancement of Internet cafes, in turn, drove the number of online game users. In the same way, it has boosted the growth of the market and Internet cafes. About 94% of Korean game users in 2003 play online games, and such widespread patronage of online games has penetrated the female and mid-age population, changing pre-existing negative notions about games. In particular, the development of new game models to generate higher income, diversification of payment systems, and the variety of services for different types and populations of users have pushed the development of online games a step further.

Such a pre-circulation structure of online games, on the other hand, hinders the development of the video (console) game market. The country's video game market, where video games was first officially distributed in 2002, recorded about 43% growth, compared to the previous year, which is, however, below growth expectations. Video network games, which are video games with added online functions, still have limitations, such as failing to provide community functions like online games on PC's in Korea or item services, making it hard for users in Korea to be familiar with such games.

Korean online games in 2004 will advance to the Northeast and Southeast Asian markets in a full scale, and also plan to reach European and American markets. They are, in particular, popular in Asian countries, whose cultures are similar to Korea. Also, these countries are in the middle of the continuous development of super high-speed telecommunication networks and the Internet cafe culture, which will further facilitate the advancement of Korean online games to these markets. Additionally, the spread of online culture, as well as the realization of game networking, will further spread Korean online games, game portals, and new income models to the world market.

## 2. Continuing Growth of Mobile Games: 45% growth despite economic stagnation, and overtaking PC stand-alone games

Cell phone usage in 2003 has reached up to 4.5 million, and the market is continuously growing with the development of new models. The popularity of colored phones, the spread of the mobile network market, and the population of wireless Internet users of as many as 2.5 million people have driven the growth possibilities of the mobile contents market. Particularly, the percentage of the sales of mobile games has continued to increase.

Mobile games in Korea have a highly economy-dependent structure since services are charged for each download (1,500 won per download). Therefore, the growth rate of mobile games, which was initially seen to reach up to 100%, stayed around 45% due to economic stagnation in 2003. However, the sale of mobile games in 2003 was 145.8 billion won (US$ 122M), a figure that already outran the size of the PC stand-alone game market. Mobile games, which had the smallest platform in size in Korea, have shown its first-ever expansion to a next stage overtaking PC stand-alone games in size despite economic difficulties.

The main user groups of mobile games in Korea are students in their teens and 20's, and workers who travel for long periods. The most popular are board games, like Tetris or Go-Stop. Recently, mobile network games, which are multiplayer games that utilize the mobile equipment's online characteristics, have been distributed, and have become popular. LBS (Location-Based Services) have also been developed. Mobile game users play mainly when they are traveling or during breaks. Since they are mostly considered light users, they do not overlap with the groups of online game users or video game users. In particular, the enhancement of community functions, a characteristic of Korean game users through network games and the improvement of cell phones are further providing them with a sense of reality and fun. The improvement in the level of games made possible by the development of cell phones is furnishing a foundation to develop high-quality games like 3D games that require high-powered equipment, and make it possible to develop games in new genres that graft new technologies, like RPG or LBS on large-scaled games. Such large-scaled games will break into the market very competitively, based on the qualities of highly crafted games. The brands of the games will, in turn, heighten the average span of a mobile game's life, and contribute to the development of the mobile game market.

Mobile games in Korea consist mainly of cell phone games by SKT, KTF and LGT, which offer about 1,100 games. However, the current system is set up as such that users will have to pay for downloading contents, and at the same time, pay additional communication fees, which is hard to pull off with heavy users. There are talks about payment systems dedicated to network games or unlimited packet payment systems. Some wireless services that are currently available already provide unlimited usage on a set fee. Consequently, such financial burdens on mobile games will be gradually improved.

There are currently about 300 mobile game production companies at work, and only 383 games out of the total of about 1,500 games that have been developed in 2003 are now on the market. Recent trends in the mobile game market, such as the heightened wall of getting into the mobile game business or the continuous development of brands, will, in the near future, restructure the market to focus on a few production companies that have been able to produce high-quality, large-scaled games, and have acquired enough brand recognition. In particular, such reconstruction will be further accelerated as the competition among wireless portal service providers deepens with the opening of wireless Internet networks, and changes in the fee structure for downloaded contents are implemented.

## 3. Desperate Efforts by Video Games to Establish Infrastructure: Toward the distribution of one million game consoles

Korea did not foresee the video (console) game market until Sony's PS2, MS's X-Box, and Nintendo's Gamecube were first introduced in the market in 2002. Initially, it was highly hoped that video games in the Korean market would grow rapidly with many manias and teens. However, the statistics later showed that during 2002 and 2003, only 350,000 consoles, which were just 30% of the originally expected number of consoles to be sold, were sold. After video games were officially introduced in the market, less than one million consoles were sold in two years.

The Korean video game market in 2003 was evaluated at 222.9 billion won (US$ 186M) in size, which was about 43% growth compared to the previous year. This is because, though the rates of sales of game consoles stayed about the same as the previous year, the sales of game titles on game consoles bought in the previous year increased twice. Considering that the year 2003 was the period when the country's economy was staggering, and the sale was decreasing because of price cuts in video game consoles, the 43% market growth was believed to show the possibility of the video game market in Korea in this market driven mainly by online games.

Currently, PS2 is occupying 80% of the video games market introduced in Korea. In 2003, PS2 published 118 game titles, X-Box 65 titles, and Gamecubes 8 titles. A total of 85 game titles among 100 or so Korean versions were by PS2. The sales of PS2 game titles reached about 1.8 million copies in 2003, whereas X-Box only sold 300,000 copies, showing that PS2 was leading the market.

The most characteristic developments in 2003 included the introduction of video network game services and the prevalence of video game rooms. It was, at first, hoped that video network games would compete against the online game culture in Korea, and would further popularize video games. In fact, network adapters that were first introduced in the market sold more than 100,000 pieces, heightening expectations. However, it never attracted game users' interests as there were five or less game titles that were network-compatible, and services related to community functions that Korean online game users were highly seeking were still lacking. On the other hand, video game rooms, which saw its official introduction in the market in 2003, are currently on the rise, counting about 900 facilities nationwide. With Internet cafes, which led the development of online games in Korea, as business models, these video game rooms have attracted SCEK (Sony Computer Entertainment Korea), the Korean distribution company of PS2, and Sejoong Gamebox, which distributes X-Box. In particular, these companies have plans to increase the spread of video network games, and introduce network games in a major scale. Therefore, a boom in video network games through these video game rooms is expected.

Video games are occupying 15% of the game platforms in the Korean game market, just slightly higher than 13% in 2002, when it was first introduced. However, this figure is still lower than that of online games (49%). About 10 Korean companies either have published, or are developing, new video game titles. Considering that there are 400 online game titles each year, this is still considerably low. The recent improvement on the acknowledgement of games shows promise in the spread of video games toward the teen market. Therefore, video games in Korea are expected to continuously grow until they reach a certain point. However, the price competition between PS2 and X-Box, and the widespread activity of second-hand video game market have become obstacles. In particular, the Korean game culture based on online games is the most important factor in the expansion of the video game market.

## 4. Continuing Decline of PC games and Arcade Games : The fall of offline/stand-alone games

The most prominent characteristics of recent Korean games include the widespread online/portable games and the decline of offline/stand-alone games. PC stand-alone games in Korea have downsized to 93.7 billion won (US$ 78M), or a 43% decrease compared to the previous year, and arcade games to 311.8 billion won (US$ 260M), an 18% decrease. It is because that, in the case of PC stand-alone games, after 2002, existing PC games distribution companies and developers have been turning their business directions to online games, mobile games and video games. In the case of arcade games and game centers, their main distribution paths have decreased from 25,000 in 2000 to 13,000 in 2003. The market structure is currently in the middle of a transition.

Though PC games have groped for ways out of such stagnation through diversification in distribution by online shopping malls, discount shops, and special shopping centers, and downloading games on the Internet. However, the market showed another big loss in 2003, as the GOD (Game on Demand) service was dull, and game users were moving to the expanded online game market. In particular, the PC game market in Korea had not seen any new killer titles, either in domestic or overseas games that could have led the market. "Warcraft III: Frozen Throne", which was hoped by many to hit it big on the market as "StarCraft" did, which sold over six million copies in the Korean market alone, only sold 500,000 copies. In addition, illegal copying and Internet-sharing services, among others, have fundamentally hurt the PC stand-alone market.

The downsizing of the arcade game market was inevitable due to the downsizing of game centers after 2002, which used to be the traditional distribution channel of arcade games, and teenagers, the main user group of such games, opting to try online games. Amid such a trend, arcade games in 2003 have been completing their market reconstruction to adult game equipment, like horse racing games, which were driven by profits, and game centers were also in transition, focusing on adult game equipment. Though state-of-the-art arcade experience halls have been introduced, and multimedia games that make use of artificial intelligence or VR (Virtual Reality) are being developed, the market reconstruction of arcade games is still in progress with the continued curtailment of offline games.

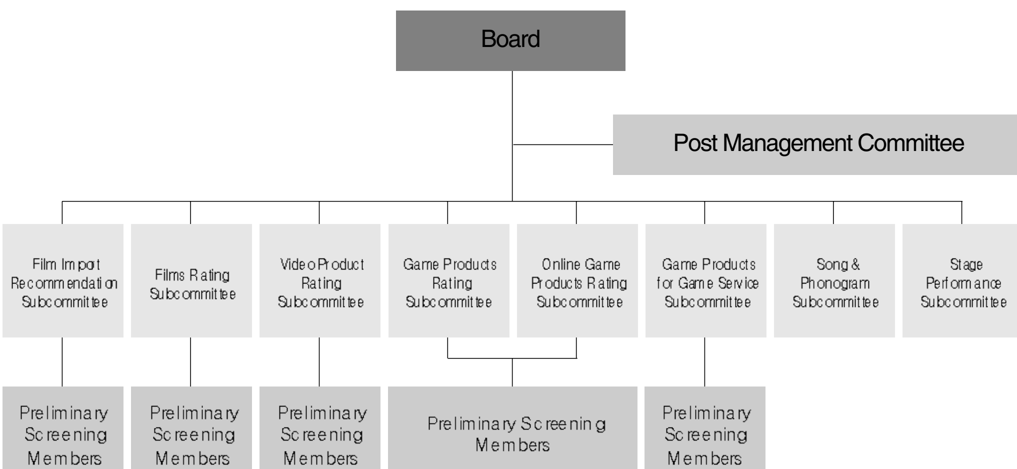
# 3 Current Status of the Online & Mobile Game Rating System

## 1. Rating Classification of the Korea Media Rating Board

Korea Media Rating Board, an entity who takes charge of the rating system of games in Korea, started its screening process in 1993. In 1998, the board was transferred to the screening affairs on arcade games. In 2000, it started its official screening duty on online games.

The Korea Media Rating Board consists of 15 private board members who were commissioned to be either subcommittee members or preliminary screening members. In case of games, preliminary screening members first examine submitted games for screening and present a written opinion. Based on this report, subcommittee members finally decide its rating.

**< Figure 1-2 >** Organization Chart of Korea Media Rating Board



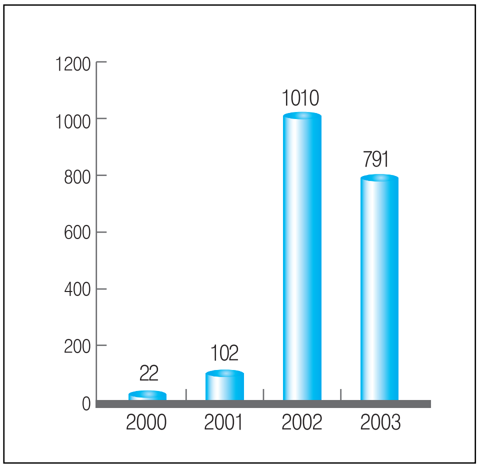

Online games that the board screens are divided into categories. One category is online game which requires gamers to connect to the Internet through a personal computer or similar device, and the other is the mobile game in which gamers download and play games on their mobile equipment like cellphones or PDAs. In addition, streaming games in real-time playing method that have recently started their commercial service or GOD service by downloading are considered to be in the category of online games rather than PC games. However, games that are installed with CDs or other similar packages and then played either by a single-player or connected to a network to be played by multiple players are classified as PC games and rated as such.

The rating system on online games officially started in April 2000. During the early stage of its system, only a small amount of games to be screened for ratings were submitted, mostly because of the lack of publicity for the system. However, when necessary legislative revisions were completed in 2000, that scenario changed and games submitted for screening increased rapidly. Although the number of submitted games somewhat diminished in 2003, a considerable number of games was still being submitted which received their respective ratings. This demonstrates that the rating system of online games has now stabilized.

Nevertheless, there are some difficult problems to be solved. One of these is that the content of games changes frequently with the release of patches. The board also needs to decide whether or not to screen related profitable models in accordance with the content of games.

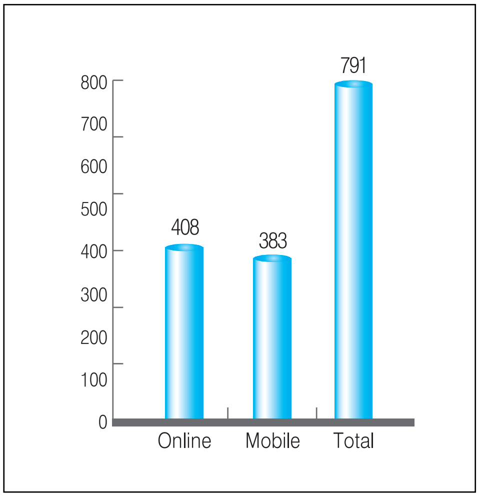
## 2. Current Ctatus of the Rating Classification of Online & Mobile Games in 2003

### 1) Analysis by year




The number of submitted games for screening soared in 2002 because of the discussion of important social issues regarding various online games like PK (Player Killing) or trading items. This created a sensation, prompting the government to come up with a countermeasure to strengthen the obligatory rating classification of online games. With this action, many online games which were on service and not submitted for rating in August and September submitted their games to be rated. In 2003, only 791 games were screened for rating and the figure was a 21.7% decrease compared to 2002. It appeared that the economic stagnation at the time caused the shriveling of the game development of small and medium sized companies.

### 2) Analysis by media




Around 408 online games were classified for rating, which was a 14.3% increase compared to the previous year, and mobile games decreased by 28.2% compared to the previous year when only 383 games were being rated.

In particular, 543 mobile games (53%) and 476 online games (47%) were classified for rating in 2002, showing that more mobile games were screened for rating than online games. However, 383 mobile games (48.4%) and 408 online games (51.6%) were screened for rating in 2003, demonstrating that more online games were rated than mobile games. It is believed that mobile game companies, who are generally smaller in business size than online game companies, had much effect on the economic stagnation at the time.

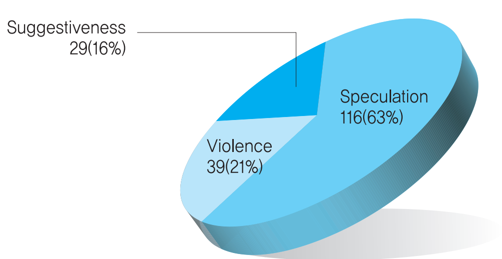
### 3) Analysis by rating

| Result | | Pass | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Class | | All | 12 years old + | Over 15 | Over 18 | Failure to pass | Reservation | Total |
| Domestic Title | Online | 153 | 47 | 37 | 87 | 34 | 27 | 385 |
| | Mobile | 224 | 17 | 5 | 95 | 9 | 32 | 382 |
| | Subtotal | 377 | 64 | 42 | 182 | 43 | 59 | 767 |
| Foreign Title | Online | 19 | 1 | 1 | 2 | – | – | 23 |
| | Mobile | 1 | – | – | – | – | – | 1 |
| | Subtotal | 20 | 1 | 1 | 2 | – | – | 24 |
| | Total | 397 | 65 | 43 | 184 | 43 | 59 | 791 |

Except for 102 games that were rated as □Failure to pass□ or □Reservation□, a total of 689 games were rated in 2003. Among these games, 397 games (58%) were rated as □All□, 65 games (9.4%) as □Over 12□, 43 games (6.2%) as □Over 15□ and 184 games (27%) as □Over 18□.

Compared to the figures in the previous year, the percentage of ‘All’ decreased by 13.6%. However, increases were evident in □Over 12□ (by 5.8%), □Over 15□ (by 4.1%) and □Over 18□-rated games (by 4.3%, demonstrating that the overall ratings rose. That result is also clearly articulated by the increase of □Failure to pass□ or □Reservation□-rated games from 3.6% of the previous year to 13.2%. The reason for such a trend is believed that, on the internal viewpoint, as game production technologies progress, more detailed and realistic illustration and description became possible. On the external viewpoint, various social issues with relation to online games were brought up to the surface and became an affecting element.

### 4) Analysis of media for 18 years or older by reasons




In 2003, 184 games (27% of the total games) were rated as □Over 18□ and a majority of those games were games related to stirring up speculative spirit, taking up 63.5%. Violence was 39 cases (21.1%), which was followed 29 cases (15.7%) that were suggestive or have sexual behaviors.

Speculative-related games generally mean gambling games like Go-Stop or Poker. Most of these games are run as a link to game portal sites, and gamers bet with cyber money, not real cash.

Suggestive games have been more popular in mobile games than in online games. This is because cellphones became a suitable and viable medium to deliver high-quality visual content as the LCD of cellphones changed to color from B&W, plus its screen resolution increased. Another reason is that game production in this genre is easier than in mobile games.

Violence-related games include games that contain descriptions of fresh blood, bloodstains or marks, or explosion of a body. In case of PK, such cases include games in which there are item drops or experiential value loss

### 5) Analysis of media for reservation by reasons

| Result Reason | | Suggestive | Violence | Speculative | Others | Subtotal |
|---|---|---|---|---|---|---|
| Reservation/Failure to pass | Online | – | 1 | 60 | – | 71 |
| | Mobile | 31 | – | 10 | – | 31 |
| Total | | 31 | 1 | 70 | – | 102 |

Games that received Reservation or Failure to pass-rating in 2003 were 59 (7.5%) and 43 (5.4%), respectively.

Taking them by reason, a total of 70 games were rated as such because of their speculative contents. These include gambling games like Go-Stop or Poker which have functions to exchange game money for real cash or other gifts. Suggestiveness was the next reason for such a result, taking 31 games (30% of the total games) which were adult-oriented mobile games. Some content described degenerated content and scenes of explicit sexual conducts, even portraying a minor female student as male adults sexual toy. Games that contained contents of killing people too graphically and cruelly were also rated as Reservation.

# Market Focus

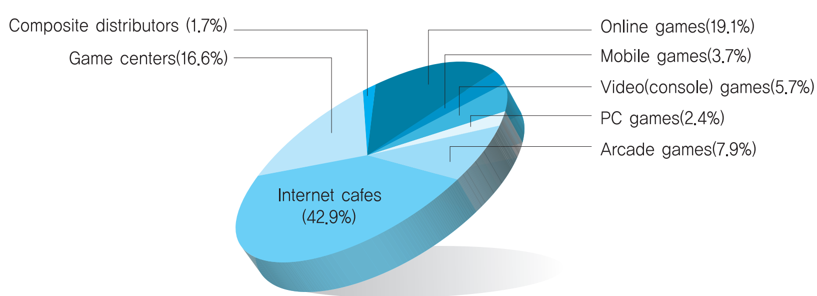
## Chapter II

# 1 Market and Industry

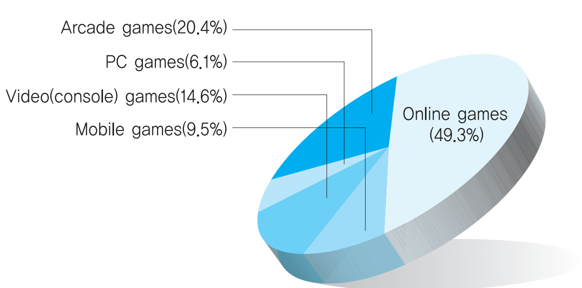
**< Table 2-1 >** Revenue by Total shipment (2003) <unit : 100 million dollars>

| | sales | share of market |
|---|---|---|
| Online games | 6.28 | 19.1% |
| Arcade games | 2.60 | 7.9% |
| Video(console) games | 1.86 | 5.7% |
| Mobile games | 1.22 | 3.7% |
| PC games | 0.78 | 2.4% |
| Internet cafes | 14.09 | 42.9% |
| Game centers | 5.45 | 16.6% |
| Composite distributors | 0.54 | 1.7% |
| Total | 32.82 | 100.0% |

**< Figure 2-1 >** Percentage of Revenue by Total shipment (2003)

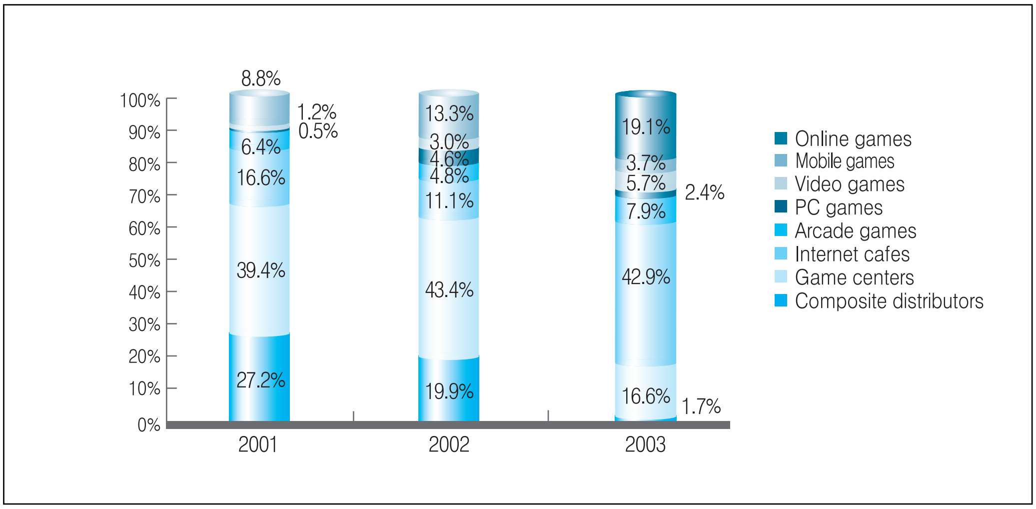



**< Figure 2-2 >** Percentage of Revenue by Platform (2003)

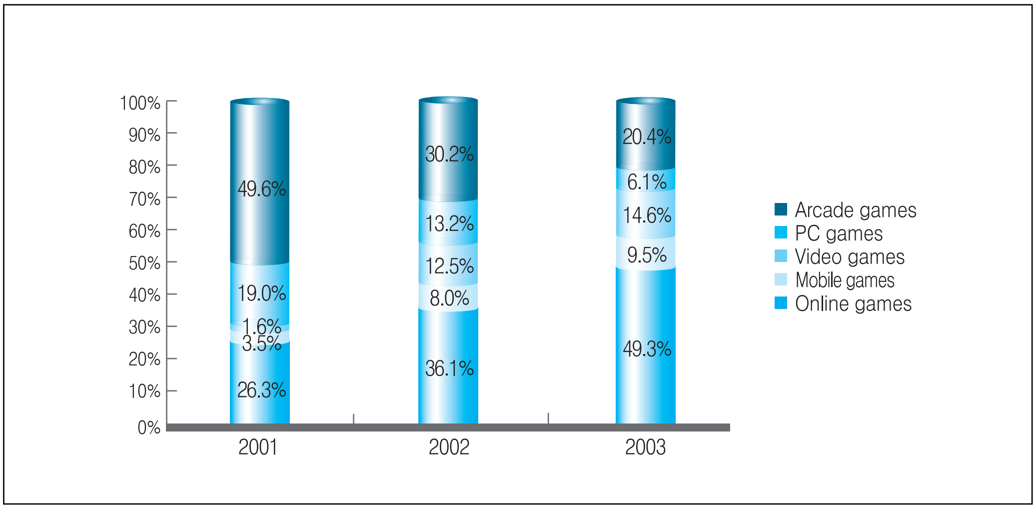



The game market in Korea reached US$ 3.282 billion in 2003. Internet cafes and online games had the largest share in the market (62%). Considering about 84% of users in Internet cafes play online games, it is apparent that Internet online games take the lead in the whole game industry in Korea

< **Figure 2-3** > Percentage of Revenue by Total shipment(2001-2003)




< **Figure 2-4** > Percentage of Revenue by Platform(2001-2003)



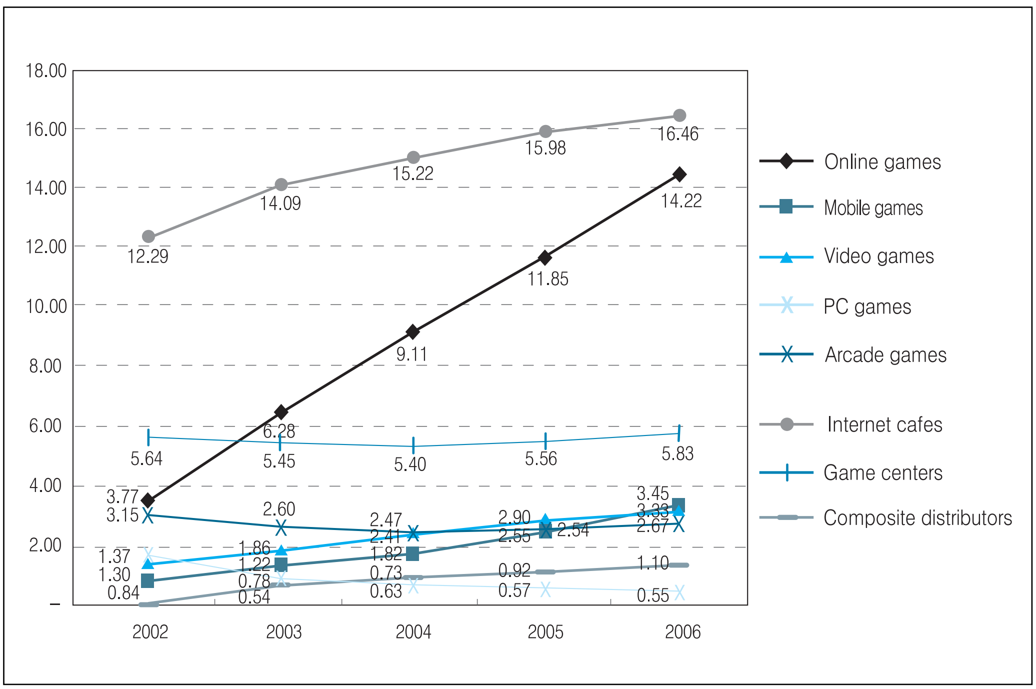

Online games, which only had a market share of 8.8% in 2001, soared up to 19.1% of the market, garnered 49.3% of the total platform in 2003, and are currently taking the lead in the development of the game market. Recent noteworthy trends include the rise in online/network games and the fall of offline/stand-alone games. While sales of online games and Internet cafes continue to grow, sales of packaged games for PC and arcade games are decreasing.
Though video games, which officially were distributed in the market in 2002, show steady growth in market share, they are still unfamiliar to Korean gamers who mainly play online games. On the other hand, mobile games are rapidly growing (45%) despite economic stagnation in the country.

**< Table 2-2 >** Sales Amounts and Growth Rates of Total Shipment(2002-2006) (Unit:100 million dollars)

| | | Online games | Mobile games | video (console) games | PC games | Arcade games | Internet cafes | Game centers | Composite distributors | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | Amount | 3.77 | 0.84 | 1.30 | 1.37 | 3.15 | 12.29 | 5.64 | – | 28.36 |
| 2003 | Amount | 6.28 | 1.22 | 1.86 | 0.78 | 2.60 | 14.09 | 5.45 | 0.54 | 32.82 |
| | Growth Rate | 66.8% | 45.2% | 42.7% | –43.1% | –17.5% | 14.6% | –3.3% | N/A | 15.8% |
| 2004 | Amount | 9.11 | 1.82 | 2.41 | 0.63 | 2.47 | 15.22 | 5.40 | 0.73 | 37.79 |
| | Growth Rate | 45% | 50% | 30% | –20% | –5% | 8% | –1% | 35% | 15% |
| 2005 | Amount | 11.85 | 2.55 | 2.90 | 0.57 | 2.54 | 15.98 | 5.56 | 0.92 | 42.87 |
| | Growth Rate | 30% | 40% | 20% | –9% | 3% | 5% | 3% | 25% | 13% |
| 2006 | Amount | 14.22 | 3.45 | 3.33 | 0.55 | 2.67 | 16.46 | 5.83 | 1.10 | 47.61 |
| | Growth Rate | 20% | 35% | 15% | –3% | 5% | 3% | 5% | 20% | 11% |

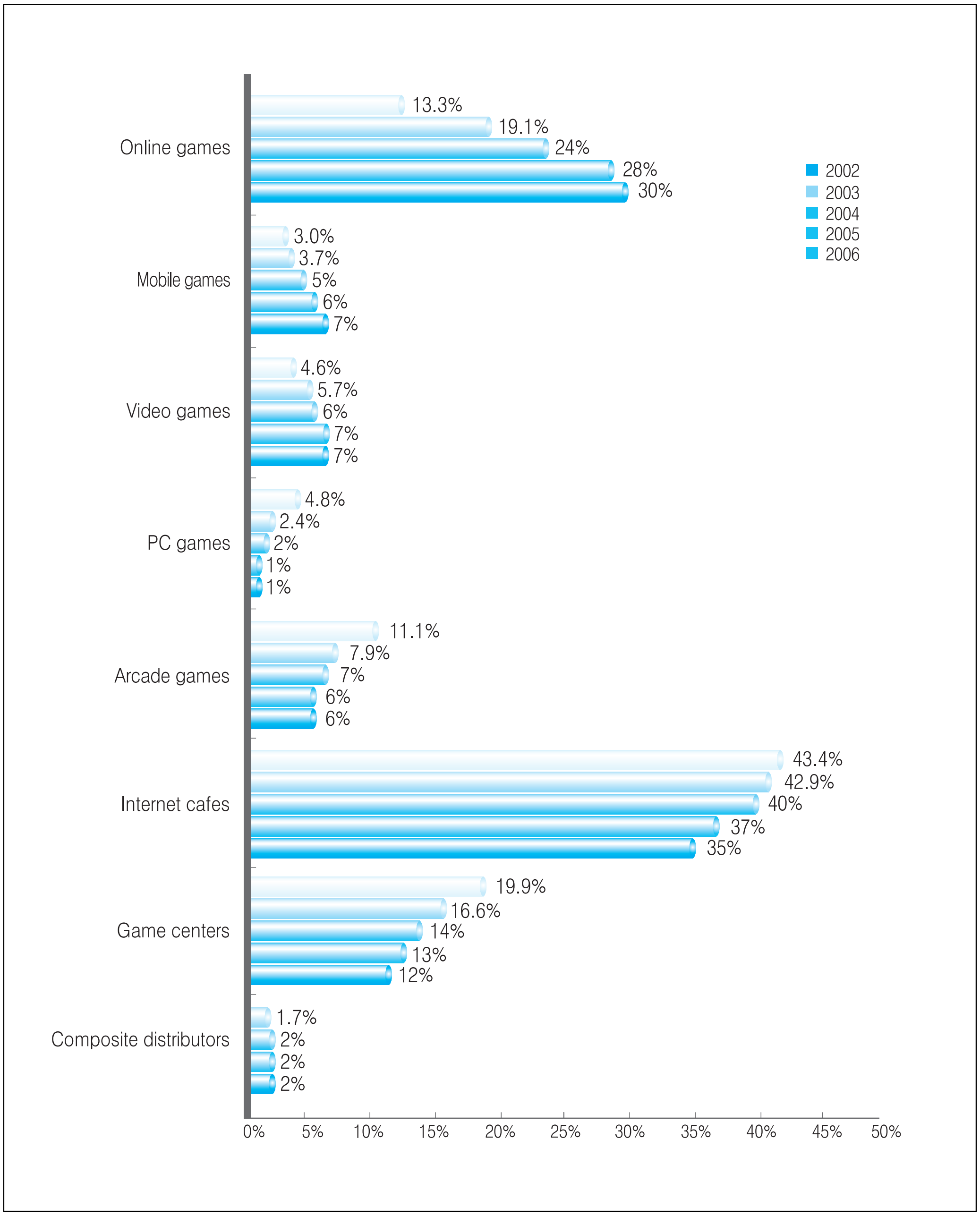
2

**< Figure 2-5 >** Transition on Revenue of Total Shipment (Unit: 100 million dollars)




The size of the Korean game market is expected to reach US$ 3,779 million in 2004 and US$ 4,761 million in 2006. We also expect the number of Internet cafes to expand together with the growing popularity of online games.

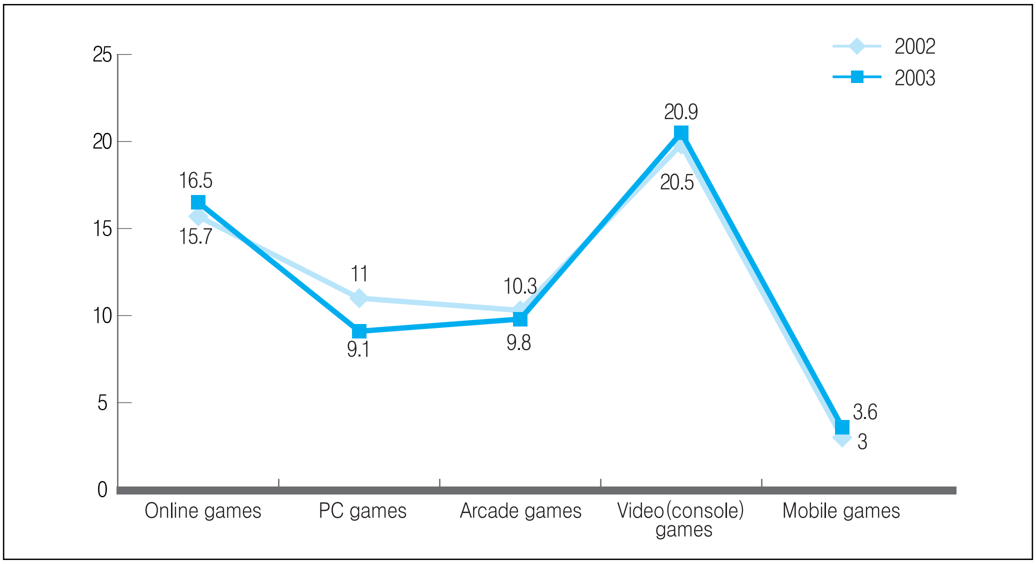
< **Figure 2-6** > Revenue Percentage of Total Shipment(2002-2006)



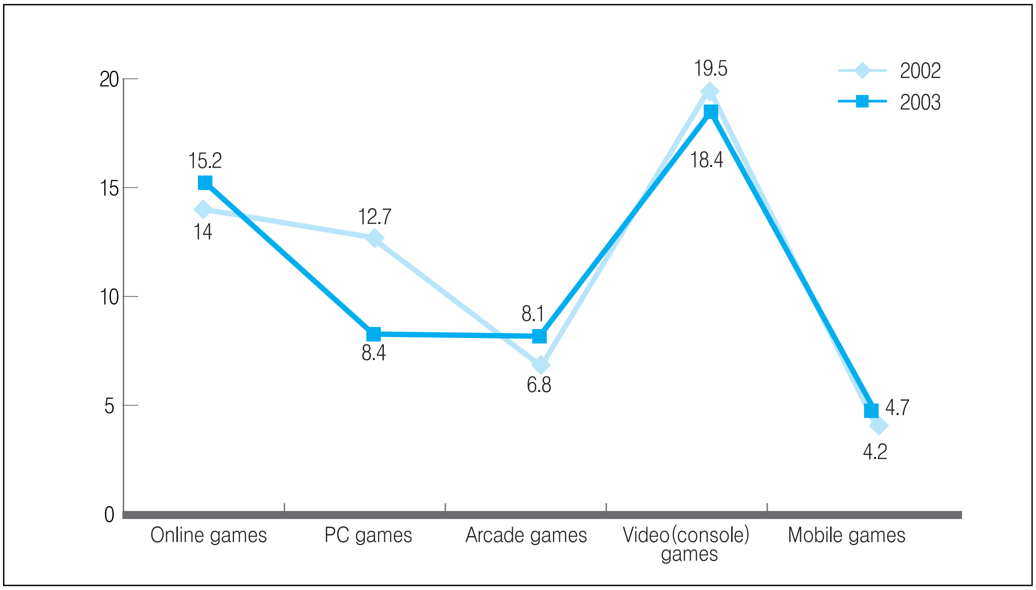

< **Table 2-3** > Imports and Exports(2001-2005) (unit : million dollars)

| year | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Exports | 130.34 | 140.80 | 181.54 | 254.16 | 343.12 |
| Imports | 65.34 | 160.96 | 166.45 | 199.75 | 229.71 |

< **Figure 2-7** > Average Development Period (unit : month)

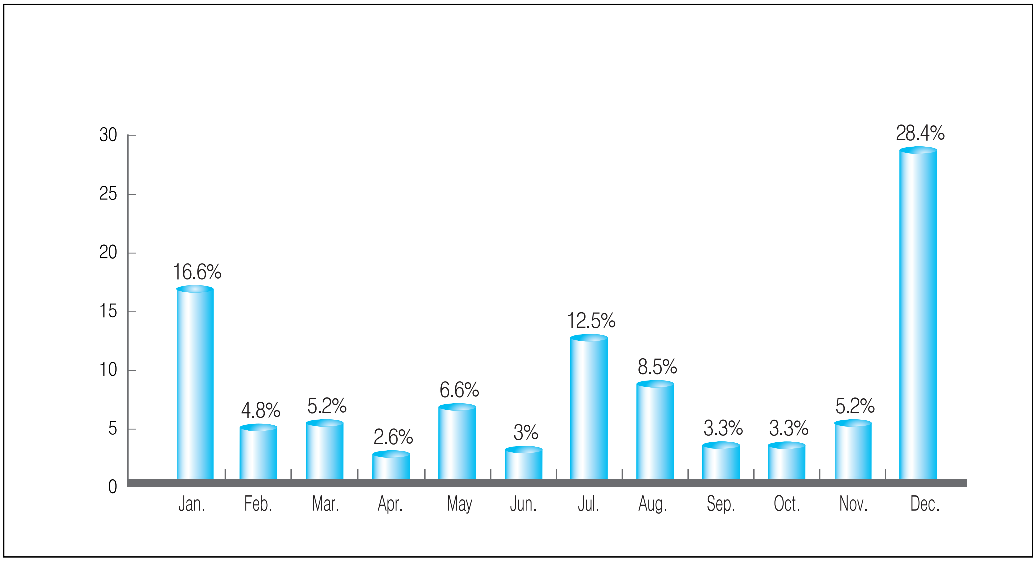



< **Figure 2-8** > Average Number of Development Personnel



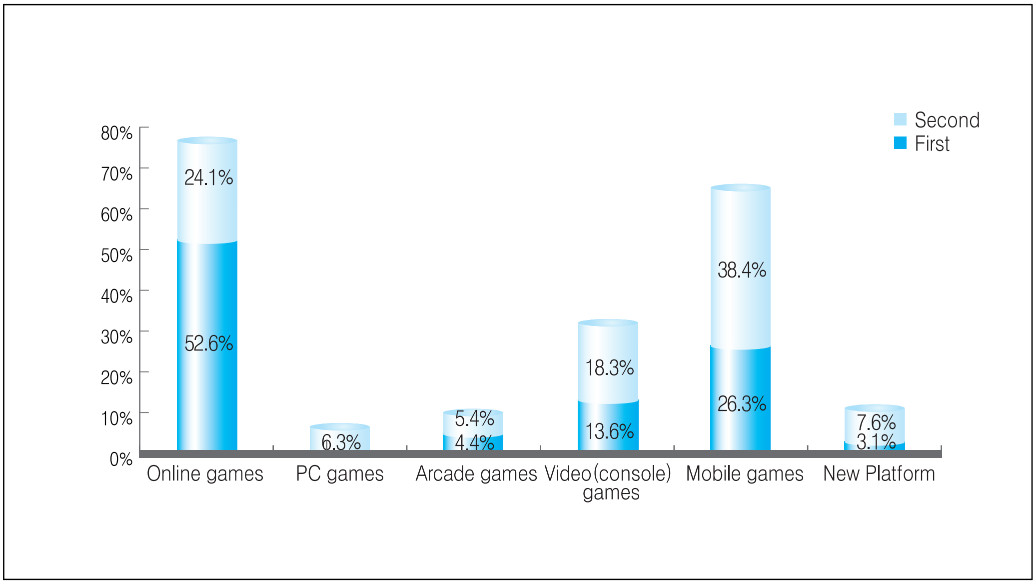

In terms of the average development period of each game platform, video games took the longest time with a record of 20.5 months. Online games development period took 16.5 months, while PC games took 9.1 months. Mobile games had the shortest development period with only 3 months. For the average number of development personnel for each platform, video games had 18.4, online games 15.2, and PC games 8.4.

**< Figure 2-9 >** Major Sales Period

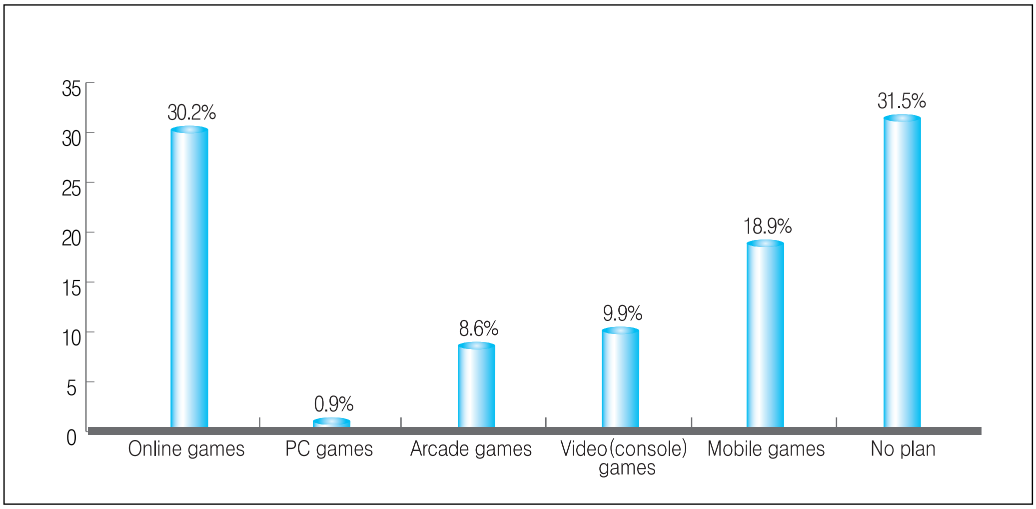



Game companies mainly distributed their products in December, targeting the vacation period of adolescents who account for the majority of all game users. Companies preferred the winter vacation when there is a focus on indoor activities to other seasons during which outdoor activities are favored. Their strategy is apparently effective, since the highest sales were recorded in December and January.

< **Figure 2-10** > Promising Platforms in the Future: Survey for Developing Companies

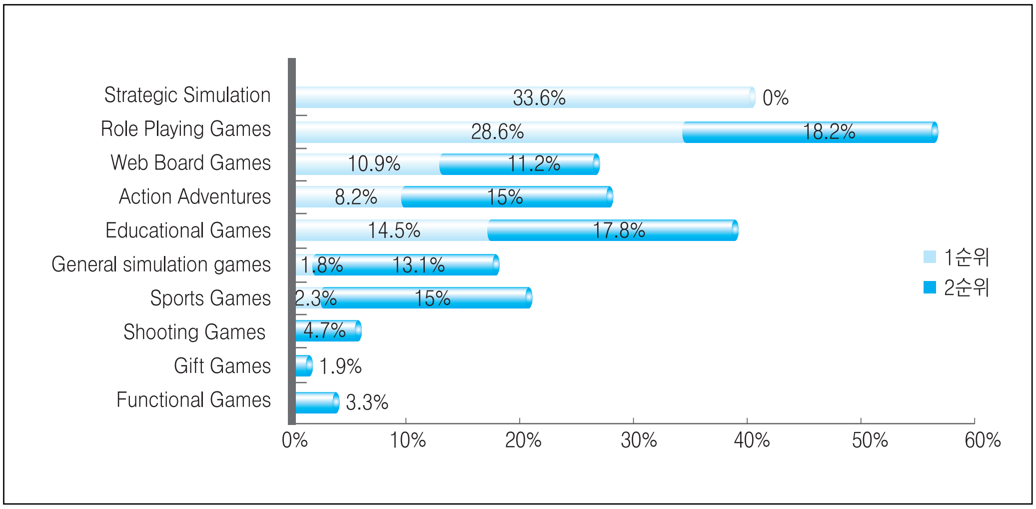



< **Figure 2-11** > Platforms to Enter in 2004: Survey for Developing Companies




The game developing companies of Korea consider online games, mobile games, and video games as the most viable and promising game platforms in the future. Companies plan to enter the market in 2004 with online games (30.2%), mobile games (18.9%), and video games (9.9%). These figures provide us with an outlook for the future game market of Korea.

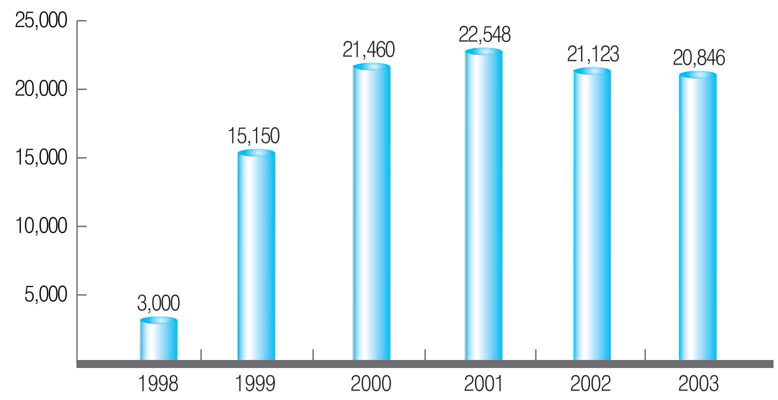
< **Figure 2-12** > Promising Genres in the Future: Survey for Developing Companies




For promising genres in the future, Korean game companies emphasize the viability of role-playing games, strategic simulation games, and educational games. Among them, they consider role-playing games as the most promising because the users of this genre are mainly online gamers of all ages.

# 2 Internet Cafes

< **Figure 2-13** > Number of Internet Cafes(1998-2003)

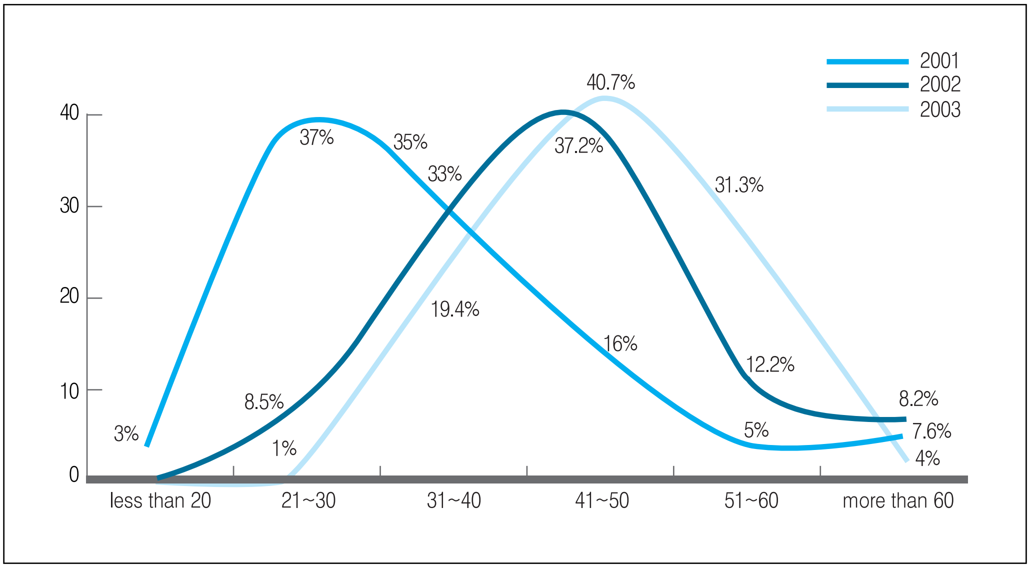



< **Table 2-4** > Number of PCs in Internet Cafes(2000-2003)

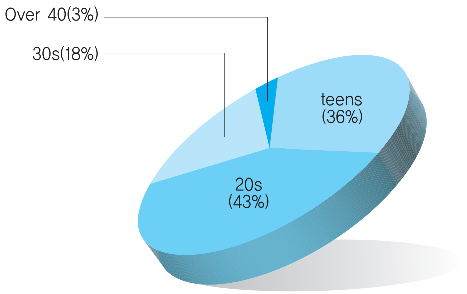
| year | Number of Internet Cafes | Average number of PCs | Total number of PCs |
|---|---|---|---|
| 2000 | 21,460 | 32 | 686,720 |
| 2001 | 22,548 | 37 | 864,276 |
| 2002 | 21,123 | 43.8 | 925,187 |
| 2003 | 20,846 | 48.8 | 1,026,349 |

After 2002, Internet cafes are going through a period of adjustment. As 3D MMORPG, which requires a high-end PC and a fast network, continues to grow in the market, PC upgrades and the expansion of Internet cafes are a must to survive. Such a trend is driving out smaller, low-end Internet cafes, and is leading the shift to high-end, larger Internet cafes. The average number of PCs in an Internet caf in 2001 was 37, whereas, in 2003, it increased to 49.

< **Figure 2-14** > Percentage of PC Penetration in Internet Cafes(2001-2003)

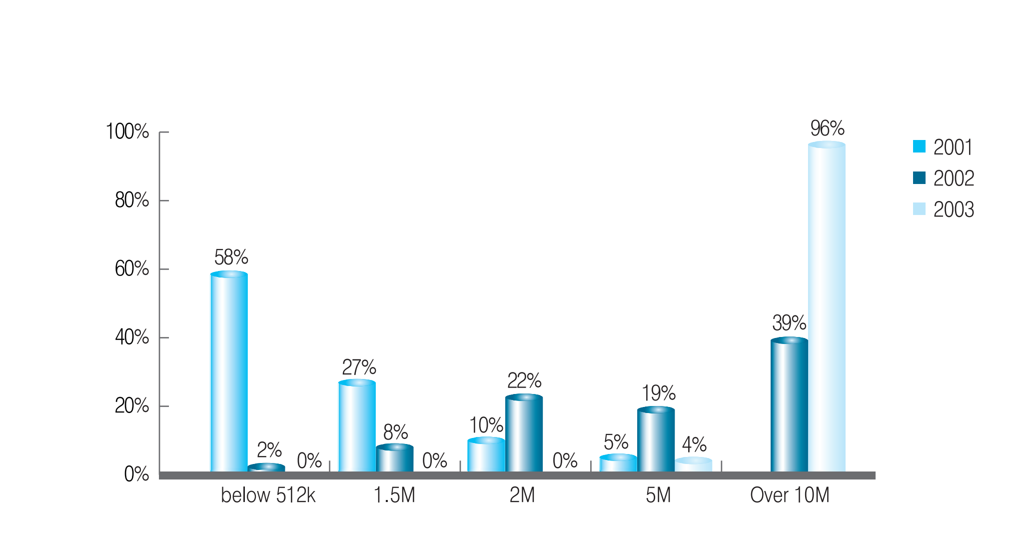



< **Figure 2-15** > Internet Cafe Users(2003)




People in their 20s accounted for 43% of the total number of Internet cafe users, followed by people in their teens (36%) and in their 30s (18%). This shows that the major patrons of Internet cafes are in their teens and 20s and are middle or high school students and university students.

**< Figure 2-16 >** Percentage of Internet Line Penetration in Internet Cafes(2001-2003)






The network speed in Internet cafes has also improved rapidly since 2002, and most of them (96%) now are equipped with network speeds of over 10MB after 2003. The Internet cafes growth in size and technology is expected to continue with the growth of online games, and this trend is paving the way for the Korean game industry, providing a foundation for online games to advance into larger works.

# User Focus

## Chapter Ⅲ

1. Trends in Korean Gamers

2. Gamers by Platform

## Executive Summary

Trends among game users will be studied in this section by analyzing interview data conducted for people aged 9 to 49 in February 2004. The interviewees totaled 1,500 people.

According to the data, 75.3% of the respondents or about 7 out of 10 said that they have tried playing games. When classifying data by sex, the percentage of male users turned out higher than female users. When classifying data by age group, it was revealed that the percentage of people using games increased in the younger age groups.

The survey revealed that the top three major leisure activities among the respondents were 'TV', 'Internet', and 'game'. Respondents enumerated their reasons for playing games: 'it is fun' (39.7%), 'it relieves stress' (24.7%), 'it kills free time' (14.6%) and 'to get along with friends' (13.3%).

'Game' was the most preferred leisure activity among the male group, and was even higher in the younger ages. When asked where they usually spend time with friends (or colleagues) and what they usually do when using the computer, the answer was the same. The most preferred place to hang out with friends was at the 'coffee shop/beer bar' with 'Internet cafes (PC bang)' following a second in the male group. While males showed a higher tendency to use the computer to play games, the survey revealed that the female group usually used the computer to send e-mail or to search for information.

When asked what they thought of computer games, those who answered 'very positive' and 'slightly positive' totaled 46%, about thrice as many as those who answered 'slightly negative' and 'very negative' (16.8%). Compared with the data obtained from the nationwide survey for 1,200 respondents in 2003, positive responses increased by 22%, showing that more people were increasingly having a favorable attitude towards games.

Meanwhile, in the preferred game platform, 'online games' held the largest portion at 50.6%, followed by 'PC games', 'arcade games', 'mobile phone/mobile games', and 'video games'. The male group showed higher preference for 'PC games' and 'video games' while the female group showed a higher preference for 'mobile games' and 'arcade games'.

Online games scored the highest in user preference, followed by arcade games, PC games, online games, video games, and mobile games. 'Arcade games' and 'mobile games' showed a slightly higher percentage in the female group than in the male group. 'PC games' and 'video games' showed a higher percentage in the male group than in the female group.

In the preferred game genre (multiple response), 'web board games' (29.9%) had the highest turn out, followed by 'RPG' (27%) and 'strategy simulation games' (23%). Compared with the survey data of last year, the preference for 'web board games' and RPG increased significantly (10%).

The preferred game genre showed very distinct difference by sex. About 32.4% of the male respondents most preferred 'RPG' while 51.3% of the female respondents most preferred 'web board games'. In the preferred game genre by age, the younger the age group, the greater the percentage of users who prefer 'RPG'. When asked what game genre they preferred to be developed, 35.3% of the respondents chose 'fusion games'. This was followed by 'functional games'.

# 1 Trends in Korean Gamers



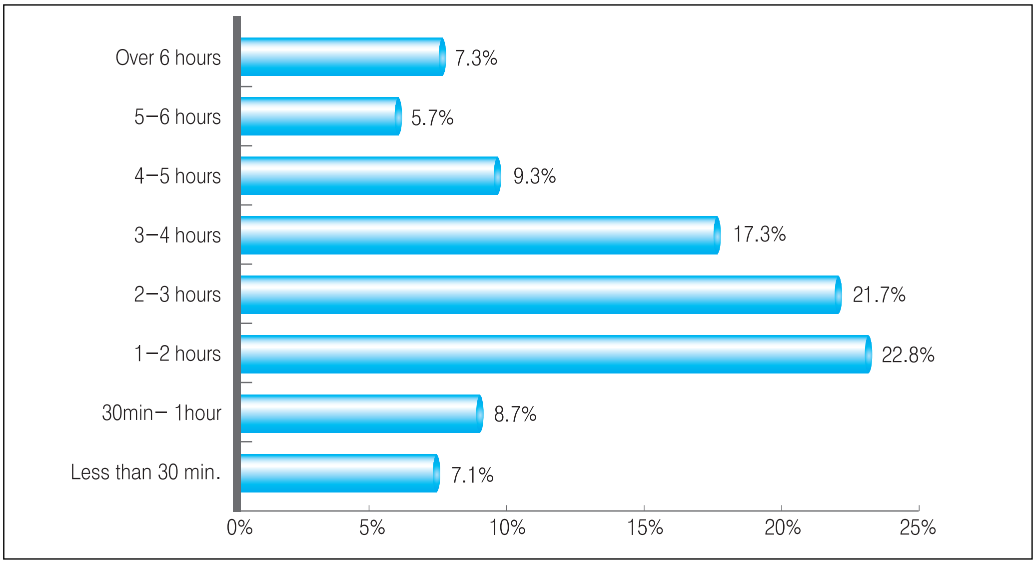
## Key Features of Respondents

| Classification | Composition: Number of Respondents | Composition: % |
|---|---|---|
| **Total** | 1,500 | 100.0% |
| **Sex** | | |
| Male | 781 | 52.1% |
| Female | 719 | 47.9% |
| **Age Group** | | |
| 9–14 | 169 | 11.3% |
| 15–19 | 189 | 12.6% |
| 20–24 | 197 | 13.1% |
| 25–29 | 213 | 14.2% |
| 30–34 | 214 | 14.3% |
| 35–39 | 186 | 12.4% |
| 40–44 | 182 | 12.1% |
| 45–49 | 150 | 10.0% |
| **Education** | | |
| Elementary School (Student/Graduate) | 104 | 6.9% |
| Middle School (Student/Graduate) | 158 | 10.5% |
| High School (Student/Graduate) | 366 | 24.4% |
| University/College (Student) | 261 | 17.4% |
| University/College (Graduate) | 535 | 35.7% |
| Graduate School or Higher | 76 | 5.1% |
| **Status** | | |
| Unmarried | 829 | 55.3% |
| Married | 671 | 44.7% |

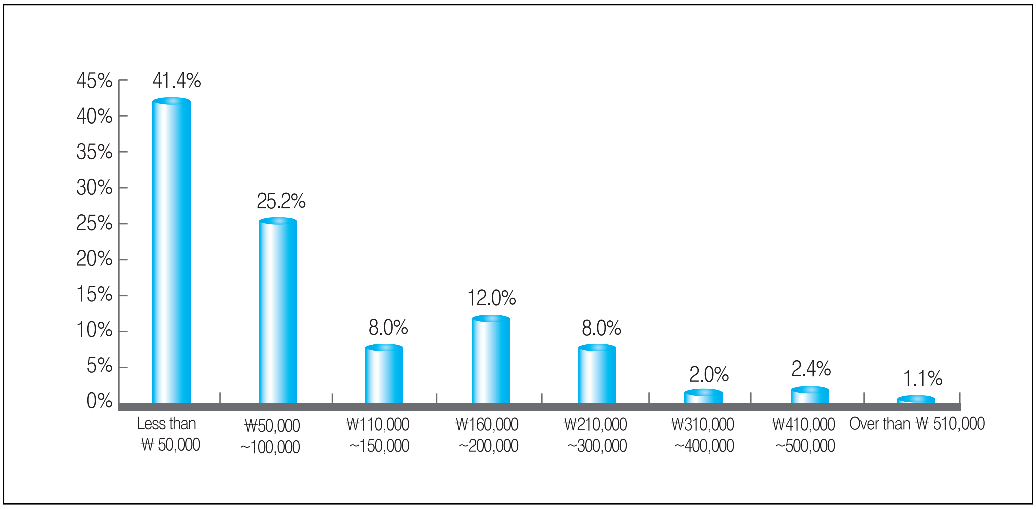
| Classification | Composition: Number of Respondents | Composition: % |
|---|---|---|
| **Monthly Income** | | |
| below 1 Million Won | 109 | 7.3% |
| 1–2 Million Won | 403 | 26.9% |
| 2–3 Million Won | 449 | 29.9% |
| 3–4 Million Won | 267 | 17.8% |
| 4–5 Million Won | 142 | 9.5% |
| Over 5 Million Won | 130 | 8.7% |
| **Area** | | |
| Seoul | 810 | 54.0% |
| Pusan | 283 | 18.9% |
| Daegu | 178 | 11.9% |
| Gwangju | 126 | 8.4% |
| Daejon | 103 | 6.9% |
| **Occupation** | | |
| Professional/Research | 96 | 6.4% |
| Office/Administrative | 229 | 15.3% |
| Sales/Services | 53 | 3.5% |
| Production/Technical | 59 | 3.9% |
| Farming/Forestry/Fishing | 2 | 0.1% |
| Public Officer/Teacher/Police | 46 | 3.1% |
| Self-employed | 127 | 8.5% |
| Student | 523 | 34.9% |
| Homemaker | 254 | 16.9% |
| Unemployed | 38 | 2.5% |
| Others | 73 | 4.9% |

## Gaming Environment

< **Figure 3-1** > Daily Average Recreation Time



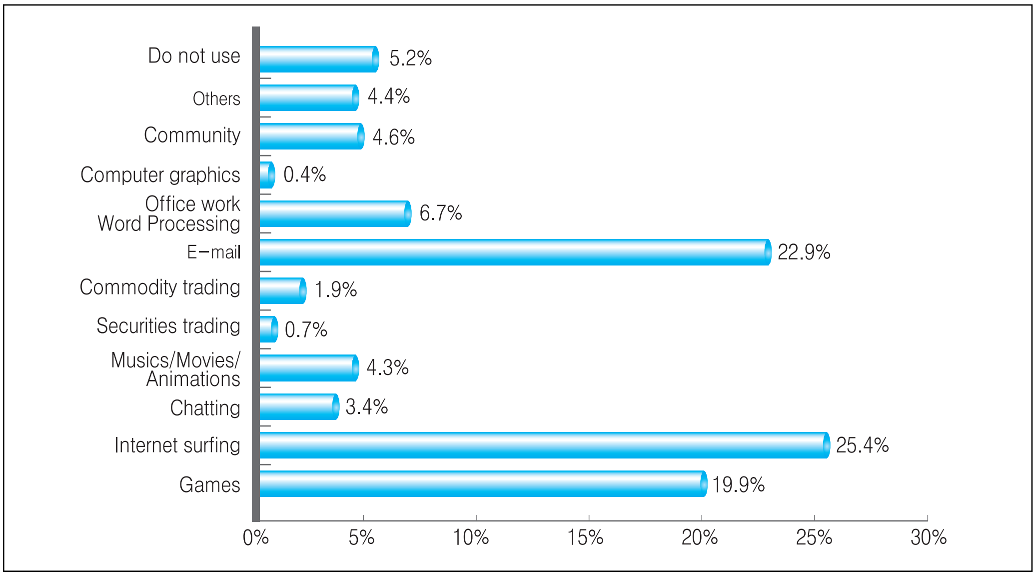

< **Figure 3-2** > Average Expenses for Recreation(Entertainment/Leisure Activities) per Month



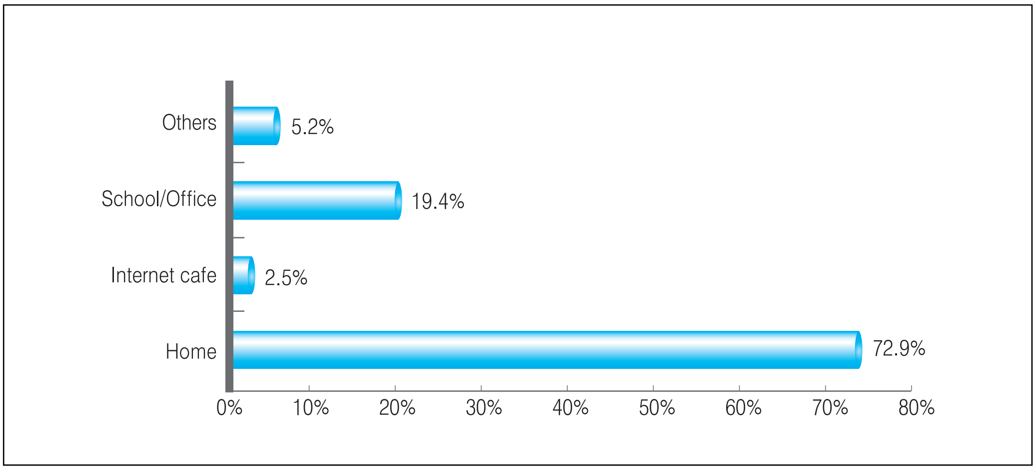

Most respondents (22.8%) spent an average of ‘1 to 2 hours’ daily in their recreation time, closely followed by those who spent ‘2 to 3 hours’(21.7%). Most users also claimed that they spent an average of ‘less than 50,000 won’ for recreation per month, followed by those who spen ‘50,000 to 100,000 won’. This showed that over 65% of the respondents were spending less than 100,000 won for recreation per month.

# Purpose of Using PCs and Place of Internet Access

**< Figure 3-3 >** Primary Uses of Computers




**< Figure 3-4 >** Common Places for Internet Access

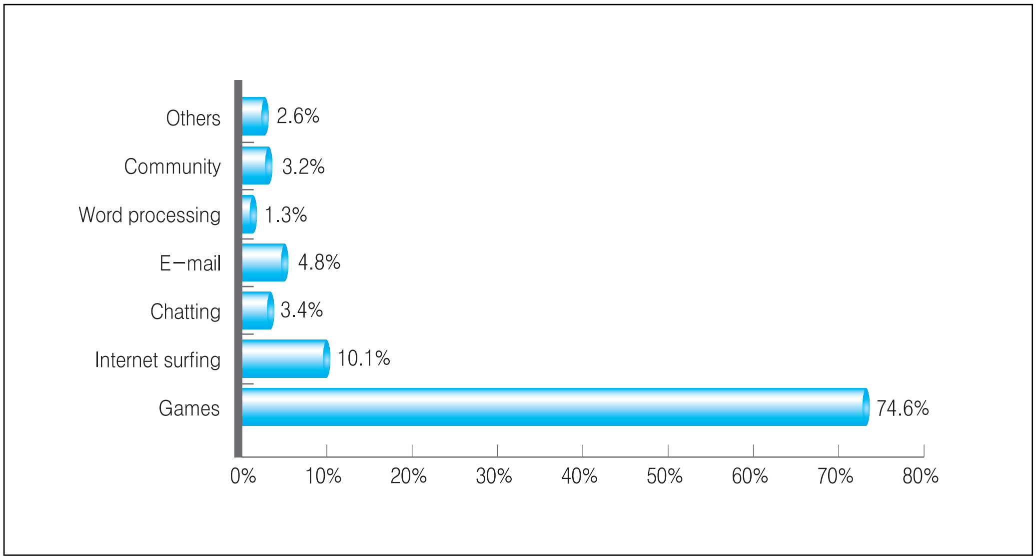



Most users claim to use PCs primarily to 'internet surfing'(25.4%), 'games'(19.9%), 'e-mail'(22.9) and download 'musics/movies/animations'(4.3%).
When asked where they usually had access to the Internet, 70% of respondents answered at home.

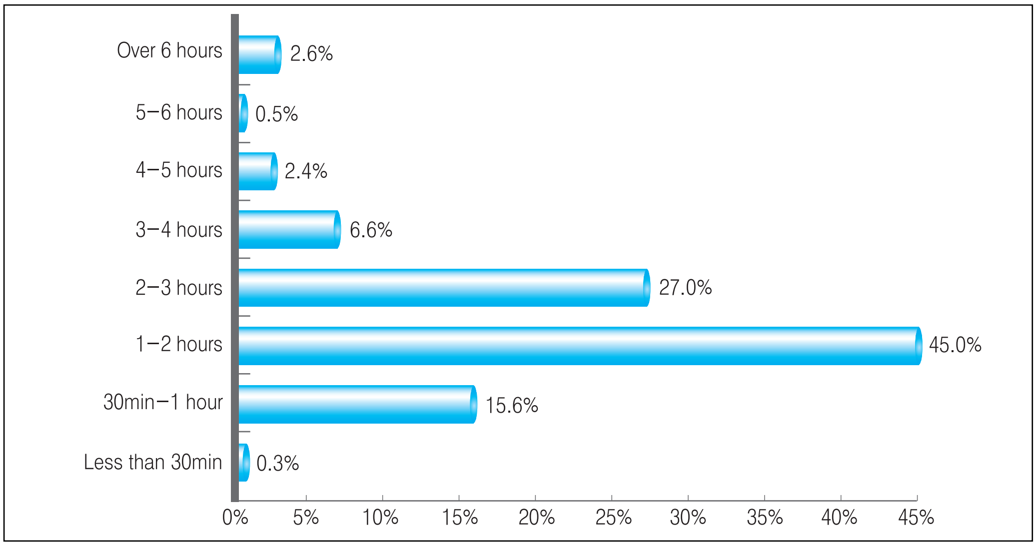
3

## Purpose and Average Duraton of Using Internet Cafes

< **Figure 3-5** > Purpose of Using Internet Cafes(1st selection)



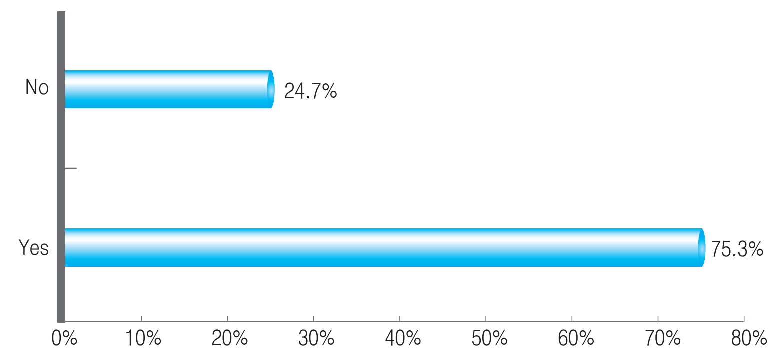

< **Figure 3-6** > Average Time Spent in Internet Cafes



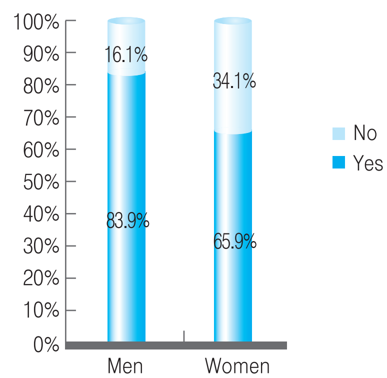

74.6% of the respondents admitted that the primary reason why they go to Internet cafes(PC bang) was to play 'games'. Meanwhile, 45% of respondents admitted they spent an average of '1 to 2 hours' in Internet cafes.

## Gaming Experience

< **Figure 3-7** > Game Experience



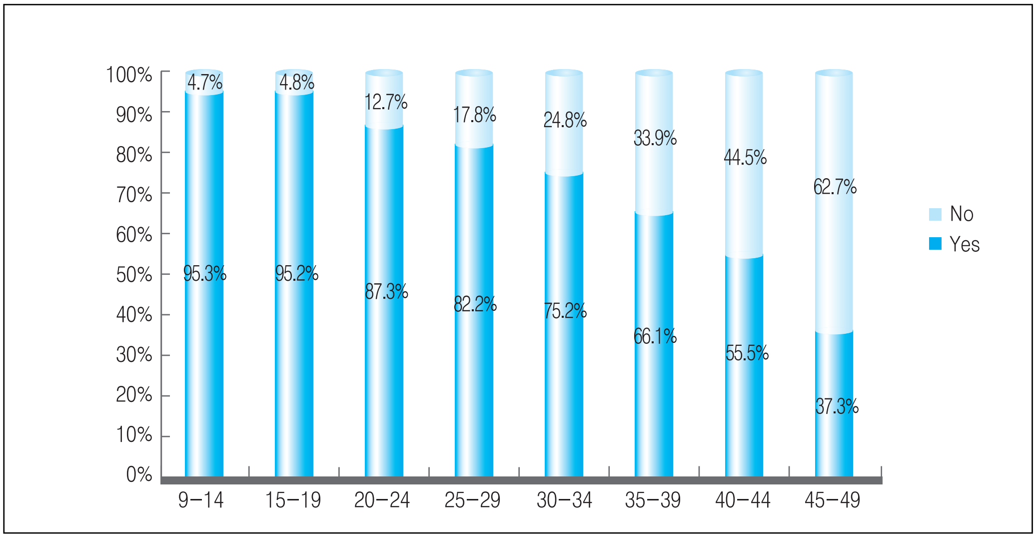

< **Figure 3-8** > Game Experience by Sex



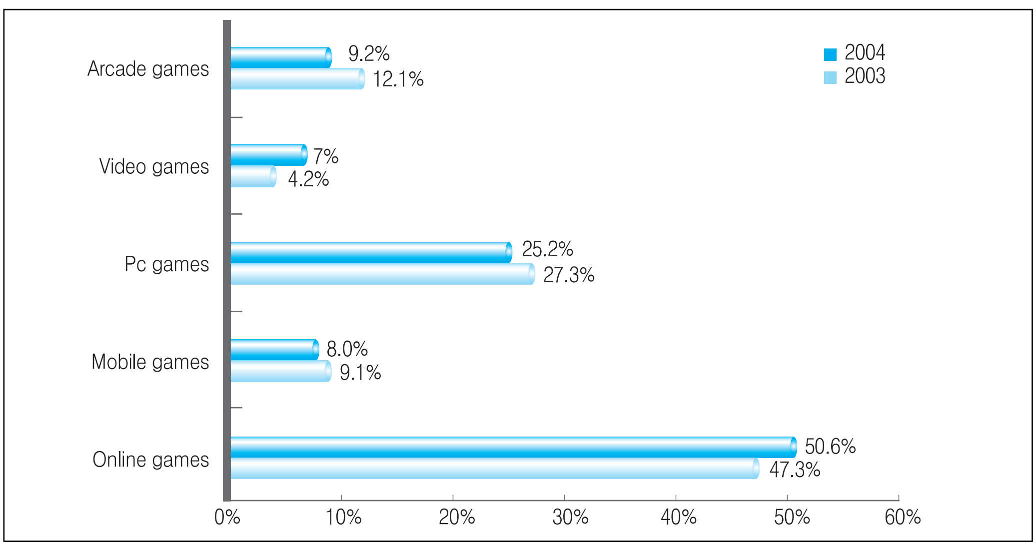

On the question of how many have had the game experience, 75.3% (a 7 out of 10 ratio) of respondents answered in the positive while 24.7% answered in the negative.
The percentage of users who have had the game experience was higher among males than in females.

## Gamers' Percentage by Age and Preferred Game Platform

**< Figure 3-9 >** Gaming Experience by Age



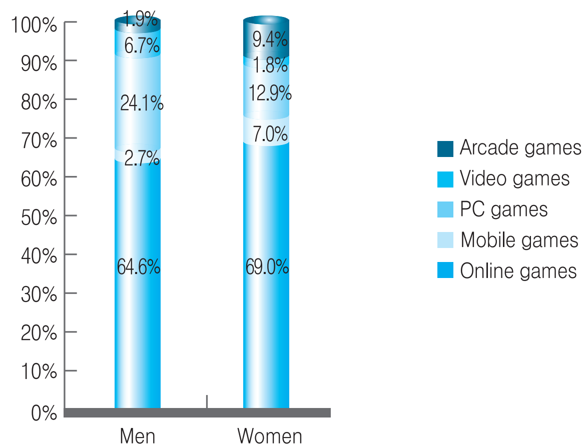

**< Figure 3-10 >** Preferred Game Platform



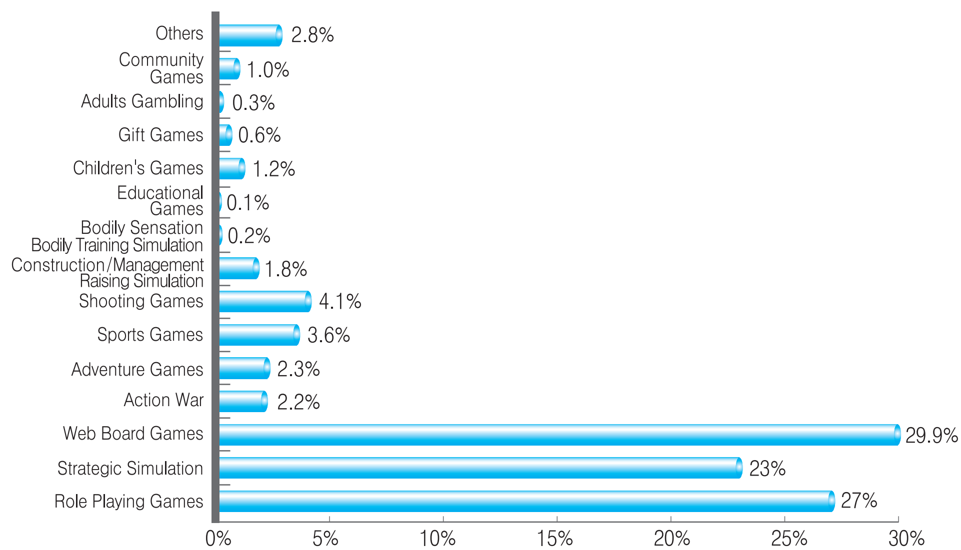

Survey revealed that the ratio people who were currently using games was higher as the age group got younger. The most preferred game platform was the 'online games'(50.6%), followed by 'PC games', 'arcade games', 'mobile games', and 'video games'.

# Opinion on Preferred Game

< **Figure 3-11** > Preferred Game Platform by Sex




< **Figure 3-12** > Preferred Game Genre(Multiple Response)

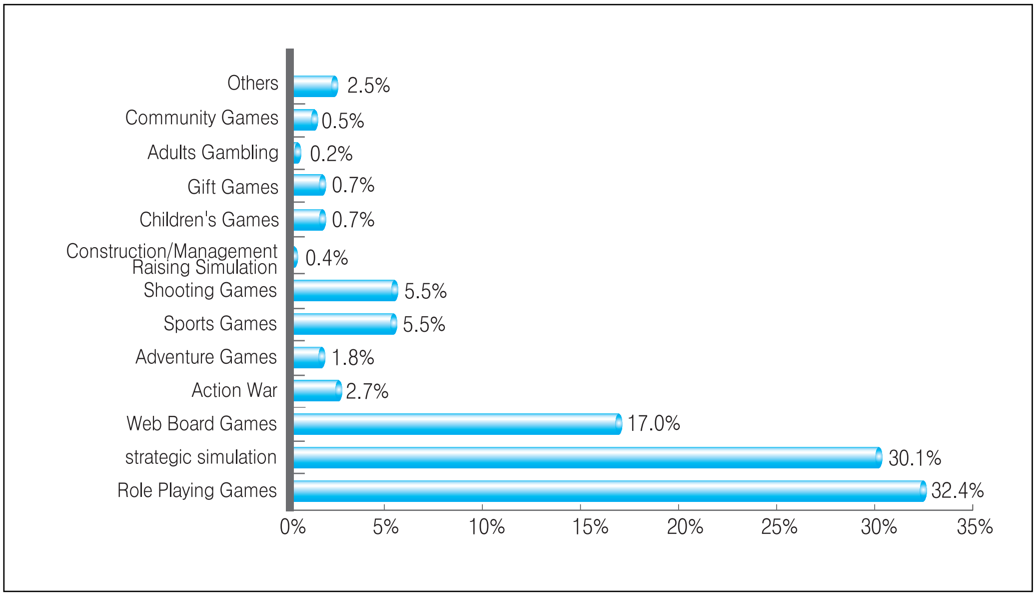



In preferred game platform by sex, the male respondents showed a higher preference for 'PC games' and 'video games', while the female respondents showed a higher preference for 'mobile games' and 'arcade games'.

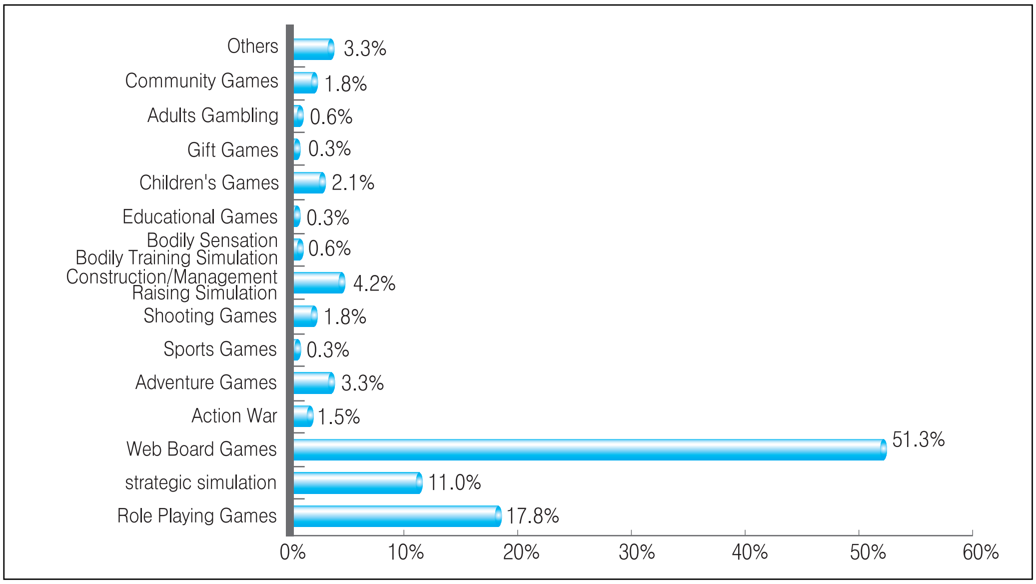
In preferred game genre, 'web board games' held the largest portion at 29.9%, followed by 'RPGs' and 'strategy simulation games'.

## Preferred Game Genre

**< Figure 3-13 >** Preferred Game Genre by Sex(Male)




**< Figure 3-14 >** Preferred Game Genre by Sex(Female)

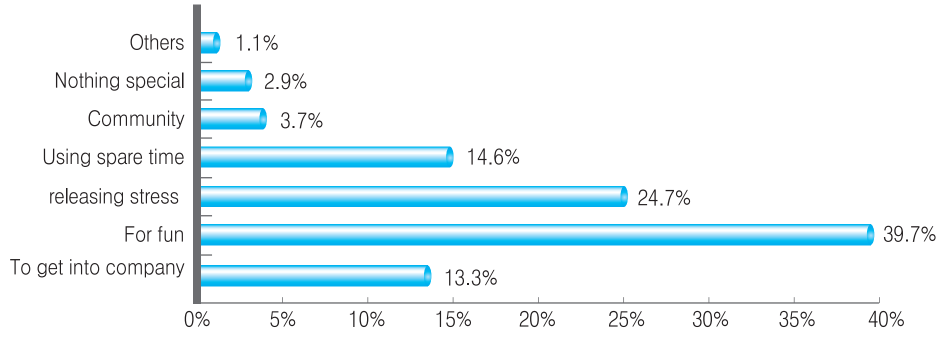



In preferred game genre by sex, there was a very distinct difference between male and female respondents. Over 30% of male respondents preferred the 'RPGs' and 'strategy simulation games', while 51.3% of female respondents preferred 'web board games' .

**< Table 3-1 >** Preferred Game Genre by Age Group

| Games/Ages | 9-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 |
|---|---|---|---|---|---|---|---|---|
| Role Playing | 40.7 | 36.6% | 35.3% | 31.8% | 20.3% | 9.1% | 12.5% | 6.1% |
| Strategy Simulation | 13.1% | 17.6% | 22.8% | 26.0% | 28.9% | 28.4% | 26.6% | 15.2% |
| Web Board | 12.4% | 24.2% | 22.8% | 28.6% | 28.9% | 50.0% | 48.4% | 60.6% |
| Action War | 4.8% | 2.6% | 2.9% | 1.3% | 2.3% | 0.0% | 0.0% | 0.0% |
| Adventure | 4.8% | 0.7% | 2.2% | 0.6% | 1.6% | 2.3% | 1.6% | 12.1% |
| Sports | 1.4% | 5.2% | 5.1% | 3.9% | 2.3% | 4.5% | 3.1% | 0.0% |
| Shooting | 4.1% | 3.9% | 3.7% | 5.2% | 8.6% | 1.1% | 0.0% | 0.0% |
| Construction/Management Raising Simulation | 5.5% | 2.6% | 1.5% | 0.0% | 0.0% | 2.3% | 0.0% | 0.0% |
| Sensory/Experience Simulation | 0.0% | 0.7% | 0.0% | 0.0% | 0.8% | 0.0% | 0.0% | 0.0% |
| Educational | 0.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Children | 0.7% | 0.7% | 0.7% | 0.6% | 1.6% | 1.1% | 4.7% | 3.0% |
| Gift Game | 1.4% | 0.0% | 0.7% | 0.0% | 0.8% | 1.1% | 0.0% | 0.0% |
| Adults Gambling | 0.0% | 0.7% | 0.7% | 0.0% | 0.0% | 0.0% | 0.0% | 3.0% |
| Community | 4.1% | 1.3% | 0.0% | 0.0% | 0.8% | 0.0% | 0.0% | 0.0% |
| Others | 6.2% | 3.3% | 1.5% | 1.9% | 3.1% | 0.0% | 3.1% | 0.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

**< Figure 3-15 >** Reason of Playing Games




In preferred game genre by age group, the younger the age group, the preference for 'RPGs' got higher; in the older age groups, the preference for 'web board games' was higher. Respondents in their twenties and thirties showed a higher preference for 'web board games' than respondents in their early teens and forties.

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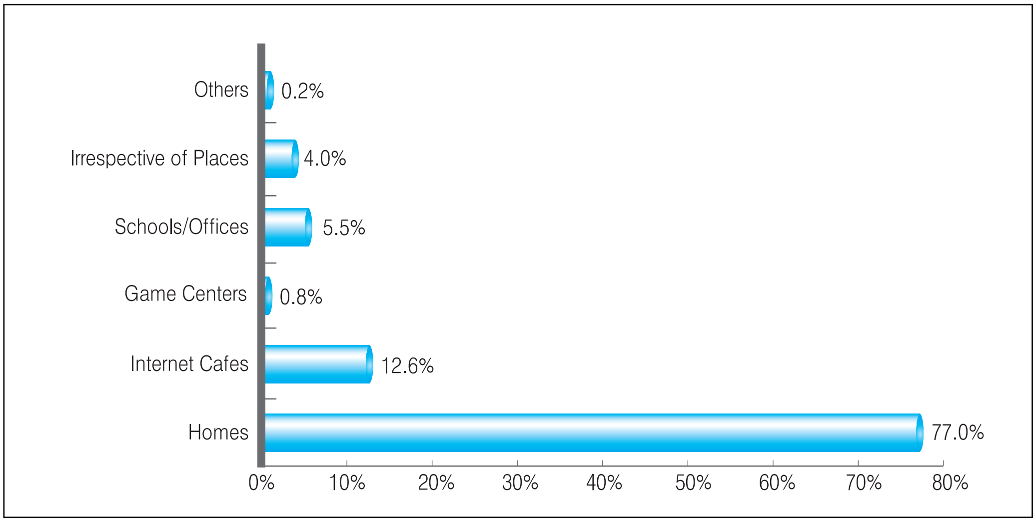
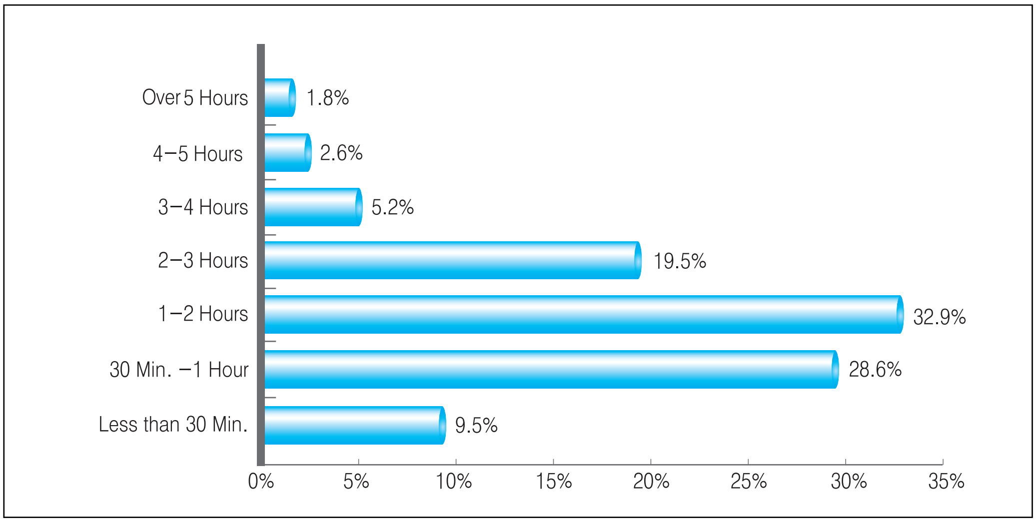
## Gaming Place and Gaming Time

**< Figure 3-16 >** Gaming Place



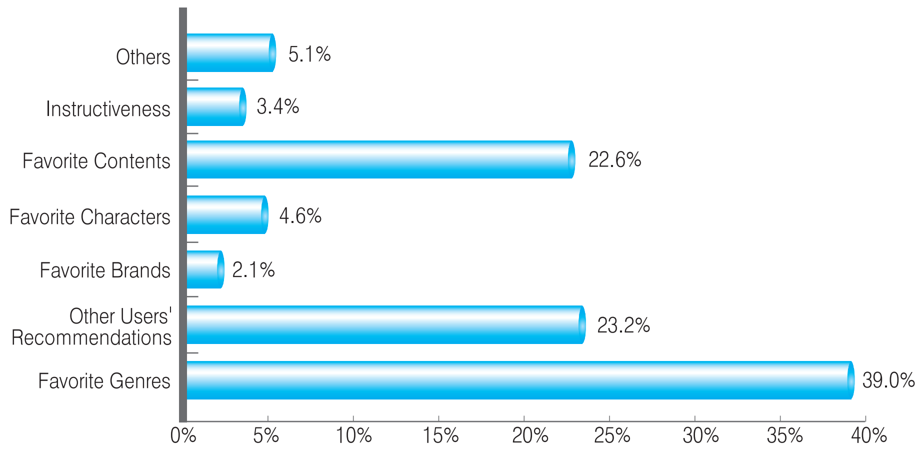

**< Figure 3-17 >** Average Gaming Time



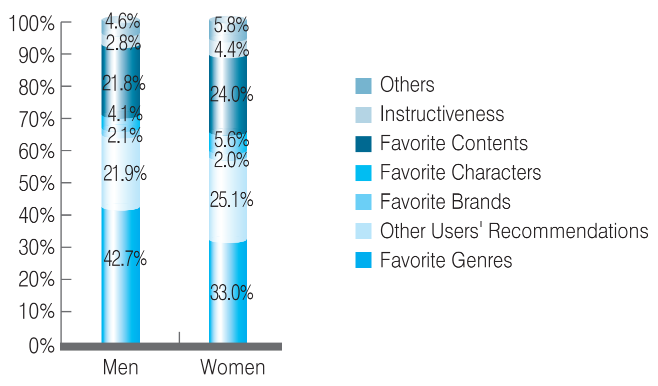

77.0% of the respondents answered that they played games at home. In average gaming time, most respondents answered '1 to 2 hours'(32.9%), followed by '30 minutes to 1 hour'(28.6%) and '2 to 3 hours'(19.5%).

## Factors in Choosing a Game

< **Figure 3-18** > Factors in Choosing a Game




< **Figure 3-19** > Fators in Choosing a Games by Sex

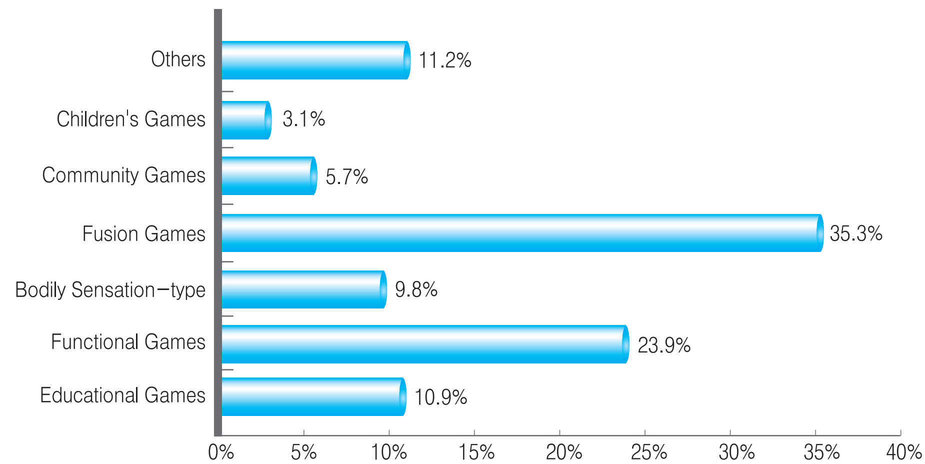



About 40% of the respondents answered that 'favorite genres' is the biggest factor in choosing a game. Following in second and third were 'other users' recommendations' and 'favorite contents'.

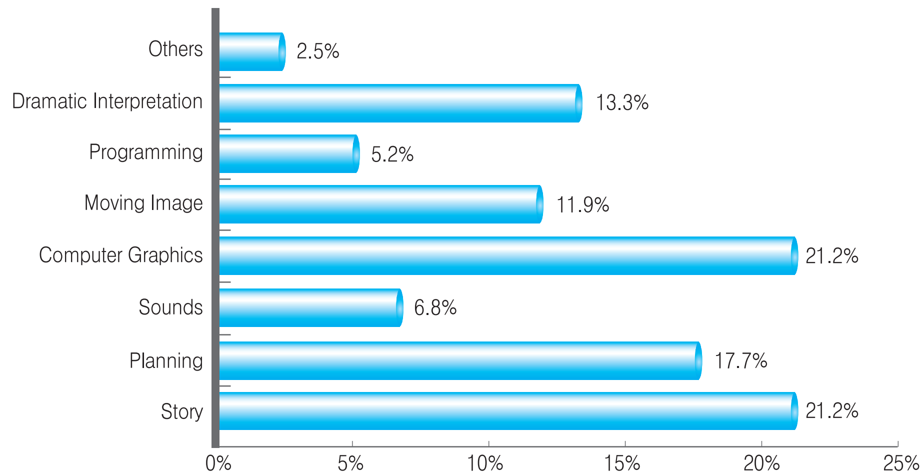
Female respondents showed a higher percentage of choosing a game because it was recommended by other gamers, or because it was their favorite genre. Male respondents showed a higher percentage of choosing a game because of genre.

## Preferred Game Genre for Development

< **Figure 3-20** > Preferred Game Genre for Development



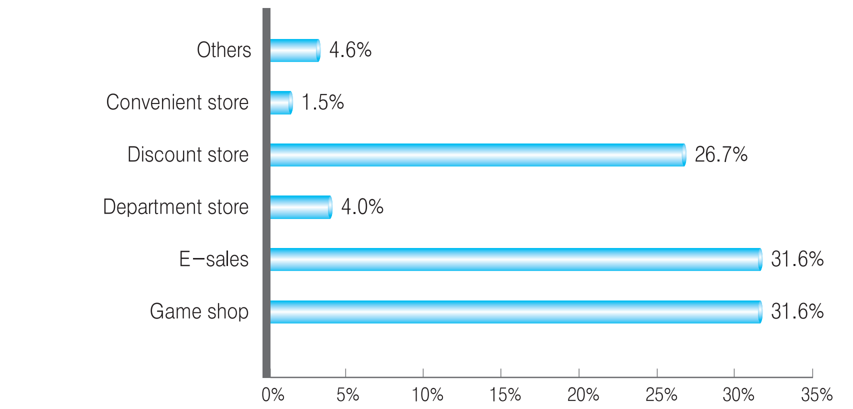

< **Figure 3-21** > Interest Points in Games



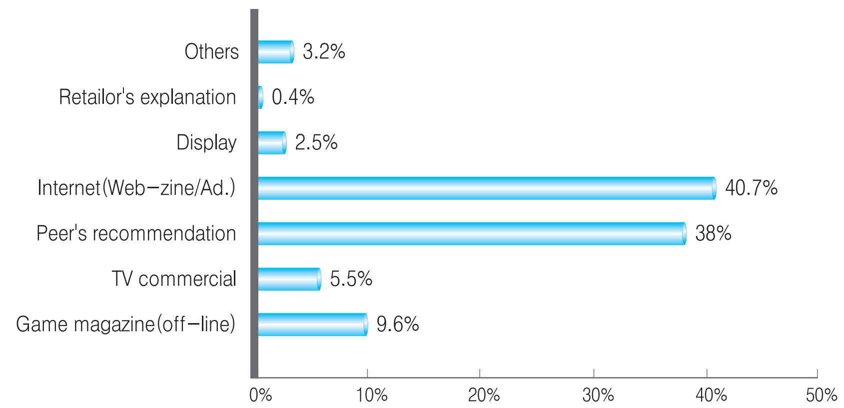

Both 'fusion games' and 'functional games' held about 60% in games that users preferred to be developed. In interest points in games, 'computer graphics' and 'story' held 21.2% interest, respectively, followed by 'planning', 'dramatic interpretation', and 'moving image'.

## Where Games are Purchased and How Information on Games are Acquired

**< Figure 3-22 >** Place of Purchase for Games (Game Console, CD, DVD, Rom Pack)




**< Figure 3-23 >** How to Get Information About Game

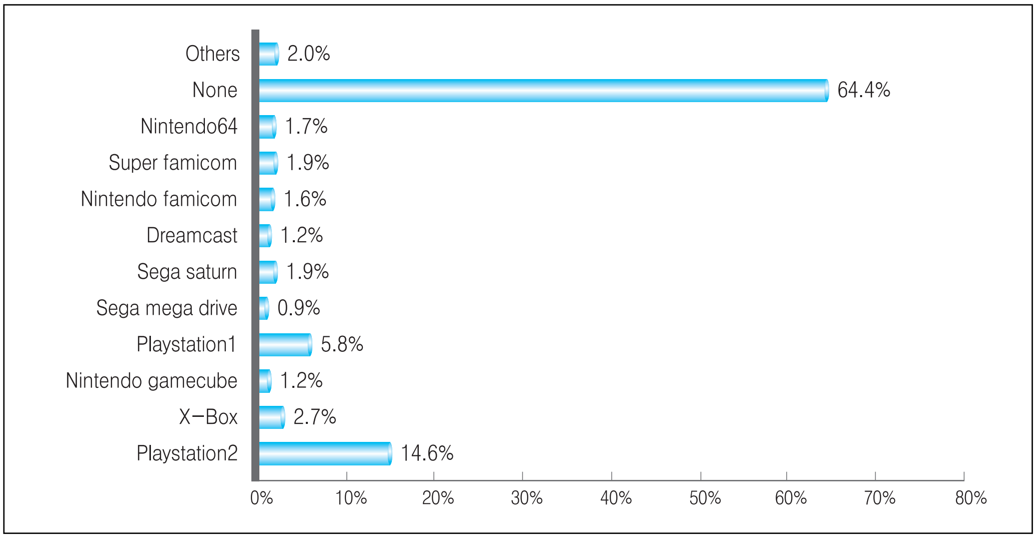



Over 30% of respondents answered they usually buy games at ‘e-sales’ and ‘game shop’. This is followed by those who place ‘discount store’, and those who buy at ‘department store’.

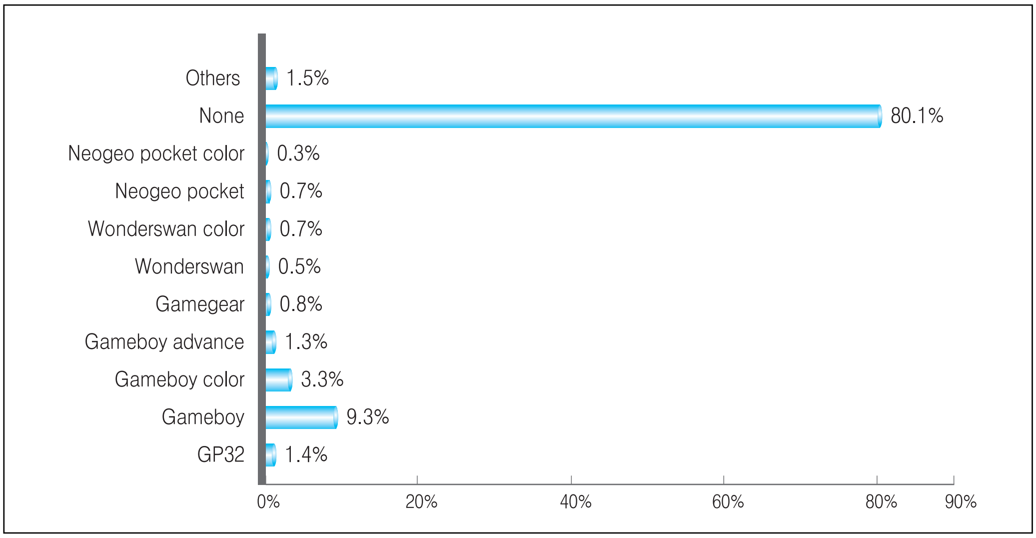
Meanwhile, in obtaining information on a game, most users credited the ‘Internet (webzine/advertisement)’ as their source at 40.7%, followed by ‘peer’s recommendation’ (including online & offline club) at 38%.

## Percentage of Users Who Own Video Consoles and Portable Game Consoles

< **Figure 3-24** > Ownership of Video Consoles



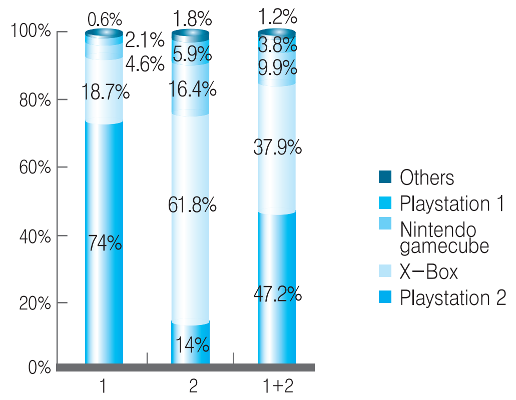

< **Figure 3-25** > Ownership of Portable Game Consoles



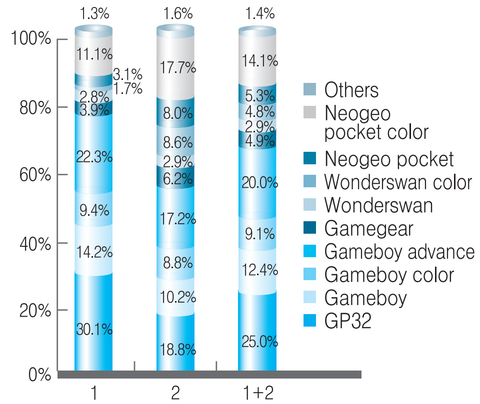

About 35% of game users own video consoles, with 'Play Station2' occupying the biggest percentage, followed by 'PS1'. About 20% of game users own portable game consoles, of which 'Game Boy' holds the biggest percentage, at 45%. The diffusion ratio of video game consoles is increasing since the regular distribution of the video game market took place in Korea in 2002.

## Game Consoles for Purchase

< **Figure 3-26** > Video Game Consoles for Purchase




< **Figure 3-27** > Portable Game Consoles for Purchase




In video game consoles to be purchased, 'Play Station2' holds the largest sale (74%), while 'X-Box' took a mere 18.7%. In the portable game console category, about 46% of the respondents preferred to buy 'Game Boy' the most. About 700,000 to 800,000 units of video game consoles have sold in Korea, 90% of which are 'Play Station' consoles.

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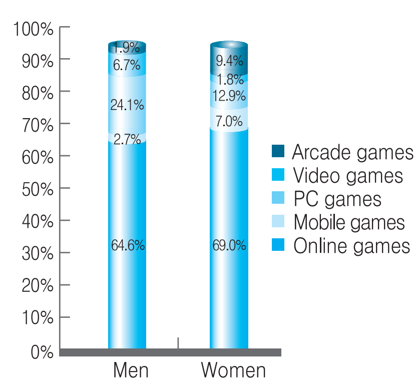
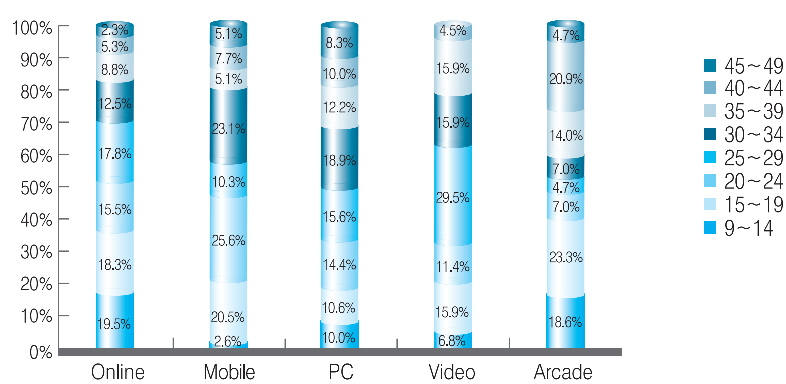
# 2 Gamers by Platform

## Preferred Game Category Classified by Sex and Age Group

**< Figure 3-28 >** Preferred Game Platform by Sex



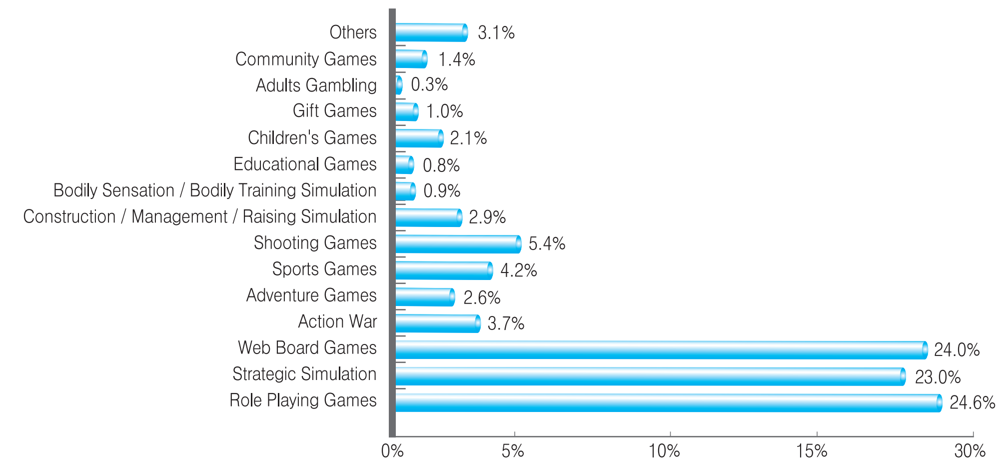

**< Figure 3-29 >** Preferred Game Platform by Age



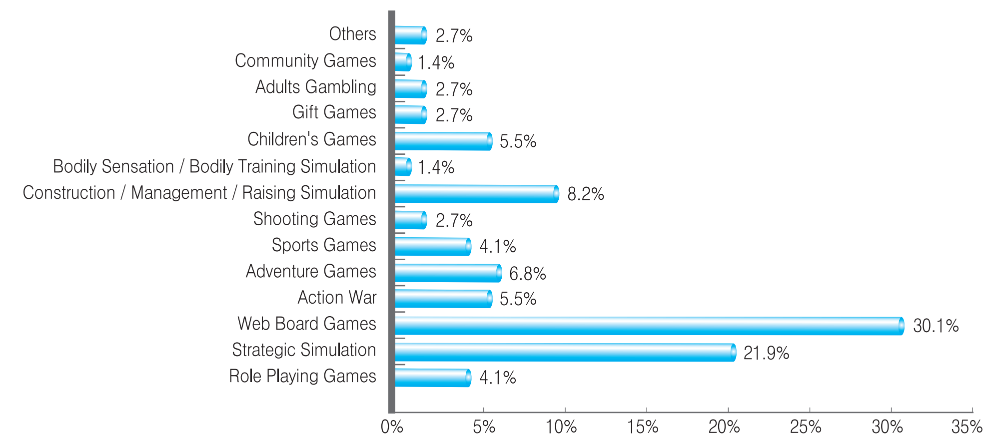

In preferred game platform by sex, both male and female groups preferred 'online games'. The female group showed a slightly higher preference to 'arcade games' and 'mobile games' than the male group, while the male group showed a higher preference for 'PC games'and 'video games'. In preferred game platforms by age, 'online games' and 'video games' were favored by users in their twenties and below, while 'mobile games' and 'PC games' were favored by those in their thirties and over.

## Preferred Game Genre for Each Game Platform

< **Figure 3-30** > Game Genre Most Preferred by Online Game Users

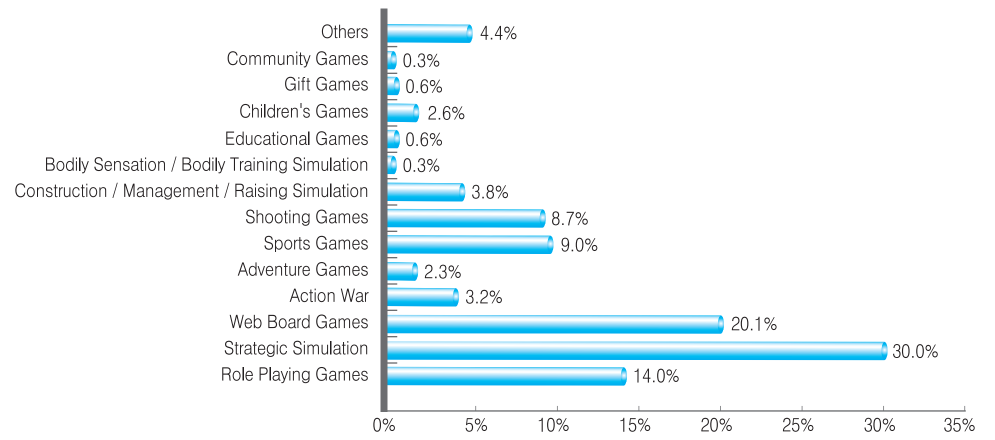



< **Figure 3-31** > Game Genre Most Preferred by Mobile Game Users

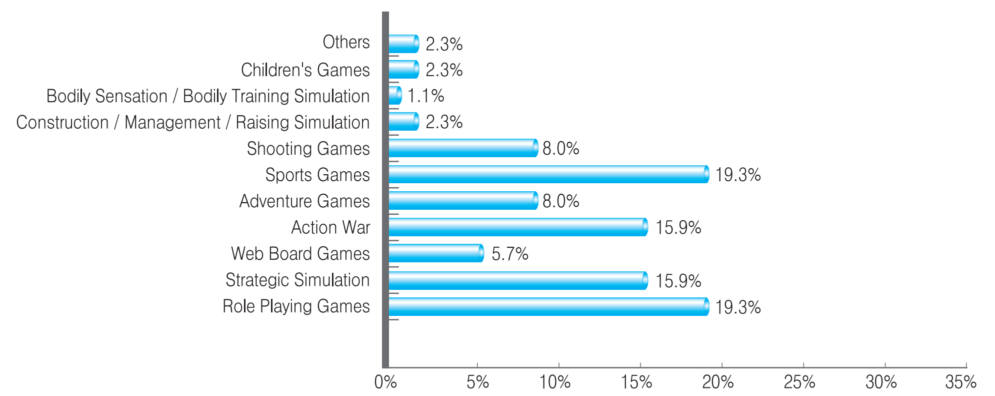



The game genre most preferred by online game users was 'RPGs'(24.6%), followed by 'web board games', 'strategy simulation games', and 'shooting games'. Meanwhile, mobile game users preferred 'web board games' the most, followed by 'strategy simulation games', 'construction /management/raising simulation games', and 'adventure games', which are different preferences from that of online game users.

< **Figure 3-32** > Game Genre Most Preferred by PC Game Users

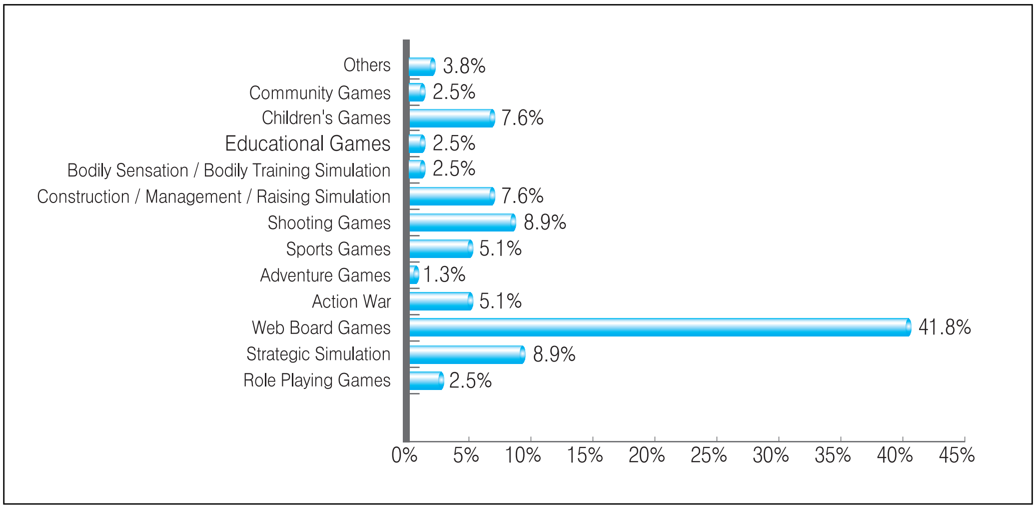



< **Figure 3-33** > Game Genre Most Preferred by Video Game Users




The game genre most preferred by PC game users was ‘strategy simulation games’, followed by ‘web board games’, ‘RPGs’, and then ‘sports games’, and ‘shooting games’.
The game genre most preferred by video game users were ‘sports games’ and ‘RPGs’(19.3%), followed by ‘action war games’, and ‘strategy simulation games’.

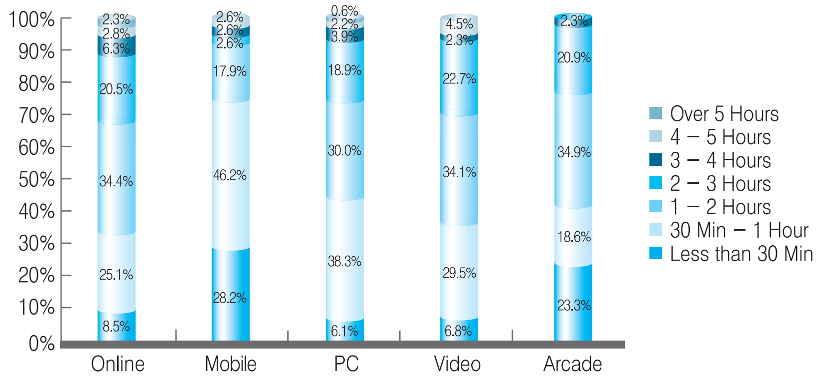
< **Figure 3-34** > Game Genre Most Preferred by Arcade Game Users



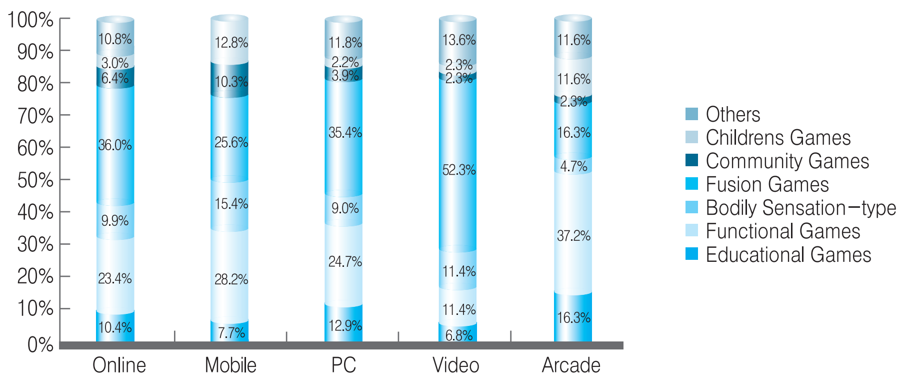

The game genre most preferred by arcade game users was ‘web board games’, followed by ‘shooting games’, ‘strategy simulation games’, ‘construction/management/raising simulation games’, and ‘childrens games’.

## Average Gaming Time and Preferred Game for Development

< **Figure 3-35** > Average Gaming Time (by Platform)




< **Figure 3-36** > Preferred Game for Development

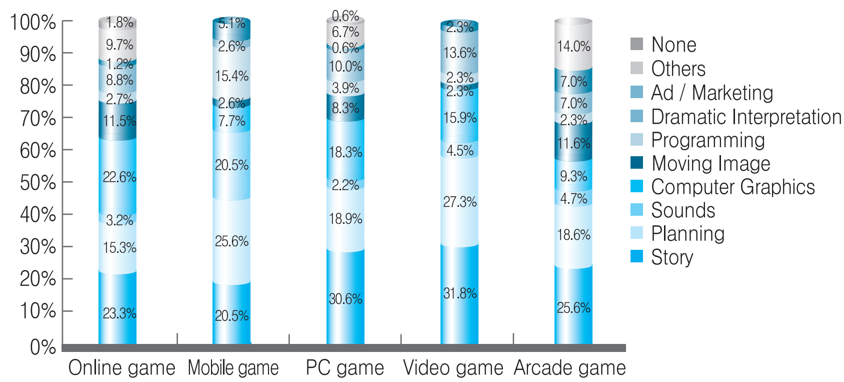



Online game and video game users spend a longer average of gaming time than other game platform users.

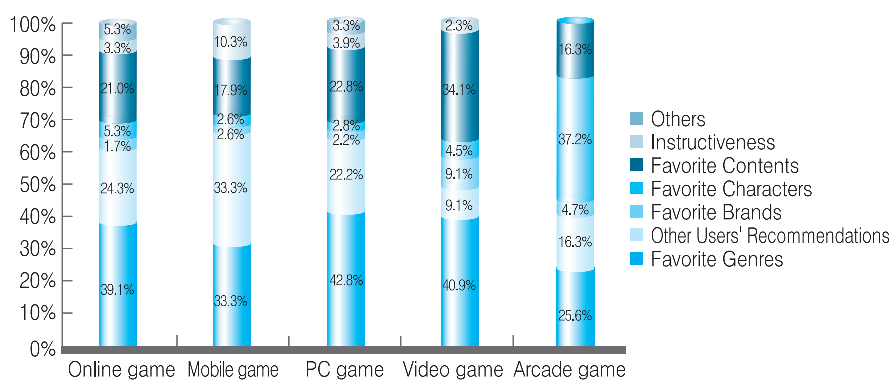
Online game, video game and PC game users most preferred the 'fusion games' for development, while the mobile game and arcade game users chose the 'functional games'. Specifically, mobile game users showed higher preference for 'community games' than other game platform users, while arcade game users showed a tendency towards 'childrens games' .

# Most Interesting Factor in Game Play and Factors that Influence Game Choice

< **Figure 3-37** > Most Interesting Factor in Game Play




< **Figure 3-38** > Factors that Influence Gamers' Choices




When asked what was the most interesting factor in a game, 'planning' held the highest percentage for mobile gamers, and 'story' for PC gamers and online gamers.

In factors that influence game choice, 'favorite genre' held the highest percentage. Users of mobile games, online games, and PC games showed a tendency to choose a game upon 'other users' recommendations' more than the other game platform users. The video game and arcade game users showed about a 10% higher percentage in 'favorite contents' than other game platform users.

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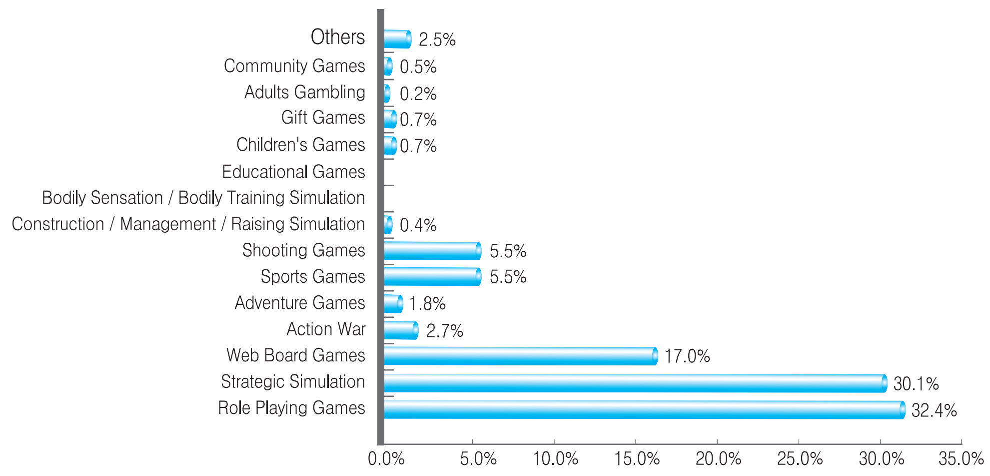
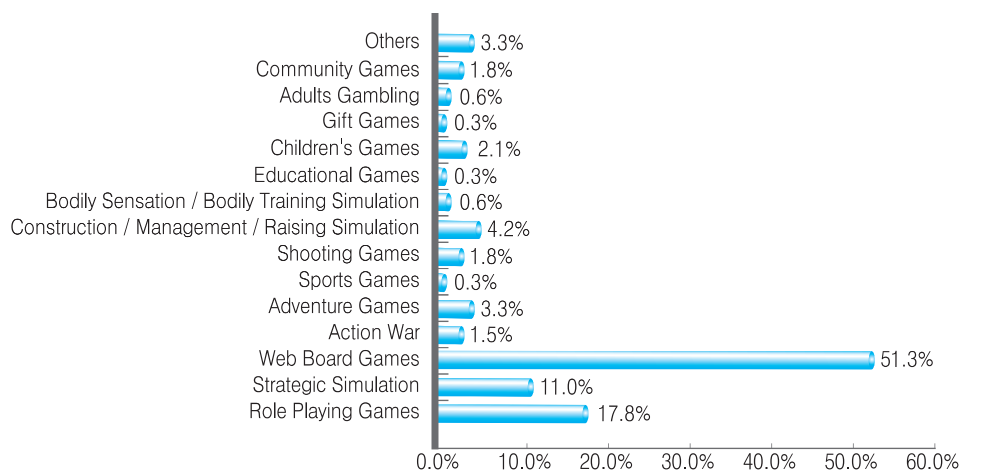
# Favorite Game Genre by Sex

**< Figure 3-39 >** Favorite Game Genre among Males




**< Figure 3-40 >** Favorite Game Genre among Females

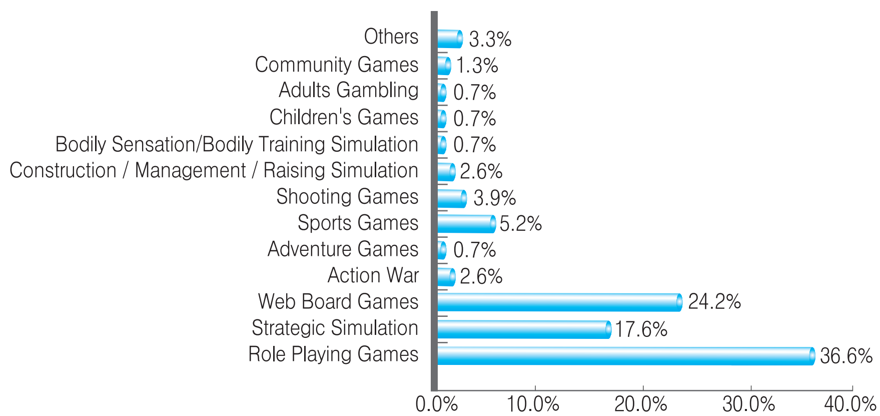



In favorite game genre by sex, the responses of male and female groups were far different. The male group preferred ‘RPGs’ most, followed by ‘strategy simulation games’, and ‘web board games’, while more than half of the female group preferred ‘web board games’, followed by ‘RPGs’, and ‘strategy simulation games’.

## Preferred Game Genre by Age Group

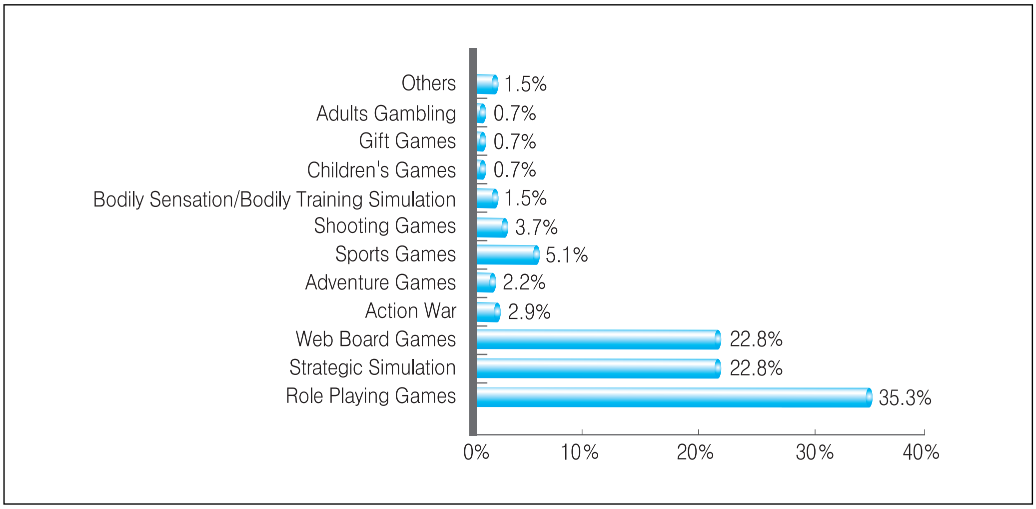
< **Figure 3-41** > Game Genre Most Preferred by the 9-14 Age Group


< **Figure 3-42** > Game Genre Most Preferred by the 15-19 Age Group

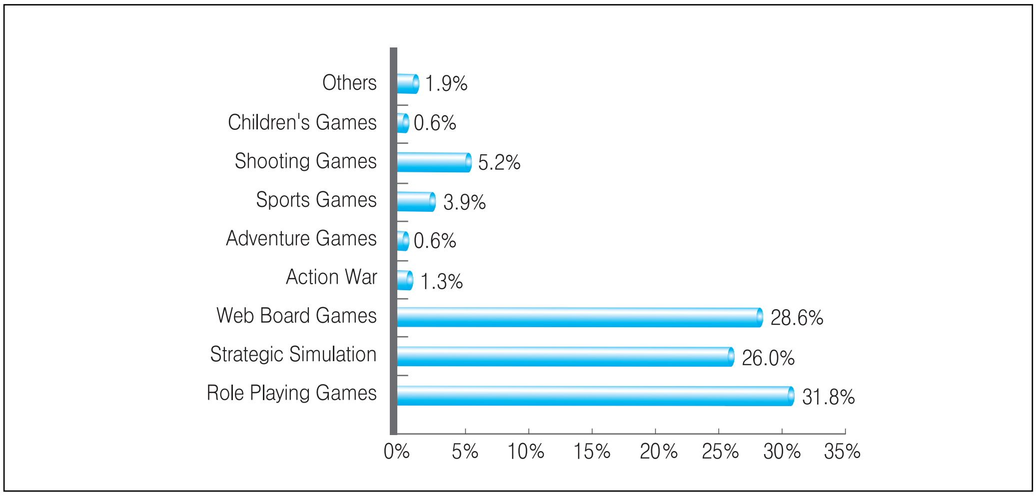



3

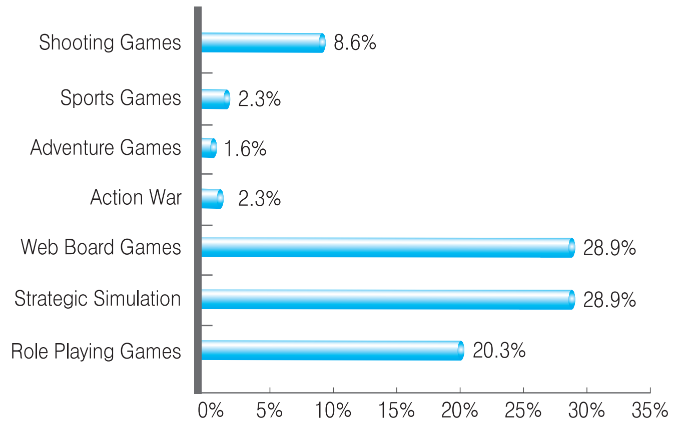
< **Figure 3-43** > Game Genre Most Preferred by the 20-24 Age Group



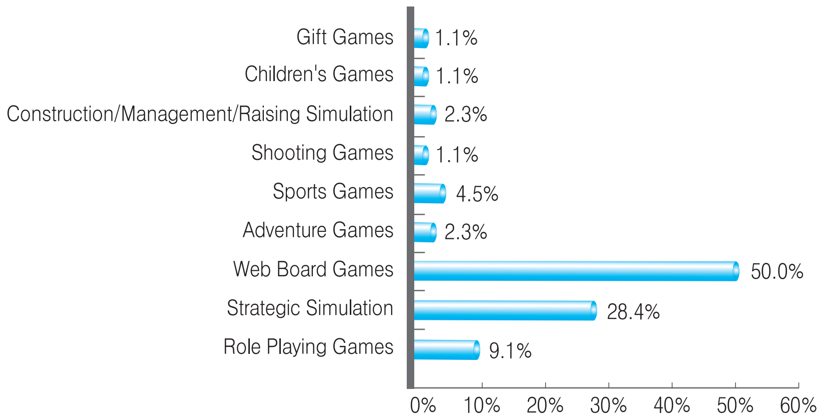

< **Figure 3-44** > Game Genre Most Preferred by the 25-29 Age Group



< **Figure 3-45** > Game Genre Most Preferred by the 30-34 Age Group




< **Figure 3-46** > Game Genre Most Preferred by the 35-39 Age Group




In preferred game genre by age group, the preference for 'RPGs' was higher in younger age groups, and the preference for 'web board games' was higher in older age groups.
The age group of 20 to 30 showed higher preference for 'strategy simulation games' than those in their early teens.

3

**2004 THE RISE OF KOREA GAMES**

Korea game development & promotion Institute (published 5/2004)
Policy Analysis & Research Team, 82-2-3424-5005