

## Brand papers **Gaming**

# All the world's a stage



**Tom Farrand looks at how South Korea's gaming industry presents a brave new world for marketers and fans. Brands can't afford not to have a gameplan**

The most popular fan website in South Korea praises a 26-year-old called Lim Yo Hwan. He is not a popstar or a footballer but an online gamer. More than 600,000 South Koreans are 'members' of his website.

Last year, 100,000 fans gathered on a beach to watch Lim play the science fiction game *World of Warcraft* on giant screens. He's a cyberspace warrior who earns 250 million Won (£143,459) in corporate sponsorship from SK Telecom.

The virtual world of online gaming is a potent reality in South Korea. Fuelled by a fast, widespread broadband network (connection speed is at least 20Mbps compared to a typical bandwidth of 2Mbps in Europe), gaming in this market hints at what the future might look like across the globe. It's a cultural phenomenon that cannot be ignored by brands.

More than 15 million people or 30% of the population are registered for

online gaming in South Korea. Meanwhile, six out of 10 South Koreans aged nine to 39 consider themselves frequent online game players, according to a government-funded survey published in 2006.

Professional gamers like Yo Hwan and Thunder Zerg are as famous in their home market as David Beckham is in Europe. South Korea has four TV channels devoted to gaming that broadcast around the clock, while the results of competitions are reported after the news alongside football results.

### World Cyber Games

Professional gaming is beginning to seep from South Korea into the world at large. The Samsung-sponsored World Cyber Games (WCG) has become a fixture on the international sporting calendar. In 2005, around 1.2 million hopefuls entered their national qualifiers, with some 800 gamers from 70 countries advancing to the finals in Singapore. This year the WGC was held in Europe for the first time, in the Italian city of Monza.

In South Korea, virtual goods are traded for real cash on online platforms. The fantasy role-playing game *Lineage*, created by NCSOFT, South Korea's largest online game company, is so popular that its magic swords are sold for as much as 3 million Won (£1,721) in real cash on online game-trading websites. The Korea Game Development & Promotion Institute estimates that similar online game trading equates to around one trillion Won a year.

*Lineage* is South Korea's most popular multiplayer role-playing game with more than 2.5 million players in the country alone. Some time-rich, cash-poor gamers – students, for example – sell their skills to other gamers who want to play the game at a higher level but don't have the time to develop a suitable avatar.

An economic study of another online role-playing game *EverQuest* by Edward Castronova, associate professor of economics at California State University, concluded that its kingdom Norrath has a gross national product per capita of \$2,266 (£1,215). This makes it the 77th richest country

in the world, ranked between Russia and Bulgaria.

There are nearly 3,000 South Korean videogame companies boasting combined revenues of up to \$4bn (£2.14bn). While the most popular online games in South Korea are home grown, there are some international companies that have benefited from the market's broadband boom. Blizzard is an American company that makes the popular online game *Starcraft*. It's so widely played in South Korea that two TV channels broadcast *Starcraft* matches between professional players.

Passion for online gaming moulds the social life of young South Koreans. On a Friday night, teenagers would rather go to a giant LAN arena to play against other gamers through thousands of networked PCs, than go to a bar or nightclub. Today, South Korea has over 28,000 'baangs' or internet cafes – they are more common than telephone boxes were in the past. Gaming is the single most popular pastime among South Korean adults.

Gamers arrive, pay around \$1 (54p) an hour and select a game. They might choose to become an engineer in a team of *WW2 Special Forces* or race against each other in a touring car game. Or they might be roaming the Nek Forest as they explore *Everquest's* fantasy world of Norrath – alongside 100,000 gamers across the globe.

Aside from the phenomenon of online role playing games, another interesting Korean innovation is 'active gaming', which ensures players are not always sedentary. One game, yet to be brought to the mainstream market, enables South Koreans to play real table tennis against a computer.

The player uses a real bat, and although the ball is not real, it feels as if it is. If two screens are linked together, two players can play table tennis against each other although they're standing side by side. The same technology could easily be adapted to other ball games like squash, tennis, badminton and baseball.

The fantasy worlds of multi-player games are especially popular in South Korea. They enable thousands of gamers to play and interact in science-fiction worlds. The gamer is

transformed into a knight who slays dragons, the spaceship captain battling aliens or a princess in a lost medieval kingdom.

Online role play has a strong appeal to Koreans who live in a tightly woven and hierarchical Confucian society. Participants make friends and band together in clans, often building their online persona through hours spent playing online.

### Harsh reality

Chang Woo Min, a counsellor at the government's Centre for Internet Addiction Prevention and Counselling, talks of young Koreans who have tracked down the players who killed their characters and attacked them. People develop a huge emotional attachment to their online persona, he says.

Some play themselves to death. Lee, a 28-year-old began playing the online computer game Starcraft on 3 August in the South Korean city of Taegu. He played for 50 hours. Then he collapsed and died. Provincial police told Reuters that his cause of death was presumed to be heart failure stemming from exhaustion. They added that he had recently been fired from his job because he kept missing work to play computer games.

In 2005, the deaths of at least seven people in South Korea were attributed to excessive game playing, according to the *International Herald Tribune*. A 38-year-old who collapsed and died at an internet café was shown to have played for 417 hours in his last 20 days. There are even private telephone emergency services that can dispatch ambulances for children who collapse while



In 2005, 100,000 fans gathered to watch gamer Lim Yo Hwan, play World of Warcraft

gaming, or refuse to come out of their rooms, glued to online games.

The South Korean government is discussing potential policies to solve this problem. While minors are banned from entering internet cafes after 10pm, government ministers are concerned that too many restrictions could jeopardise a high growth industry.

But this is the bleeding edge of the gaming world and South Korea might reveal a snapshot of the future for the rest of us. It's certainly a sector that brands need to know about. The global gaming industry is worth over \$25bn (£13.4bn), more than both the music and film industry. According to PricewaterhouseCoopers, the worldwide game industry revenue is set to rocket to \$54.6bn (£29.2bn) in 2009.

The pulsating, cavernous LAN arenas are the place to be in South Korea. The hordes of affluent, young, hard-to-reach consumers will not be found in bars or clubs or watching TV at home, they're here, engrossed and involved in a parallel world of gaming. Yet, bizarrely, even in this highly developed market, there are few brands taking advantage of this

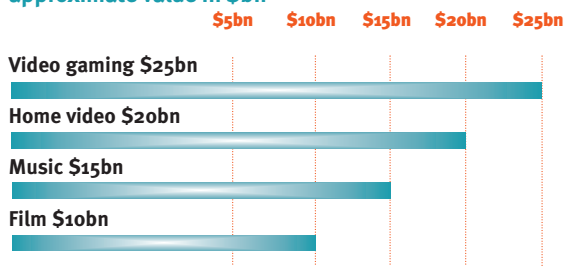
seductive new channel.

Companies would be wrong to fall into the trap of presuming that gaming is nothing more than a teenage fad. It's a parallel universe as seductive and widely populated as the real world. Some trailblazing brands such as Adidas, MTV and American Apparel are embedding themselves in this new world by opening virtual stores or services in a user-created, online universe called Second Life.

We're sitting at a tipping point for the communications industry. Amid the splinters of media fragmentation, gaming has the ability to deliver huge audiences on a global scale. In South Korea, gaming has seeped into the social and cultural fabric of the country and hints at what the future might look like. The gaming phenomenon can no longer be ignored by brand owners, marketers or advertisers. It's time to play. ■

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#### Global entertainment industry market size – approximate value in \$bn



Source: B.I.G and Added Value analysis, 2005

#### South Korean gaming in numbers

**15 million** South Koreans are registered for online gaming

**600,000** fans belong to professional gamer Yo Hwan's website

**3 million** Won is the price of a magic sword on Lineage

**28,000** internet cafes in South Korea

**417 hours** – the marathon gaming session of one South Korean who died as a result