

Age of New Media Empires

A Critical Interpretation of the Korean Online Game Industry

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In this article, the authors attempt to ascertain the factors involved in the swift growth of online games in the context of broader sociocultural elements. Through political economy and ethnographic analysis, they show that online games, like other forms of technology, are sociocultural products that have been historically constituted by certain forms of knowledge and social practice. First, they map out the forces driving their development by examining government policies and competition among online games companies in Korea. They then explore capital flow to investigate the major players in the market. Finally, they explore the sociocultural elements contributing to the diffusion of online games in the cultural milieu specific to Korea.

Keywords: *ethnography; Korea; online games; policy; political economy*

The Korean online game market has rapidly emerged as one of the most dynamic in the world. Within a relatively short period of time, South Korea (henceforth Korea) has become known for widespread broadband deployment to households, along with a technologically receptive and literate public, which has resulted in the rapid growth in online gaming. Ever since Nexon, a Korean games corporation, introduced the world's first graphic massively multiplayer online game Kingdom of the Winds in 1996, Korea has played a central role in the PC-based online game market and digital economy. In 2005, the Korean online game market was worth US\$1.4 billion, accounting for 56% of the entire Asia Pacific market share. The Korean online game market is expected to continually grow about 20% annually, reaching \$2.6 billion by 2008. Because of the rapid growth of users, the structure and dynamics of the interactive game business becomes a key node in the networked environment of virtual capitalism (Kline, Dyer-Witthford, & de Peuter, 2003, p. 169).

Several sociocultural and economic factors have contributed to the swift growth of the online game industry, which received global attention. Korean developers have been able to outperform major competitors including Electronic Arts (EA), an American developer, publisher, and distributor of computer and video games, and Nintendo and Sony; Japanese console/handheld game makers, thanks to the explosion of information technology (IT) business; and the subsequent distribution of

nationwide broadband networks and booming PC bang (Internet cafés, pronounced “bahngs”). The vast popularity of online games in Korea has indeed closely matched the widespread proliferation of information and communication technologies (ICTs) that have facilitated communication and interaction at an unprecedented level. For instance, one of the major results of these governmental and industrial initiatives has been the widespread deployment and adoption of a sophisticated broadband infrastructure to the home in almost all parts of the country, which has greatly contributed to the growth of the online game industry. By participating in games and related activities, Korean youth have used these technologies to nurture friendships through their engagement in activities such as online games, instant messaging, and blogging, for example, which assist them in constructing their own tight-knit communities.

With the ever-increasing presence of online games in Korean mainstream culture, the corresponding consequences of games eclipsing other activities have also garnered much attention in recent years to become a very pertinent issue. Gamers in Korea have repeatedly made world headlines with reports on their perceived level of pathological use of games. The controversies have largely revolved around the compromise of “real-life” social activities because of their addictions to all things having to do with games, at home, and especially at PC bang. This acceptance into mainstream popular culture is evident in many ways, such as the success of games such as StarCraft and Lineage, the existence of celebrity professional gamers, and organized league play of online games, which are often broadcast on cable television (Kline et al., 2003). As D. Lee (2006) noted, the broader populace is however only starting to realize that gaming itself is not just for trivial fun but has become another channel of human relationships, in other words, part of people’s actual lives.

Regardless of the swift growth of domestic online gaming as a major part of culture and new media, the academic research on Korean online games has been correspondingly sparse and limited in scope, with domestic literature tending toward either the celebratory emphasis of positive business development or regulation and media-oriented concerns, due primarily to the accelerated pace of development. Although such research comprises important contributions to the emerging scholarship of Korean online games, unbalanced accounts foreground readily empirical observations and aggregate data that exclude other possible macro factors, such as political and economic structures and transnationalization of the Korean gaming industry, or micro, more private but resonant problems in the family or social life of those concerned. Therefore, the Korean game industry should be seriously examined in relation to its own sociocultural circumstances and context vis-à-vis the global game industry.

In this article, we identify and examine several key factors involved in the rapid growth of online games in the context of broader sociocultural elements. We provide a critical interpretation of the industry’s ownership patterns, finance, and markets by exploring online games and developing industries in Korea. We map out the forces driving its development by examining government policies and competition among online game companies. We also explore transcultural flows of cultural capital to

investigate major market players. Finally, we draw on ethnographic data to link sociocultural elements contributing to the diffusion of online games in the cultural milieu specific to Korean youth. Our objective is to provide as complete a picture as possible for arriving at a nuanced explanation of the current state of Korean online games, stakeholders, and players alike.

A Discourse of Political Economy and Ethnography as Methodological Framework

Media scholars and game researchers still have difficulties defining the field and finding appropriate theories and methodologies, mainly because online games have entered public consciousness in a relatively short period of time, and within Korea an even shorter time—but with more intensity. The majority of qualitative analysis on the gaming industry has been derived from cultural studies built on the work of Raymond Williams (1974).

Similarly, much scholarly analysis and discourse about online games argue that they can be understood not only as texts but also as cultural artifacts that are given value, meaning, and position through their production and use by game users (Crawford & Rutter, 2006). Several of those studies using various methodologies have focused on the cultural aspects of online games, such as identities among youth and changing lifestyles in cyberspace, in the development of online games in Korea (Chee, 2006; L. S. M. Whang, 2003). Others critically analyze several major social issues, including game addiction and content issues (Jeon, 2004; J. H. Kim, Lee, Kim, & Kim, 2006). The aforementioned critiques are not surprising and have contributed to knowledge about games in their various disciplinary contexts.

Although the body of academic research on games using various methods of examination has been growing rapidly, online gaming has still received scant attention from critical political economists (Dyer-Witheford & Sharman, 2005). Such examinations from a political economy perspective would complement existing games research to date, lending an additional understanding to not only the practices associated with gaming but also to the conditions of such emergent cultural practices. As Toby Miller (2006) pointed out, “every cultural and communications technology has specificities of production, text, distribution and reception” (p. 6). The online game industry is also no longer a discrete and distinct sector. All its circuits, technology, culture, and promotion have become intertwined with the wider orbits of digital capitalism betting on digital networks as the critical zone for growth and profits (Kline et al., 2003, p. 176).

In other words, we need to see some key discussions about the economic, technological, and cultural implications of the new digital technology. That does not mean that all scholarly work should use both approaches in understanding online games. What we emphasize is that game theory and methodology must be a synthesis of a wide range of

approaches that constitute a multidisciplinary file of research (Wolf & Perron, 2003, p. 13). Thomas Malaby (2006) additionally confirmed, "One of the most important features of online games is the way the costs of producing or distributing them are transformed, and this should be an important avenue for future research" (p. 151). Indeed, it would seem that a complementary structural examination provided by a political economic approach would satisfy a demand expressed by such cultural researchers of online games phenomena.

As Daniel Miller and Don Slater pointed out (2000) in their critique of Manuel Castells's (1996, 1997, 1998) work on the political economy of the Internet, it is difficult to cover political, economic, and ethnographic approaches; however, online games should be defined based on specific combinations of technical, social, cultural, and economic characteristics and not exclusively on essential ones (Raessens, 2005, p. 373). Through our examination of the Korean online game industry in light of its sociocultural elements and political economic contingencies, we hope to illuminate some of the underexamined complexities inherent in the conception, development, implementation, and reception of online games in a global arena. This hybridized methodological framework stands to contribute much to moving research and inquiry forward in gaming studies, the public sphere of popular criticism, state and private policy creation, social movement critique, and labor organization. We perceive these parties as those that allow "us to consider who makes the games, who profits from them, how they target audiences, what the games look like, what they are like to play, and how they fit in with social life" (T. Miller, 2006, p. 8).

As such, we employ political economy approaches and combine them with ethnographic research and in-depth interviews gathered in our fieldwork to strengthen our major analytical framework. In the process, we use primary and secondary sources such as industry reports and government documents, coupled with participant observation in Korean everyday life and Korean PC game rooms and interviews with game players. Such a combination is designed to show the manifestations of policy and culture as experienced on the ground, especially by Korean youth.

The Emerging Korean Online Games Market

The game (or video and computer games) market, as it refers to consumer spending on console games (including handheld games), PC games, online games, and wireless games, is a burgeoning new media industry with global revenues rivaling those of film and music (Carr, Buckingham, Burn, & Schott, 2006; Dyer-Witford & Sharman, 2005). Between 2001 and 2005, the worldwide game market increased about 30%. It is expected that the game market will increase from its 2005 figure of \$27.1 billion to \$46 billion in 2010 (PriceWaterhouseCoopers, 2006, p. 368). A principal driver of the global game market is the expanding console game market, played on a dedicated console, like Sony's PlayStation 3, Microsoft's Xbox, and Nintendo's Wii. Three console manufacturers that have provided game platforms and/or devices

have dominated the entire game market in an oligopolistic contest. In the United States, console games constitute 71% of the market at \$6.1 billion, and the situation is not that different in Europe (61%) (PriceWaterhouseCoopers, 2006, p. 368).

In contrast to this global trend, online games, referring to games carried out on a computer network, have been extremely popular and are playing a unique role in Korea's transition toward a digital economy. In 2005, the domestic online game market accounted for as much as 76.2% (\$1.4 billion) of the total game market (\$1.89 billion), including console, online, PC, and mobile games. During 2005, the console game market constituted only 11.5%, followed by mobile games (10.3%) and PC games (2%). The online game market rapidly grew; for example, the market increased by 41.3% between 2004 and 2005 (Korea Game Development and Promotion Institute, 2006). Korean online games (as of March 2007) make up 32% of the world's online gaming market (A. Kim, 2007).¹

The online game industry has expanded its influence in the global cultural market and the domestic market. In 2005, Korea exported \$565 million in the gaming business alone, compared to only \$76 million in films and \$123.5 million in television, which had been two major cultural sectors leading Korea's increasing cultural penetration in Asia (Ministry of Culture and Tourism, 2006a). Although the largest market for Korean online games was Japan (42.6%) and China (20.8%), Korean online games also penetrated other regions, including the United States (15.7%) and Europe (5%) in 2005 (Korea Game Development and Promotion Institute, 2006).

Korea's most popular online role-playing games (RPGs) and casual games have become very popular in other countries. The casual online game *Pangya*, developed by HanbitSoft, set a new record by launching its service in 44 countries including the United Kingdom, France, and Germany in recent years. The online game *Wyd* is very popular in Japan, and the online dancing game, *Groove Party*, has been played in China with sales of \$4.7 million (A. Kim, 2007). In particular, Korean game developer NCSOFT dominated the global online game market when it released the medieval fantasy massively multiplayer online role-playing games (MMORPGs) *Lineage* and *Lineage II* in 1998 and 2003, respectively. The games, available in Chinese, Japanese, and English language versions, had been considered one of the largest commercial MMORPG communities before the emergence of *World of Warcraft*, developed by Blizzard Entertainment in the United States in 2005 (Mmogchart.com, 2007). As such, Korea promoted online games as the major part of its digital economy and consequently became a major success in the commercialization of online games in the global marketplace.

Unbalancing the Online Game Industry

According to Dyer-Witford and Sharman (2005), the creation of a digital game can be divided into three distinct stages: development, publishing, and distribution. Development entails the design and creation of a piece of game software. This

expensive process may be financed either from the developer's own funds or by venture capital, or, increasingly, by advances from a game publisher (Dyer-Witthford & Sharman, 2005). Publishing involves the overall management of the game commodity—financing, manufacturing, packing, and promotion. Distribution refers to the shipping of the game hardware and software to retail stores. The case of the games industry presents a complicated picture because development, publishing, and distribution functions can be combined or separated. This is different from the music and film industries, where those functions are typically integrated into one production label. For games, a single company can perform just one or a combination of these three activities (Kline et al., 2003). Because of the difficulty in dividing the game industry, developers and publishing companies are lumped into the same category as development companies by the Korean government (Article 2, Law on Game Industry Promotion).

Over the past several years, the number of Korean online game companies has increased exponentially. When the Korean online games industry was in its infancy, for example, a total number of 694 game companies existed in 1999. However, this number soared to as many as 3,797 companies in 2005. During the same period, the number of game development companies increased 6.8 times from 416 in 1999 to 2,839 companies in 2005, while the number of distributors increased 3.4 times from 278 in 1999 to 958 in 2005 (Korea Game Development and Promotion Institute, 2006, p. 125). To offer a comparative perspective for the same time period, Canada had only 170 online game developers (Dyer-Witthford & Sharman, 2005). It must be noted that because the majority of Korean game companies often do not work exclusively on online games but also mobile games and PC games, it is unclear as to how many are actually online game companies. However, about 1,212 (42.7%) game companies are reporting the production of online games, followed by mobile games (30.8%).

Meanwhile, in 2005, Korean development houses mainly comprised small and medium-size venture capital investments, with about 20 employees on average (Korea Game Development and Promotion Institute, 2006, p. 254). As a reflection of the rapid growth of the online game industry, the total number of employees swiftly increased from 13,500 in 2000 to 60,669 in 2005, far exceeding the number of workers (40,116) in the media industry, including newspaper, terrestrial and cable broadcasters, and news agencies (Korea Press Foundation, 2005).²

As in many other industries including film, television, and mobile, one of the major issues in the online game sector is the concentration of wealth in the industry. Although there were 2,839 development houses, the top eight online companies including NCSOFT, Nexon, Neowiz, NHN, and CJ Internet constituted more than 65% of the online game market in 2005 (E. V. Lee & Ryu, 2006). NCSOFT made its name with the 1998 launch of a game called Lineage, which affords player involvement in combat, siege, political, and social systems. Nexon developed Kingdom of the Winds, the first online game in Korea. With Neowiz, these three major online games companies accounted for 70% of the top eight online game companies in

2005 (E. V. Lee & Ryu, 2006). Resources such as people, capital, and technology thus favor the select few leading companies. As emphasized in Kline et al. (2003, p. 177) and Dyer-Witthford (2004), the dominance of online games by a few major companies will continue indefinitely because game development is an increasingly lengthy, costly, and cooperative venture. The escalation of production and advertising costs are a persistent challenge to many small software development companies and often lead to their demise.

Indeed, the cost of developing one game soared from \$180,000 in 1999 to \$5 to \$10 million in 2005. It also typically takes about 2 or 3 years to create one game in Korea (J. S. Kim, 2006). An example is GameHi, a medium-size game developer, which spent 3 years and \$8 million in the production of its online fantasy game Dekaron (Cho, 2005). This situation is likely to continue in the game development sector, as only a few venture capitalists and large corporations are able to manage the blockbuster level and scope of game development and production timelines.

A related point is that ownership itself is concentrated among a few large corporations. Several major companies have expanded their role in the online game business to compensate for difficulties in financing and marketing experienced by the majority of game developers. Firms involved in international trade, telecommunications, and media, such as LG International Corporation and Korea Telecom (KT), have joined the new media sector hoping there will be another windfall. For example, in 2003, KT announced it would invest \$100 million in the games market over the next 5 years, as a publisher. At the time KT announced its plans, the telecommunications giant was already strategically allied with eight game developers. In December 2006, CJ Internet, a subsidiary of the largest multimedia conglomerate in Asia (CJ Group), expanded into the publishing business with 329 employees over 5 years (CJ Internet, 2007). In the same year, another large media group, Onmedia, also announced its plan to join the online game industry to leverage its game channel Ongamenet in the marketplace (Oh, 2007).

The spike in capital flow from many parties, including everyone from small venture-capital investors to the largest corporations and media firms, has caused domestic capital in the online game industry to dramatically increase. As Aphra Kerr pointed out (2006, p. 51), many countries have consolidated the game industry mainly by partnering with big publishers to compete with Sony, Nintendo, and Microsoft in their game markets.

However, concentration of ownership in Korea presents a very different situation. Some domestic venture capitalists consider online games as one of the most important new media technologies for bolstering the digital economy. Others, such as CJ Internet and Onmedia, consider online games as a necessary industry in which to have a presence. It is this type of media convergence that is expediting the concentration of industry in terms of market share and ownership. It was only a few years ago that games development was often characterized as the ultimate cottage industry for the information age ("Babes With Guns," 1997, p. 75); however, this statement has been losing its

credibility because of the increasing concentration of the online games industry in the hands of a few large corporations. In the following section, we discuss the effects of transnationalization of the online game industry as it has affected and been affected by the Korean domestic games market.

Transnationalization of the Online Game Industry

The effects of transnationalization of the online game industry have been felt profoundly because of continuing foreign interest in large Korean game firms. Along with domestic firms, foreign-based transnational corporations (TNCs) have swiftly invested in the Korean online game industry to profit while participating in the development of cutting-edge technologies. In 2007, EA, the largest video and computer game company worldwide, invested \$105 million in the Korean game company Neowiz. This investment involved the acquisition of 19% of Neowiz shares for the codevelopment and global publishing rights of its online games (Cho, 2007).

The Japanese technology company Softbank already acquired a majority share of the Korean game developer Gravity for \$409 million, the largest takeover so far. The Japanese Sega Corporation with Hyundai Digital, a former subsidiary of the Hyundai Group, also made a joint venture in 1996 and worked together on online games from 2001. Foreign investors held about 50% of the market share at major Korean game firms such as NCSoft (41.8%) and NHN (51.4%) in March 2007 (Cho, 2007), in addition to the penetration of the domestic market by subsidiaries of Sony, Nintendo, and Microsoft, the world's largest console game makers. With the establishment of such subsidiaries in Korea, these companies have come to dominate the online games market.

As much as online games software from Korea has flourished in other countries, the TNCs have been a formidable force to deal with because of their abilities in generating exponential profits and resources for advanced technology acquisition and development. A few domestic online game companies, such as NCSoft, Hanbitsoft, and Webzen, have invested in foreign markets. For example, targeting the global game company, NCSoft has established branches and/or joint ventures in Japan, China, Taiwan, Thailand, Europe, and the United States. However, the majority of domestic online game industries are simply unable to break into foreign markets due to their possession of a relatively small amount of capital. Therefore, it is premature to predict the impact of capital involvement from domestic online games companies on the global market as domestic TNCs.

However, it has been actualized that foreign-based TNCs have already benefited from domestic online firms. Dan Schiller (2007, p. 124) pointed out that though independent capital has spearheaded and cultivated video and computer games, it is the megatransnational conglomerates that commodify the emerging new media sector. Although the number of independent production companies has grown, they

absorb high product risks and labor costs for the monopolies that maintain their control over the critical areas of finance and distribution as in other cultural sectors (Mosco, 1996, p. 109). All evidence indicates that the transnationalization of the Korean online game industry will continue to deepen the ongoing process of commodification of a new media sector, and domestic companies will also continue deferring to transnational capitals seeking profit.

Contributing Factors to Growth in the Online Game Industry

With global presence and domestic dominance, online game makers, online gamers, government IT officials, and game researchers worldwide have been interested in learning key elements in the rapid growth of the Korean online game industry. Conversely, because of rapid transnationalization and concentration of ownership of the industry, interested parties are simultaneously skeptical as to whether Korea holds the key to the next generation of online games. By analyzing several key underlying and proximate elements such as government policy and social factors, including the levels of broadband penetration, we will provide answers from these fundamental vantage points. Above all, it is worthwhile analyzing the context of the rapid growth in Korean online games because contextualization provides a process for connecting present circumstances to the social and historical conditions from which online games originated.

To begin, the rapid development of IT and related policy has become the foundation for the growth of online games. As is well publicized, Korea has quickly become the most wired nation in the world, with a sophisticated 70% PC penetration. As of March 2007, about 89.4% of Korean households were connected to broadband services—one of the highest in the world (Ministry of Information and Communication, 2007).

The rapid deployment of IT in Korea originated in 1995 when the government enacted the Framework Act on Information, which set up a comprehensive strategy for the Korean Information Infrastructure (KII) (Ministry of Information and Communication, 2004). The goal of the KII was to construct an advanced nationwide information infrastructure consisting of communications networks, Internet services, application software, computers, and information products and services that have greatly influenced the rapid growth of broadband and online games (Jin, in press).

The Korean government has also been instrumental in supporting the games industry by providing financial subsidies and incentives to game developers, increasing its investment in an effort to nurture its software industry over the past several years, with plans to continue. The direct influence of the Korean government on the online game industry does not differ much from other new technologies and cultural industries, such as the broadband and film sectors. For example, in 2005 the Korean government announced a plan to invest \$20 million to support the development of graphics and virtual-reality technologies in the games sector (M. H. Kim, 2005). As part of this plan, the government invested \$13.5 million for the growth of the game

industry and the creation of a game culture in 2006 (Ministry of Culture and Tourism, 2006b). Although this amount is inadequate when compared with actual costs, it illustrates the intention of the Korean government to deliver on its promise in keeping with its policy.

Against this backdrop, two historical events—(a) Japanese occupation and resultant influence on Korean policy and (b) the Asian economic crisis in 1997—have clearly promoted the swift development of online games. As discussed, console games are the most popular platform in the global game market. However, Korea is an exception in that online PC games are far more popular than the console variety. A primary reason for the lack of uptake in console gaming has much to do with the platform's origins in Japanese development.

Because of Korea's colonization by Japan in the early 20th century, as well as its long-standing concern with Japanese cultural invasion, the Korean government had until 1998 banned Japanese cultural products, which included console games, films, and music. With the ban lifted, Korea gradually opened the market to Japanese culture, phasing in previously black market products, with console games from Japan making their public appearance in the Korean marketplace by 2002 (K. J. Lee, 2002).

The historical tension between the two countries has proven persistent and difficult to surmount, as those who anticipated large profits through access to the Korean game market found the endeavor generated a disappointing and negligible amount of revenue for Japanese companies. Through its subsidiary company, Sony experienced a net loss in 2004 and 2005 when it began its sale of PlayStation 2 in Korea and subsequently delayed its launch of PlayStation 3 (Cho, 2007). With Japanese console makers such as Sony, Nintendo, and Sega experiencing such difficulties in penetrating the Korean game market, Korea utilized the opportunity to develop its own domestic online game industry.

The 1997 Asian economic crisis was an unexpected catalyst in the rapid growth of IT, which includes broadband services and rising Internet start-ups in Korea (Jin, *in press*). This landmark economic recession was also what prompted the rapid development in IT and online games.³ Since 1998, some 7,700 Internet start-ups have been established. Employees laid off during the economic crisis became the main participants in growing Korea's Internet industry. Many middle managers, who had worked for large computer and information companies, including Samsung Display Devices, also looked toward smaller-sized private businesses (Rohwer, 2000). Many joined Internet start-ups and became grassroots developers of Internet technologies, including online games software. For example, HanbitSoft, one of the leading online developers in Korea, started its business in 1999 when LGSoft split its game division as part of restructuring of the company during the economic crisis era (K. H. Park, 2007). A major entrepreneurial activity since the recession has been starting up a PC bang, which highlights the trend toward small-scale IT enterprise to offset economic fallout.

Origins of the PC Bang

The massive growth in the online game sector is partially a result of the rapid proliferation of so-called PC bangs along with broadband. PC bangs have since evolved into many different places for Internet use for sending e-mails, chat groups, online games, and the like at any time (H. Lee, O'Keefe, & Yun, 2003). The most popular game during the early days of PC bang culture was StarCraft. Developed in the United States, it contributed to the rapid growth of broadband connections and the PC bang concept that began in 1998.

To put quantity into perspective, there were only 100 PC cafés in Korea during 1997; however, by May 2002 this had rapidly increased to 25,000. In 2005 there was a decrease in the number of cafés to about 20,000 because of market saturation and the growing access to broadband services in the home. In the present day however, despite accessibility of broadband in the home, PC bangs still play a significant role in facilitating online games culture in Korea by providing ubiquitous and economical access. Many cafés charge very affordable hourly or flat rates for extended use of PCs (Chung, 2006, pp. 95-96). Huh (2008) also writes about the changes exhibited in Korean business models that have adapted to the dynamics between game publishers and local PC bangs. Interesting developments in real money trade (RMT), micropayments, and Internet Protocol (IP) pricing are just some of the issues that have concurrently affected all stakeholders in the Korean game culture, many of which are still being negotiated in the policy arena.

Meanwhile, the wide availability of broadband has clearly made it easier for Korean firms to attract new casual gamers as opposed to just hardcore gamers ("Invaders," 2003, p. 66). In addition to the StarCraft RTS series, in recent years the Lineage MMORPGs and Kart Rider racing games have also become mainstays in the Korean gaming experience. An increase in the demand for entertainment and network games has stimulated the diffusion of broadband Internet services. According to one survey conducted in the first half of 2002, 81.1% of broadband Internet subscribers were using entertainment-related content, and 74.6% were playing network games—values twice as high as those of dial-up Internet access subscribers (N. C. Lee, 2002). Our ethnographic data on the role of the PC bang in the proliferation of online game play follow in the ethnographic discussion.

Professional Gamers

The increasing popularity of e-sports (electronic sports leagues that compete through network games) and the live broadcasting of competitions on cable television networks have expedited the growth of online games, particularly among mainstream Korean youth. E-sports began its first league in 1998 when StarCraft became popular in Korea. With the growth of PC bangs, e-sports became one of the major activities among teens. In particular, in 2001 the first "World Cyber-Games," dubbed the "Olympics of Computer Games," were held in Seoul, where 400 players from

37 countries contended for the \$300,000 purse (cited in Kline et al., 2003, p. 190). Mainly because of its commercial effects, several large corporations have joined the league: 278 registered professional gamers in 11 professional teams competed with each other for an annual \$5 million in prize money in August 2006 (H. C. Park, 2006). By June 2007, the number of professional gamers had grown to more than 600.

One of the most intriguing things about Korea is that unlike almost anywhere else in the world, those who are expert digital game players are highly regarded. Players involved in professional gaming are often celebrities supported by major corporate sponsorship and enthusiastic loyal fans. Many young Koreans aspire to be like famous professional gamers in many respects, and this admiration contributes to the existing national passion for these games. Koreans are internationally renowned for their enthusiastic game play, and most Korean gamers worry less about the negative "geek" taboo that their counterparts in other parts of the world, like North America, must endure. Furthermore, the pro-gamers in Korea are idolized as much as typical celebrities, marrying supermodels, making vast amounts of money, and engaging in other such activities deemed worthy of spectacle and intrigue by the general populace. Korean youth feel close to these pro-gamers in so many ways. They too are young, play games, and have the dream that if one is talented and practices, one can make it to the "big leagues" of gaming.

Several electronics and telecommunications majors such as Samsung Electronics (Samsung KHAN), SK Telecom (SK Telecom T1), and KTF (KTF Magics), and media companies including MBC (MBC Game Hero), Ongamenet (SPARKYZ), and CJ (CJ Entus) are major sponsors of professional gamers. Considering their convergence with telecommunications and broadcasting, these corporations have come to play a major part in the production of professional game leagues. Because of the popularity of e-sports, even the Korean Air Force has formed its own electronic gaming team and has played in the league since 2006. E-sports are swiftly becoming part of daily life, particularly among the youth.

Games have been televised for 7 years, with Ongamenet, the largest game channel, reaching 3 million to 4 million viewers during the 6 to 10 p.m. prime time, and its competitor, MBC Game, drawing 1.5 million at the same time for its own leagues (Wallace, 2007). Several million viewers watch games over the Internet and on television, captivated by what professional gamers can do. In sum, because of favorable government policies and social infrastructure, online games have made significant leaps in popularity. They have become a major indicator of the knowledge-based information society for which Korean society has been striving, and in this context a unique online games culture has flourished.

Ethnographic Insights Into Korean Online Game Culture

The preceding examination of the Korean online game industry has outlined political economic aspects that might not be readily apparent in considering the current state of online gaming in Korea. It is extremely important to consider these explanations to

arrive at a better understanding of some of the observable online games phenomena happening in contemporary Korean society.

To add a nuanced understanding to the situation, we analyze ethnographic data to tie in present-day sociocultural issues with the aforementioned policy context to counteract what Larissa Hjorth (2006) argued is a chronic a-contextualization of gaming cultures via neo-techno-Orientalism.⁴ Presenting the topic from the top down and bottom up will assist in elucidating the multifaceted online game culture in which Korean youth currently find themselves. In other words, the goal of our study is a multifaceted explanation of factors that may add up to a greater number of hours clocked by Korean youth online but are not accurately summarized as “online game addiction” in the clinical pathological sense.⁵

Online Game Participation Among Korean Youth

The reasons why Korean youth seem to be so intensely engaged in online gaming can be explained in part by understanding the background of contemporary Korean society. First, as a cultural group, Koreans have been found to spend a lot more time nurturing social networks than have people in other countries such as the United States (Yee, 2000). This trend is apparent in the behavior of Koreans of all ages in their various activities. For youth, the choice is often between participating in gaming activities that are a part of mainstream everyday life, or staying away at the risk of alienating oneself from the common activity of the social group.⁶ Rather than talk about any game as the motivation for logging on, almost all youth interviewed talked about their online activities in relation to obligation and duty, whether it was to their friends and promised times for logging on or to their guild, clan, or band of blood brothers.

As we explained how the PC bang came to bear in the Korean case, it is important to understand why they are so plentiful and successful. First and foremost, PC bangs attract many Korean youth who choose to game because they are able to meld aspects of their online and offline activities in an economical way at about US\$1 per hour (Chee, 2005b). This occurs despite the fact that many youth have access to broadband-enabled computers at home. Second, with rapid industrialization and current emphasis on ICT adoption and usage nationwide, the range of activities available to Korean youth is relatively limited. Participation in online games makes sense in this respect because the broadband-enabled PC is already such an integral part of life for this segment of the population and is thus more easily rationalizable and/or consumed between homework, traveling to after-school cram schools, and the like. Third, the PC bang has become a *de facto* community center and a common place to convene with one's friends and acquaintances outside the home. In addition to being known as a common area for youth, the fallout from the 1997 financial crisis has also cast the role of the PC bang as an unemployment office, where those who do not have an “office” to go to every day may routinely spend time. With PC bangs open for 24 hr, it is common to find people using them as shelters at night.

As another example of motivation to game in Korea, gaming venues command an important place in the courtship of some young couples because of the cost-effectiveness of socializing at these venues as opposed to other more costly places.⁷ In an interview, Shawn stated his reasons for going to PC bangs:⁸

- F: Do you think Korea has a different online game culture from other places?
S: Yeah.
F: In what aspect?
S: Because I think online games are very popular in Korea because of PC bangs. They are cheap, and good quality, and interesting.⁹ In Korea, if you want to do anything billiards, bowling . . . people think [about] PC bangs. Many friends can hang out together, and it's cheap. When someone starts a game, they forget the time.
F: Do you only play at home, or do you play at PC bangs?
S: Both. I play at both.
F: Which do you play at more? Home or at PC bangs?
S: Home. Two years ago I played games at PC bangs because PC bang was better than the computer at my home. But I made money, and I bought [a] new computer. My computer is better now, I think.
F: Do you still go to PC bangs at all?
S: When I meet friends to play games. We play together [at PC bangs].

Despite having a computer at home, Shawn also played at the PC bang for social contact. Another player, Carl, talked about the difference he perceived between playing on a PC at home versus playing at a PC bang:

- F: Do you have a PC at home you can play?
C: Yeah, sure.
F: But what makes you play at the PC bang as opposed to home? What's the difference?
C: The difference is that home is alone and the PC bang is with people. When you play the game, you play with [the] computer. The opposite side, the enemy is our computer. In [an] online game, the enemy is other people like me. That makes it more fun. So, PC bang can be more together, and you know, Koreans like to be together and doing [sic] something together, so that makes PC bang culture. When we play the same [game] at home we feel something empty. When we're together we feel like we can do something [that is] fun.

The economic circumstances of youth in Korea also make earning money online (independent of parental interference) an attractive option. Cross-referencing of census data from the Korean National Statistical Office indicates a 93% unemployment rate in the age 15 to 19 year category ("Economically Active," 2005), causing ripples to occur in older cohorts. This young, relatively inexperienced age group in Korea is culturally and structurally compelled to remain inexperienced in the workforce for a longer period of time than youth of a similar age in North America.¹⁰ Those who make money by selling virtual items on sites like the Korean virtual item auction site Itembay.com cannot compete with the professional gamer's income; however, it is surprising to find out that amateur players can make over \$100 per

week in their online/offline exchanges (whether using Itembay or by making personal arrangements) if they are only willing to invest the time.¹¹

Researchers such as Edward Castronova (2001, 2005) have noted that online pursuits allow more meritocratic events to occur to a greater extent than their offline equivalents and therefore are generally more appealing than offline activities. During the interview, Carl indicated a similar sentiment:

C: In playing games, we get rewarded more easily than in real life. I feel if I have a high level on the game and if I have good items that people will admire me. We can be the King of some castle.¹² Some people, especially high school students . . . are really addicted to the game because they [are] very [involved] in the game, not in real life. Some adults over 30 or 40, some of them have problems in real life, [like failing] in their business. They avoid real life and they just want to satisfy themselves in the game. It's a real problem.

Carl recounted his hardcore freshman days of gaming during which he was ranked 16th on the Korean ladder for StarCraft by Blizzard.

C: When I was a freshman [my family] thought I was crazy because I slept 24 hours after playing 24 hours. It wasn't good for my health . . . I had to stop because there is no Internet during army service. But I thought that I had to quit the gaming and I cannot do what I want in the army so I prepared to quit the gaming. . . . I also earned a lot of money by gaming.

Carl then described how he went about his practice, mostly by killing other players or Boss NPCs (Non-Player Characters) and looting items NPCs drop, selling them online or offline.

F: Where do you sell the items? What Web site?

C: These days there are so many Web sites like Itembay, like a trading site. But before 2000 it wasn't like that. Back then there were free boards, or [I'd go] offline to sell the items.

F: Lineage items?

C: Yeah. And I earned more than my other friends who had part-time jobs.

He recounted one notorious story of player killing. Another player's attempt to kill him online backfired, and Carl ended up killing the player instead, looting his items. From the sales of those items, he ended up earning about 1 million won.¹³

C: People want to be stronger in the game because their character represents them. Sometimes they don't want to be stronger than in real life. They love cyber life more than real life. So they want to be stronger easily, so they pay cyber money. You need to know one thing. Why people buy [these] items. Many people [who are not familiar with the game] would think it's pretty expensive [for] just a cyber item. But if you think of the game as a hobby like playing cards . . . it would be fair. If we do something like playing soccer we have to buy a soccer ball.

It is therefore arguable that these extraneous life factors (self-esteem, identity, independence, etc.) are more compelling reasons than any game itself, regardless of genre

or purported addictiveness. Taking the factors introduced in the preceding insights, it is important to consider contextual reasons in addition to the obvious monetary reasons for why players might spend what some might call an “excessive amount” of time logged on, buying or selling items. Perhaps games, with their flexible environments, are a retrieval of the organic connection with the structure of society.

One might see how earning money by selling online items might be attractive for many reasons. First, in an already saturated job market as is the current Korean situation, the income may provide extra pocket money and an increased sense of independence from one’s family (often many years away, if ever realized).¹⁴ Second, there seems to be a feeling of productiveness associated with earning a living, especially after compulsory military service when young Korean males are often in a state of uncertainty, and in a state of limbo while searching for a job and/or finishing postsecondary education. Roger Caillois’s (1961) point of view is slightly more nuanced in that he explains what we are seeing are those who do not earn as much as more of a frivolous compensation.

Daily competition is harsh and implacable as well as monotonous and exhausting. It provides no diversion and accumulates rancor. It abuses and discourages—for, practically speaking, it provides scarcely any hope of improving one’s status by means of one’s earnings alone. Therefore everyone seeks to compensate. (p. 119)

Indeed, the practice of selling items may very well be a way that people empower themselves with more agency and a sense of self-worth and associated fringe benefits, alongside significant social practices of youth navigating within a society of conflicting interests.

Online Gaming Reinforced by Professional Gaming

As mentioned previously, professional gamers are already the exceptions to the rule as much as child celebrities earning a living in North America would be. Generally, if a young person in Korea does have a job, it is often a low paying part-time one, known as “arubeit.” On the other hand, if one chooses, it is quite possible to earn more selling online game items than holding down a part-time job, which would require the right age, experience, gender, and an accepted application—which in the gaming world would not be required.¹⁵ Moreover, we found the prevalence of a mainstream celebrity gaming culture helps to maintain popularity of games that would otherwise fade into an “old favorite,” such as StarCraft. In more than one interview, it was mentioned that television broadcasts and associated hype helped “remind” players of the games and show public strategies that they can try out with friends at the next PC bang.

To paint a picture of what one could expect, these matches often take place in a large television studio with ample bench seating and standing room. Some zealous fans may be saving seats more than 2 hr in advance, chatting and putting the last

touches on fan posters. These audience members are male and female, mainly between the upper teens and late twenties.

Digital cameras and mobile phones of audience members may document the scene for posterity or subsequent reportage on their Cyworld mini-hompys (a Korean term to describe people's home pages on Cyworld).¹⁶ One cannot look anywhere without seeing a bright, flashy sponsorship logo on the wall or worn on a jumpsuit by the pro-gamers. With drama similar to that of professional wrestling matches and live color commentary, the StarCraft tournament (the game of choice for about one half of the 600 professional gamers, as of June 2007) ends with team members of the losing side weeping—all to be rehashed shortly after on game news Web sites such as Ongamenet. Considering the rich atmosphere afforded by Korean online game culture, we cannot ignore the particular manifestation of use cultures emerging from an aggressively integrated glut of multimedia that serves to mutually reinforce the mainstream online game culture prevalent in contemporary Korean youth.

Concluding Thoughts

Political, Economic, and Ethnographic

The Korean online game industry has experienced a dramatic growth rate, gaining numbers and blazing trails in the development of business models over several years. The game industry has become one of the core businesses in the new media sector, and games software has become a representative of the new media content of the 21st century. Korea—one of many small and weak countries until the middle of the 20th century—has become a major power in today's world of digital technology and has emerged as a cultural leader in the pursuit of a new kind of empire (Yi, 2006).

In reference to Korea, its development of its online game industry has not been without its problems. There are certainly cautionary remarks that need to be made and understood. First, the apparent flourishing of online game capital in Korea is precarious to a certain extent. Despite experiencing dramatic growth over the past decade, the online game industry is now in a phase of stagnation because of increasing competition. Several major online game companies are already experiencing eroding growth. Compared to the previous term, NCSoft recorded a 196% decrease in sales in the first term (January through March) in 2006, and Webzen also announced a net loss of \$55 million between 2005 and 2006 (H. T. Whang, 2006).

Market saturation has dealt another blow to the online game industry. There is no doubt that the increasing number of users has been the most significant factor in the rapid growth of online gaming; however, the game industry is showing signs of market saturation. The major users are age 9 to 24 years; however, already more than 80% of them are in the market, and the market cannot expect any increase in users (Korea Game Development and Promotion Institute, 2006, p. 320). In addition, the global market is becoming much more competitive, mainly because of the rapid growth of

the Asian online game industries. Several countries, including China, have expanded measures to protect and develop their online game industries.

The concentration of ownership in the hands of major corporations and the transnationalization of the domestic market are influencing the online game industry at an alarming rate. Because of the lack of capital and networks, small and medium-size online game developers are depending on large publishers who are rapidly acquiring successful domestic-owned developers, as in the North American game industry (Dyer-Witthford & Sharman, 2005). A few transnational capitals have exploited the majority of small developers, while foreign-based TNCs have enjoyed profits while learning core technologies of game software. Korea has successfully commodified the emerging new media, online gaming; however, the country has already witnessed the same problems that other media have experienced.

In our attempt to illustrate a nuanced picture of online games in contemporary Korea, we also brought to the fore ethnographic evidence of more factors at work than the imperatives of globalization on the online games industry. We have shown that within Korea, youth are busy navigating within the world that was given to them, often involving an extraordinarily high level of engagement with ICTs and online games in general. The reasons for this engagement, according to the youth, however, are nuanced and varied, often being cultural and social. To allow Korean youth to be unfairly labeled as "online game addicts" would be too simplistic and unrepresentative of the complex web of reasons, only some of which have been discussed.

Our attempt to meld perspectives from political economy and ethnography in examining Korean online games was rife with many challenges; however, we hope to have at least shown where pieces may or may not fit and increase the level of nuanced dialogue relating to the Korean online games industry.

Notes

1. In Korea, an online game is generally considered to be a MUD (multiuser dimension, or multiuser dungeon) game. MUD games are role-playing games set in a virtual world of 3-D simulation featuring knights, sorcerers, and elves. When MUD games take place through an Internet network, this is referred to as a massively multiplayer online role-playing game (MMORPG) (L. S. M. Whang, 2003, p. 8).

2. This figure also exceeds several major countries, including Japan (30,000 in 2003), the United Kingdom (20,000 in 2002), and Canada (6,000 in 2005) (see Kerr, 2006).

3. The 1997 economic crisis severely hit the Korean economy on a large scale. Korea suffered unprecedented rates of unemployment and bankruptcies after the crisis. The immediate results of the financial crisis were the suffering of companies and workers. Before and after the crisis, several large conglomerates went bankrupt. When they failed, 3,377 medium-size and small companies collapsed, and many workers lost their jobs. By the end of June 1999, the number of jobless reached 1.78 million, the highest in 13 years. This meant the unemployment rate rose sharply, from 2.6% in the fourth quarter of 1997 to 8.5% in the second quarter of 1999.

4. Techno-Orientalism was used by Westerners to devalue the role of eastern technocultures and Asian "satellite" modernity (Ma, cited in Hjorth, 2006).

5. An explanation of this perspective can be found in Chee and Smith (2005), which looks at the North American case of the online game EverQuest and the idea of electronic community.

6. As explained in Chee (2005a), the emotional stakes are even higher for males than females for playing games.

7. So much so, that there are special "couple zones" with workstations that include two computers joined with a loveseat.

8. Pseudonyms will be used for confidentiality as specified in the approval for this fieldwork by the Office of Research Ethics at Simon Fraser University.

9. In June 2007, most PC bangs charge 1,000 won per hour.

10. There are many sociocultural reasons for this, such as the dominance of Confucian ideology, which privileges seniority. Consequently, Korean youth typically start their careers later in life than their North American counterparts. Correlating with that characteristic is the common occurrence of Korean youth staying with and relying on one's parents until marriage (generally occurring in the early or late twenties for females and early to late thirties for males).

11. This figure is derived from our interviews and observations of specific game players. Because of a typical lack of traceability in online/offline deals, statistical data in Korean as well as similar international studies have seemed and continue to be rather inconclusive. As data become more centralized, traceability will likely improve.

12. In Lineage, the king of a castle can get taxes from users who rank lower.

13. Approximately US\$1000.

14. The majority of Koreans are not only bound to the geographical location of the country by familial ties but also deeply rooted in cultural reasons. The national holiday of *Chuseok* is especially illustrative of this tendency; during it Koreans return to the burial grounds of their ancestors and come from within the country and all over the world (if at all possible) to participate in paying respects during a multiday observation.

15. Another significant reason is the prevalence of compulsory military service for most young Korean males during their early twenties. Their normal social environment becomes atomized and their educational trajectories and employment prospects are put on hold for approximately 2 years and 2 months. During this army service, communication with one's friends and family is permitted only by written letters and 45 days of vacation, taken 10 days at a time. The service is viewed as a rite of passage into true male adulthood, with bonuses attributed to one's employment applications only after service is completed.

16. Cyworld is a South Korean-based social networking site, which is a combination of social networking, blogging, and music and video sharing. According to Hyun-Oh Yoo, chief executive officer of SK Communications, which owns Cyworld, the site now has 20 million users in Korea, which equates to about 40% of the country's total population (Ewers, 2006).

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