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Video Games in South Korea

PROSPECTS

Consoles to Decline, AR/VR Headsets to Grow

Consoles, and particularly hand-held consoles, are set to record declines over the forecast period as a large number of game players shift to online and mobile games. On the other hand, AR/VR headsets are expected to register strong growth due to the widespread usage of these products with computer and console games. Sony released its second-generation PlayStation VR in September 2017 and Samsung introduced Odyssey, a premium VR product, in October 2017. The investments of these two manufacturers are set to support ongoing growth of AR/VR headsets this year.

Physical Versus Digital Video Games Software

Video games software recorded strong growth over the review period and this is set to continue over the forecast period. New video games hardware is internet-connected, which enables access to the Steam platform. This allows game producers to upload their games to the platform and pay a commission of 30%. It does not require storage place or inventory, and this is set to support growth of video games software (digital) over the forecast period. Moreover, manufacturers of console game hardware are following this trend, which will likely lead to lower sales of video games software (physical) over the forecast period.

Strong Potential for Mobile Games

Mobile games are set to record strong constant retail value growth over the forecast period. The already-high possession rate of smartphones in 2017 is expected to increase still further over the period, thus supporting growth of mobile games. Online games have a spending limit of KRW500,000 per month for users, whereas mobile games have no budget limitation. In addition, the number of female gamers is increasing gradually, according to Korea Creative Content Agency. Thus unlimited gaming spend and the increasing the number of game players will likely support the growth of mobile games over the forecast period.

COMPETITIVE LANDSCAPE

Nintendo Takes the Lead in Video Games Hardware

Nintendo of Korea Co took the lead in video games hardware in 2017. The company increased its retail value share due to the unexpectedly successful

introduction of Nintendo Switch, which was launched in December 2017 and was an instant success. Nintendo switch is positioned in between hand-held consoles and static consoles. Gamers can enjoy playing games in their bedrooms, as well as in the living room with a TV screen. It also has Wii-style software and popular games such as *The Legend of Zelda*, which helped increase the company's share in video games hardware.

Netmarble Games Corp Holds the Lead in Video Games Software

Netmarble Game Corp retained its lead in video games software in 2017, while increasing its retail value share with *Lineage 2: Revolution*, which was the best-selling video games software. NCsoft Corp followed Netmarble Game Corp in second place. The company introduced *Lineage M* to South Korea in 2017 and the game's instant success supported overall growth in 2017.



Two Strong Players in Video Games Software (digital)

Netmarble Game Corp and NCsoft Corp were the two leading players in video games software (digital) in 2017. These companies are able to support frequent new releases due to their strong investment budgets, strategic marketing, and human resources pool. Nevertheless smaller companies such as Pearl Abyss also performed well. Small and medium-sized companies focused on online games and overseas markets such as China, South East Asia and the US, whilst developing games in South Korea. ■

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