




# Bringing Korean Games to the World

The Challenge and Opportunity




# Distribution Paradigm Shift

- Transition from mature retail PC market into new digital distribution era for all type of gamers, not just casual games
  - Digital era distribution makes local distribution to gamers in all markets throughout the world accessible to even small self-published startups.
  - Low risk, high volume: micro-targeted, macro-scale marketing.
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# Convergence Towards “Browser Based” Games


- Streaming instant access.
  - Platform independence
  - Consoles and Mobile are converging to be able to access web based content.
  - Continued mobile and wired internet infrastructure improvements make streaming media ever more attractive.
  - As Movies and Music keep edging closer to on-demand streaming, games will not be left out.
  - The PC is no longer the only device with a viable browser
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# Gaming and Platform dependence

- Software as Service and providers such as Google will provide massive incentives for users to be able to access and pay over the web on all devices.
- Content as Service browser games companies provide massive incentives for users to be able to access and pay over the web on all devices.
- Browser based games are the game industry's vehicle to achieve a platform independent future where developers can command a higher percentage of revenues.



# Korean Advantages and Opportunities

- Korea is the world's leader in online game development, one of the fastest growing market segments.
  - Inevitable platform convergence for web based content-access points to browser gaming becoming omnipresent on devices.
  - There is a window of opportunity for Korea to leverage this lead to capture a massive worldwide market share and take advantage of the upcoming convergence as it happens.
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# Korean Online Game Industry Challenges

- US Venture Capital heavy investment in Virtual Worlds will create highly capitalized challengers.
  - Primary Asia Market: Online MMO game distribution has matured, resulting in massive influx of Asian MMO titles into worldwide markets, competing for traffic acquisition.
  - As markets mature, new strategies are required by game companies top tap into new growth markets
  - New market distribution model is complex and rapidly changing.
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# The Opportunity: Highest Growth Market Segments

Free to Play MMORPGs

Virtual Worlds

Core Gamers Online

Flash Gaming

Social Gaming

Web based Strategy Games





# The Opportunity: High Growth Demographics

Growing but Slowing:

35+ (Casual Games – Try/Buy segment)

Exploding:

6-16 Y.O. Female (Dress Up, Pets, Virtual Worlds)

13-27 Y.O Male (Casual MMO)

18-35 Male (Core MMORPG, HTML Strategy)


6-27 Y.O (Flash Games)





# The Opportunity: High Growth Online Business Models

## **Free-to-Play Virtual Goods model:**

- Monetizes all ranges of payers:
  - The importance of the High Roller: Some individual players of online games have been known to pay for over 10,000 EUR in virtual goods in a single game
  - These high value players can represent a huge amount of a company's revenues.
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# The Online Games Supply Chain

- Premium Game Operators (Publishers and Self Published Developers)
- Advertising Networks and Marketing Agencies
- Game Portals and Game-related-Content Portals
- Free Game Content Developers
- Long tail (Social Networks, Email, IM, Smaller websites)

# The Online Game Supply Chain

Premium Game Publishers  
or Self-Published Developers

Obtain targeted distribution via:

Ad Networks  
Marketing Agencies

Target advertising and promotional content across:

Free Content  
Portals

Obtain Traffic Virally via Sponsorship of:


Viral Games  
Viral Content

Which reach un-targeted consumers via:

Email / IM / Social Networks  
Long Tail of Web



# Paradigm Shift: Micro Marketing, Rapid Iteration, Progressive Release

- Tiny or massive scale at the press of a button
  - Rapid iteration on game design/development
  - Improve results using A/B or Multivariate game testing of player behavior.
  - Fine grained targeting
  - Ongoing incremental release
  - Funding larger marketing pushes through initial small stage revenues
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# Paradigm Shift: Cost Per Lead Modeling

What is it?

- CPL (Cost Per Lead) marketing allows companies to pay only per each actual registered player who has signed up to play their game.
- Ad networks are rolling out CPL based advertising models since this is the most attractive model for advertisers interested in performance based marketing.

Techniques leading companies are using:

- CPL price tiering by regional sales value for localized campaigns
- CPL price tiering by sales value as percentage of ROI from site


# Paradigm shift: Small developers localizing and operating internationally

- Browser based games are cheaper to localize
- Frequently, foreign markets outperform the home market of the developer, and provide incremental revenues for each region rolled out.
- Competition can be lower in some regions versus others. High volume low cost per acquisition regions include:

Turkey,  
Russia,  
Brazil,  
Spanish language regions.



# Paradigm Shift: Premium Viral Distribution

- Don't just acquire traffic to your website, go out to greet it.
  - Deliver demo game play for premium online games via distributed flash applets
  - Continuous episodic release of demos achieves a ever building marketing program
  - Largest games portals in the world acquired their traffic through this mechanism.
  - Re-targeting ads to update users with new content
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# Paradigm Shift: Retargeting for content updates

- Uses new advertising technology to keep in touch with your player base without emails.
- Targets existing users with messaging regarding fresh content.
- Gives game companies more chances to convert a user to a paying customer
- Similar effect to email newsletters about content patches, but with less legal issues.



# Summary

- Integrated marketing innovation is critical in the rapidly online games space
- Korean online and browser games developers must become increasingly sophisticated marketers.
- Online ad networks can provide immediate access to players, which is a tool game developers must use to test and continuously refine marketability.
- To succeed today, Korean developers must have a plan to localize their games, marketing materials, and websites in order to reach world-wide audiences.