

SOUTH KOREAN ONLINE GAME INDUSTRY IN THAI MARKET

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อุตสาหกรรมเกมออนไลน์ของประเทศเกาหลีในตลาดประเทศไทย



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต

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อ. ดร. ปัทพร สุคนธมาน, 75 หน้า.

ในอดีตประเทศเกาหลีได้เป็นหนึ่งในประเทศผู้นำเข้าเกมส์ออนไลน์จากต่างประเทศ แต่ในปัจจุบันเกาหลีกลับกลายเป็นอาณาจักรของเกมส์ออนไลน์ในตลาดโลก เกมส์ออนไลน์นั้นถือเป็นส่วนหนึ่งของเศรษฐกิจเชิงสร้างสรรค์ ซึ่งประธานาธิบดีปาร์ค กึนฮยยังเคยกล่าวไว้ว่าจะนำพาประเทศเกาหลีไปสู่ยุคใหม่ของความหวัง และการพัฒนาเศรษฐกิจ ด้วยเหตุนี้บทความนี้จึงมุ่งศึกษา เพื่อศึกษาเกี่ยวกับอุตสาหกรรมเกมส์ออนไลน์ในฐานะส่วนหนึ่งของเศรษฐกิจเชิงสร้างสรรค์เพื่อกระตุ้นเศรษฐกิจของประเทศเกาหลี, เพื่อศึกษาถึงความเป็นมาและปัจจัยที่ส่งผลต่อการพัฒนาของอุตสาหกรรมเกมส์ออนไลน์ของประเทศเกาหลี และเพื่อศึกษาถึงปัจจัยที่ส่งผลต่อการเติบโตของความนิยมในอุตสาหกรรมเกมส์ออนไลน์ของเกาหลีในตลาดเกมส์ประเทศไทย

โดยงานวิจัยนี้ถูกแบ่งเป็นสองส่วน ส่วนแรกคือการศึกษาเรื่อง อุตสาหกรรมเกมส์ออนไลน์ ในฐานะที่เป็นส่วนหนึ่งของเศรษฐกิจเชิงสร้างสรรค์ของประเทศเกาหลีโดยวิธีการค้นคว้าทางเอกสาร จากเอกสารที่เกี่ยวข้องเช่น วิทยานิพนธ์, วารสาร, หนังสือ, และอื่นๆ ส่วนที่สองคืออุตสาหกรรมเกมส์ออนไลน์เกาหลีในตลาดเกมส์ประเทศไทย ศึกษาโดยการสัมภาษณ์เชิงลึก โดยผลจากการศึกษานั้นปรากฏว่าทั้งอุตสาหกรรมเกมส์ออนไลน์และเศรษฐกิจเชิงสร้างสรรค์ของประเทศเกาหลีนั้นได้รับการสนับสนุนอย่างแข็งขันจากทั้งทางภาครัฐและเอกชน โดยเฉพาะอย่างยิ่งอุตสาหกรรมเกมส์ออนไลน์ของประเทศเกาหลี และนี่คือเหตุผลที่ทำให้อุตสาหกรรมนี้สามารถเติบโตได้ดีทั้งในตลาดภายในประเทศจนถึงระดับต่างชาติ ส่วนในตลาดประเทศไทยนั้นการเติบโต และความนิยมในเกมส์ออนไลน์จากประเทศเกาหลีนั้นมิได้มีส่วนเกี่ยวข้องกับกระแสนิยมเกาหลี (Korean Wave) แต่เป็นผลมาจากคุณภาพ และเนื้อหาที่ดีของตัวเกมส์ตลอดจนข้อได้เปรียบจากการเป็นผู้บุกเบิก (The First Mover) ในตลาดประเทศไทย

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In the past South Korea used to be an online game importing country, but now it has become the empire of online game in the global market. Online games are also a part of the creative economy which President Park Geunhye mentioned it would lead Korea to a new era of hope and economic development. Therefore, this research aims to study online games as a part of the creative economy and its role in the revitalization of the Korean economy, to study the development of the Korean online game industry and the factors that have affected its development, and to identify the factors affecting the growth and popularity of the Korean online game industry in the Thai market.

The research is divided into two parts. The first part focuses on online game industry as a part of Korean creative economy. For this part, the researcher will make use of document-based research examining the previous documents, such as theses, journals, books, and so on. Then it will focus on the Korean online game industry in the Thai market. The study will be conducted through in-depth interviews with employees of game companies in Thailand. The results of the research show that Korean creative economy has gotten strong support from both the government and private sectors, especially the online game industry which is an essential part of Korean creative economy. This is why it is efficient enough to flourish both at the nationally and internationally. The cause of the growth and popularity of Korean online games in the Thai market is not related to the Korean wave, but rather the high quality and content of Korean online games and also the advantage as the first mover in Thai market.

Field of Study: Korean Studies

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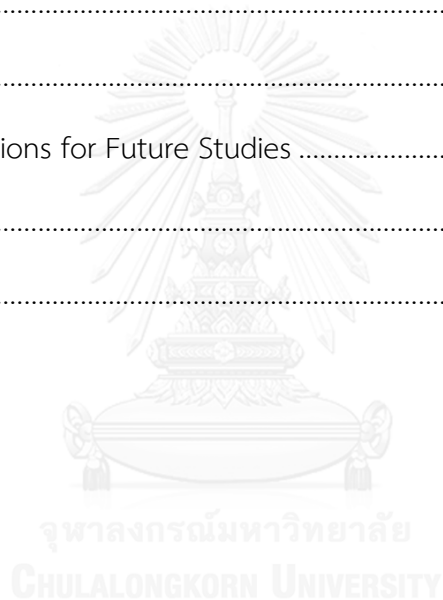
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CHAPTER I

INTRODUCTION

1.1 Research Background

The Republic of Korea or South Korea has been one of the fastest growing countries in terms of GDP per capita over the past fifty years. Many countries not only in Asia are impressed with the phenomenon of ‘the Miracle on Han River’ initiated by General Park Chunghee, since it was the first country that was able to change its status from being a recipient of OECD aid after the Korean War to being a donor on 12 December 1996 (Hankyoreh 2009). The principle of export-led manufacturing and the first five-year Economic Development Plan during General Park Chunghee’s rule has been continued to the foundation of South Korea’s position in the international stage. However, in this period, new economic models or ideas are needed to revitalize the nation’s economy and society in order to maintain or even improve its status in the international stage. For example, South Korea’s old model of export-led manufacturing which exploited Korean labor, no longer works with the educated-Korean nowadays.

In the conclusion of President Park Geunhye’s address during her inaugural ceremony as the 18th president at the National Assembly, she promised to introduce a new era of hope by invigorating the economy, boosting people’s happiness and promoting culture by the combination of a Creative Economy and fair competition in

which conglomerates and small companies can prosper together, leading to the 'Second Miracle on the Han River' (Taegy 2013).

Creative industries have many kinds of classifications, but according to the Creative Economy report of UNCTAD, Creative industries are classified into nine groups: Cultural sites, Traditional Cultural expressions, Performing arts, Audiovisuals, New Media, Creative services, Design, Publishing and Printed media, and Visual Arts. The report also shows that Creative industries in South Korea have been performing well, especially those in technology-oriented areas, such as audiovisuals and new media (mainly films, animation and online games) (UNCTAD 2010). The popularity of Korean film and Korean cultural industries is well-known, but the development of South Korea's online game industry is also worth keeping an eye on. Game industry in South Korea has bloomed since the end of 1990s. The statistics from KOCCA (Korea Creative Content Agency) shows that in 2012 the creative content industries recorded growth of 5.2 per cent or 87,271 billion won (KOCCA 2012). The online game industry which is a part of the creative content industries also has experienced an interesting rate of growth. There were 500 game companies in South Korea in 2007, but in 2012 the number has increased to 16,189, and these generate job opportunities for 95,015 workers within the industry. The online game market recorded \$9,752.5 billion in sales, with exports earning \$2,638.92 million and lesser imports from overseas earning \$179.14 million (KOCCA 2012)

Based on the study of various sources, we can see that the Korean government encourages the growth of creative content industries, especially the online game industry, which is routinely ignored by most countries. The Korean government is one of the few governments that see importance in the growth of the online game industry, as well as the need to know how to get the most benefit from it. There are many policies and institutions that have been launched specifically by the government to support the growth of the online game industry and to allocate a huge budget to expand its market, both domestically and overseas. Moreover, the Korean online game industry also received the strong support from the private sector and foreign companies (ThaiFTA 2009). South Korea has also expanded their online game industry into the global market by expanding their business through joint-stock companies, overseas branches, and so on. For example, NC Soft, one of the important game companies in South Korea, also established overseas branches in North America, Japan, China, and Taiwan. In Thailand, we also have many companies working as partners with the Korean companies.

1.2 Statement of Problem

Based on the information in the Research Background, we can see that the online game industry, which is a part of the Creative economy, is an interesting topic that should be emphasized as a tool to further drive the growth of a nation's economy. According to the information from Invest Seoul's website, foreign direct investment and sales rates of the online game industry during the years 2011-2013

shows a steady increase is expected to continue to expand in the future (InvestSeoul).

The popularity of Korean online games has been on the rise in Thailand for many years. Our country imports many games from South Korea in various platforms, such as online games, video games, mobile games, and arcade gaming. Even though, we also have high quality human resource who can develop online games for the Thai market, locally designed and published games are still less popular than Korean online games. The expansion of the popularity of Korean online games from the region of Asia to the entire world has created interest in understanding the phenomenon. How could one country that started with importing online games become one of the most successful in the creation of online games? Referring to the statistics, South Korea is ranked sixth in game revenues on the global market (Newzoo 2015). Therefore, the researcher is interested in studying the Korean online game industry using a case study in the Thai market.

1.3 Research Objectives

1. To study online games as a part of the Creative Economy and its role in the revitalization of the Korean economy.
2. To study the development of the Korean online game industry and the factors that affected its development.
3. To find out the factors affecting the growth and popularity of the Korean online game industry in the Thai market.

1.4 Hypothesis

1. The online game industry is an important tool of the Korean Creative economy to boost the national economy.
2. The online game industry in South Korea has been developed willingly with strong support from the government, private sector, and foreign companies.
3. The primary factor that affects the growth and popularity of the Korean online game industry in the Thai market is not the Korean Wave (Hallyu).

1.5 Research Questions

1. How do Korean online game industries play important roles in the Creative Economy?
2. How has the Korean online game Industry developed in the Korean context?
3. How did the Korean online game industry bloom in the Thai market?

1.6 Expected Benefit

1. Knowing the significant role of Creative industries in revitalizing a nation's economy.
2. Knowing the weaknesses and strengths of the Korean game industry in the Thai market.
3. Extending the knowledge to other studies on the issue of the Creative Economy and the online game Industry.

1.7 Scope of Research

This research is based on the study of the Korean online game industry in the Thai market. The research will be separated into two parts. First, the research will focus on studying the characteristics of the South Korean Creative Economy in order to illustrate the image of the online game industry as one of the major industries in the Creative Economy, and to better understand the factors affecting the growth and popularity of the Korean online game industry in the global market. In this part, the researcher will make use of document research based on previous documents, journals, theses, and so on. Another focus is the Korean online game industry in Thai the market. The study will be conducted through in-depth interviews with employees of game companies in Thailand.

1.8 Definition Terms

1. *Creative economy*: John Howkins, the author of the book 'Creative Economy: How people Make Money from Ideas', states that a creative economy is a new economic system that is based on creative people, creative industries, and creative cities, revolving around transactions of creative products that combine creative activities with economic value (Howkins 2002).

2. *Game Industries*: there is no precise definition of 'Game Industry', but based on the study of various sources, this term began as a way to describe 'the video game industry', which has undergone total transformation in recent years (Aoife C. 2008).

The Video Game industry includes developers, publishers, manufacturers,

distributors, and retailers of electronic gaming devices, software, and accessories. However, with the development of more advanced technologies, such as the breakthrough of 3D polygon imagery, it now refers to any type of display device (LysenkoM 2007). The evolution of display devices has enabled an advancement of platform technology. Previously games were played from a specific company's gaming systems, with televisions as their primary median, or on a personal computer, with software being uploaded. Today, choices are endless as any interactive entertainment, computer, or electronic device that can manipulate a video display signal could potentially be used to play a game. Choices range from the traditional platforms to more advanced platforms such as Mobile Phones, BlackBerry's, MP3 Players, and other handheld devices (Aoife C. 2008).

3. *Online Game Industry*: this term refers to the industry related to specialized applications or technology which connects players through the internet or over a computer network and emphasizes web-based social interaction as the primary form of play (Adams 2006).

CHAPTER II

RELATED THEORY AND LITERATURE REVIEW

2.1 Related theories and Concepts



Figure 1 The Four P Components of the Marketing Mix (Fundas)

2.1.1 Marketing Mix

Based on the information from the Business Fundas website, this theory states that there are marketing strategies to stimulate consumers to make a decision to buy a product. Based on the information from Business Fundas, Marketing Mix strategies, or the 4Ps, includes Product, Price, Place, and Promotion (Fundas).

Product: is the tangible object or intangible service that is getting marketed through the program. Product design, which leads to the product attributes, is the most

important factor. However, packaging also needs to be taken into consideration. To retain its competitiveness in the market, continuous product extensions through innovation and thus differentiation is required and is one of the strategies to differentiate a product from its competitors.

Price: is the simple amount a customer pays for the product. If the price outweighs the perceived benefits for an individual, the perceived value of the offering will be low and it will be unlikely to be adopted, but if the benefits are perceived as greater than their costs, chances of trial and adoption of the product is much greater.

Place: represents the location where a product can be purchased. It is often referred to as the distribution channel. This may include any physical store (supermarket, departmental stores) as well as virtual stores (e-markets and e-malls) on the internet.

Promotion: represents all of the communications that a marketer may use in the marketplace to increase awareness about the product and its benefits to the target segment. Promotion has four distinct elements: advertising, public relations, personal selling and sales promotion (Fundas).

2.1.2 SWOT Analysis

SWOT analysis is essential for analyzing how the Korean online game industry became successful in Thailand, and also possible future trends, by analyzing its Strengths, Weaknesses, Opportunities, and Threats. According to SWOT analysis Strategy Skills on FME website, it states that SWOT analysis is a business analysis technique that a company can perform for each of its products, services, and markets when deciding on the best way to achieve future growth. The process involves identifying the strengths and weaknesses of the company, and the opportunities and threats present in the market that it operates in (FME 2013)



Figure 2 SWOT Analysis (Davies 2013)

Strengths: is something that has a positive implication. It adds value, or offers your company a competitive advantage. Strengths include tangible assets, such as available capital, equipment, credit, established and loyal customers, existing

channels of distribution, copyrighted materials, patents, information and processing systems, and other valuable resources.

Weakness: there are the characteristics of one's product or service that are detrimental to growth. Weaknesses are those things that detract from the value of your offering or place you at a disadvantage when compared with your competition.

Opportunities: can occur for a variety of reasons and may result from changes within the market, customer lifestyle, advances in technology, new production methods, and so on.

Threats: threats made up of the external factors that are beyond your control. Even though it is beyond control, it still needs to be considered carefully. The greater your ability to identify potential threats, the more proactive you will be able to be in your planning for and responding to such events (FME 2013).

2.1.3 Advancement in Social Media Communication and Internet

Currently, social media communication is critical, due to the increasing size of the online population who can get access to the internet. Online game is one of the industries that benefits from the rise of social media communication. Refer to Philip Kotler, he states that internet is based on the computer network all around the world. In the past it was founded for the benefits of doing the research and exchange of academic knowledge, but now people all over the world can access to the internet for free to do their activities, such as learning, shopping, playing games and so on though some users need to pay for the accesses (Kotler 1984). Social

media is also growing along with the internet as the important tools that make people can communicate with each other. Moreover, it is the essential factor that supports the online industries since nowadays people can get access to the internet 24hours through many electronic devices, such as smartphone, notebook, tablet, MP4 player, and so on. Jamnien Boonmak (2013) also states about the technology that support the social media accessibility which are; the increasing number of smartphone users, advancement of internet network that also lead to more kinds of the new contents on internet, and so on (Boonmak 2013).

2.1.4 Smartphone

A smartphone can do everything a personal computer can do, and is increasing in popularity due to its mobility. A smartphone combines a cellphone with e-mail and the Web, music and movie player, camera and camcorder, GPS navigation, voice dictation for messaging and voice-operated functionality. A lot more personal than a personal computer, a smartphone is generally within reach no matter where you are (PCMag). Smartphones are also an important factor that should be considered when doing research on the topic related to the online game industry, since it is one of the devices that is used to play online games. There are many researches on the topic of the number of smartphone users and the increasing number of online game players.

In the *Entertainment Software Association*, United States, research on the topic of 'Mobile Games: Expanding Gameplay Across America', it has been shown that the

mobile game market is growing rapidly, because players can play mobile games anywhere, at any time. Moreover, mobile game has stimulate the industry to expand 22 per-cent (Thai Unity3D 2014).

Software Industry Promotion Agency, a Thai research on the topic of the Digital Content market 2013/2014, shows that the number of game players through smartphone has reached 86 per cent, showing that mobile game has the highest growth rate in the online game industry (SIPA 2014).

Kasikorn Research Center, a Thai Economic analysis, has also shown that the online game industry in the Thai market has achieved significant growth by the increasing numbers of smartphone and tablet users. Game players turn to online mobile games since they are convenient to play, and offer the ability to invite friends from social media to join. These factors have made online mobile games expand rapidly in the Thai market. Moreover, there is the prediction that the growth of online mobile games will be able to expand more in the future (Kasikorn Research Center 2014).

2.2 Literature Review

2.2.1 Creative Economy and Its Importance

In the book 'Creative Economy: an introductory guide', John Newbiggin states that in the past, the terms 'creative economy' and 'creative industries' did not exist, yet has become a contemporary buzzword in understanding an important and growing part of the global economy. His idea is that creative industries are actually quite similar meaning to 'cultural industries' that have thrived since the dawn of

digital media (Newbiggin 2010). Creative industries gained much wider acceptance as a term following its adoption by the government of the United Kingdom in 1997, which defined creative industries as those activities originating in individual creativity, skill, and talent. Moreover, the roles of creative firms and cultural activities are becoming important economic issues that are important for national wealth and major sources of jobs (MediaandSportoftheUnitedKingdom 2014). UNCTAD also defines 'Creative Industries' as generating trade and income based on intellectual property, not necessarily limited to arts (UNCTAD 2010). The Creative industries are also adopted by many countries as part of their economic force, such as the United States, which also make a large amount of money from copyright industries exports (Media and Sport of the United Kingdom 2014).

2.2.2 Creative Economy in South Korea and Its Characteristics

The concept of the Korean Creative economy has been in establishment for many years, but began with a small scope. However, it has expanded rapidly since the period of the Asian economic crisis in 1997 that left many Koreans unemployed. The government needed to find a tool to drive the economy, so they extended broadband capacity in order to create the infrastructure that would support creative entrepreneurs and other businesses. These also triggered an increase in digital literacy and user-generated content, increasing demand for creative products, and the support of rapid growth in the creative economy (Newbiggin 2010).

From the various studied sources, we could see that the concept of creative economy is the new engine of regional economic growth that can give advantages all over Korea, not only in the capital city. The official statistics maintained by Statistics Korea through annual surveys on manufacturing and services industries related to the creative economy show that the Korean creative economy is composed of many subsectors, including clothing production, publishing and printing, software, architecture, engineering, advertising, design, film, broadcasting, performing arts, tourism products, and various cultural activities (Kim 2010). The Korean government sees the creative economy as a new economic strategy that creates new industries and markets as well as enhancing existing industries by combining the imagination and creativity of Koreans with science and technology, thus creating high quality jobs (Jeong-gon Kim 2013). From this point we can see that the creative economy or creative industries is not just an economic driving force of South Korea for domestic market, it also provides a path for South Korea to enter the global market. Even though South Korea adopted the concept of the U.K creative economy (Kim 2012), the Korean concept emphasizes the role of creativity and knowledge throughout the whole range of economic sectors (Jeong-gon Kim 2013).

According to the KIEP (Korea Institute for International Economic Policy) the Korean government released the Creative Economy Action Plan on June 5, 2013 as the government noted that the major sources of value-added products in the

international economy is shifting to innovative technologies and creative ideas (Jeong-gon Kim 2013).

The Creative Economy Action Plan has three goals:

1. Creating new jobs and markets through creativity and innovation.
2. Strengthening Korea's global leadership through the creative economy.
3. Building a society where creativity is respected and made manifest.

Based on the studies, the Korean Creative Economy has an assortment of strengths and weaknesses. The most significant strength is that the Creative Economy of South Korea is tacit support from both the government and private sector. The government has enacted an array of policies to improve the creative environment and to facilitate the creative industries. The private sectors also have an important role in fostering the development of creativity. Meanwhile, the weakness of Korean creative economy is that they do not have a creative industry as their focus. The Korean government needs to carefully decide and select which industries it will promote centrally (Jeong-gon Kim 2013).

2.2.3 Importance of Creative Economy toward Online Game Industry

Based on the information from UNCTAD the Creative economy report, it states that South Korea has ridden a wave of growth driven by its harnessing of content creation via new technologies in video games, animation and other audiovisual services, since the public policies launched by the government on audiovisuals have been instrumental not only in enhancing the creative sector

domestically, but also in guiding international trade policies in the context of World Trade Organization negotiations as well (UNCTAD 2010). The expansion of the Korean creative economy has given rise to the Korean wave phenomenon whereby cultural products, such as Korean movies, television dramas, music, fashion, and also the online game industry have enjoyed rising popularity with international audiences (Foster 2012).

2.2.4 Development of Korean Online Game Industry

According to the Animation and Game Report by the Thai FTA, Korea used to be a game importing country in 1990s; they imported both PC and Console games from Japan and the United States. Even though there were some domestic game companies at that time, they did not have the ability to compete with foreign products. The success of the Korean game industry started at the end of the 1990s (KOCCA 2012). Since the late 2007, the *Hallyu* phenomenon has experienced a significant change with the growth of social media, and by the rapid advancement of broadband services, the online game industry became a major source of revenue for South Korea. In 2000, Korea exported \$102 million worth of games and in 2010 the value of this export rose to \$1.6 billion. During the period of 2000-2010, the export increased 15.7 times, and granting the Korean online game industry substantial status as an empire in the cultural sector, and becoming one of the most significant exported cultural products of Korea (Kim 2012).

The Korean online Game industry is a part of a creative economy that has a wide range of business chains. There are four main sectors within this industry, including Complementary Inputs and Sectors, Game Development, Publishing, and Consumption. Game cafés could also be included as a business chain of the online game industry as well. From the statistics in 2012, there are 16,189 game companies in South Korea, employing 95,015 workers. The game market recorded 9,752.5 billion sales, with exports earning \$2,638.92 million and lesser imports earning \$179.14 million (KOCCA 2012). There are indirect and direct ways of exporting games. The indirect method is by making a license with a partner in the foreign country while the direct method is establishing a joint-stock company or opening an overseas branch (ThaiFTA 2009).

2.2.5 Korean Online Game Industry and Its Support

Government Support

Based on the information from the Thai FTA, the Korean online game industry is supported by the government (both central and local government), private sector, and foreign companies. There are policies that have been enacted specifically to promote the game industry, enhancing their popularity on an international scale. The Korean government also provides incentives for other key creative industries as well (ThaiFTA 2009). Since South Korea has a goal of being a leader of the online game industry in the global market under the Korean trademark (Huang 2011), the

government provides strong support by enacting many policies to support both big and small companies for the growth of the online game industry in various aspects.

1) Budget Allocation policy:

This policy focuses on the development of Technology and Infrastructure to support the growth of the online game industry and development of new technology. Moreover, it also supports investment within the online game industry by establishing 'Digital Media City' the suburb of Sang am in Seoul to serve as an optimal center for product development, production, and distribution, and to serve as a nexus of research and development of entertainment media, E-education, IT, and software.

2) Marketing Policy:

This policy aims to support the organization of cultural showcases and exhibitions within the major countries for the benefit of exporting games, such as the Asia Game Forum, G-Star, and the World Game Championship.

3) Human Resource Policy:

The Korean government along with corporations from the education sector aims to train staff who work within the online game industry. South Korea also has game development courses offered at many institutions.

4) Supervision Policy:

The Korean government also gives attention to amending the law for handling changes in the export and import industry. For example, the Sound Record,

Video Products and Games Act are amended for use within the game industry, and also to adjust the rating system for game players as well.

Moreover, there are state agencies that have been established to support the growth of the online game industry, which are:

- *Korea Culture and Content Agency (KOCCA)* this public organization is under the Ministry of Culture, Sports and Tourism, and has a role to support the growth of the game industry and other cultural content industries.

- *Game Industry Division* is also under the Ministry of Culture, Sports and Tourism, and plays a role in assisting small-sized distributors by various means, such as business meetings between domestic and overseas entrepreneur, as well as assisting business matching by corporate with KOTRA. Moreover, it has a duty to prevent online hacking and introducing the countermeasures for illegally copied product.

- *Korea Trade-Investment Promotion Agency (KOTRA)* is under the control of the Korean government. KOTRA has a duty to support trade and domestic investment in the global market. KOTRA also has overseas branches to support the Korean economy.

- *Korea IT Industry Promotion Agency (KIPA)* is an organization that has a duty to support digital content agencies, including the game industry, in the aspects of technology, business, marketing, and exporting.

Private sector Support

There are many private organizations that support the online game industry, but the main organization is the *Korea Game Developers Association* (KGDA), which has a role in taking care of the rights and benefits of game developers, exchanging the information, strengthening game developers' power, and also organizing the Korea Game Conference every year. Other private organizations that also support the Korea game industry include the Korea Association of Game Industry (KAOGI,) and the Korea Computer Game Industrial Association.

Foreign Direct Investment

As South Korea has outstanding ability for game development, this country has attracted a lot of funding from foreign direct investment for the purpose of game development, such as from Electronics Arts Company, a famous video game company in the United States, which invested 1,000,000 million won in Neowiz in return for 19 per cent of the company's stock (ThaiFTA 2009).

2.2.6 Thai Online Game Industry

The online game industry in Thailand is also considered to be an important industry as technology and internet is improving, and the price of hardware is decreasing. According to the Final Report on the Digital Content Market, the value of the Thai Game market is worth 8,806,000,000 million baht (import: 8,059,000,000 MB export: 261,000,000 MB and domestic: 486,000,000 MB) (SIPA 2011). Based on the Thai FTA report, 80 per cent of the online games in the current Thai market are

imported from South Korea, while the remainder is from China and Taiwan. The Thai online game market seems to have a bright future, because of the advance of new technology and platforms, outsourcing from overseas, the quality of entrepreneurs, the increasing number of consumers, and so on (BOI 2013).

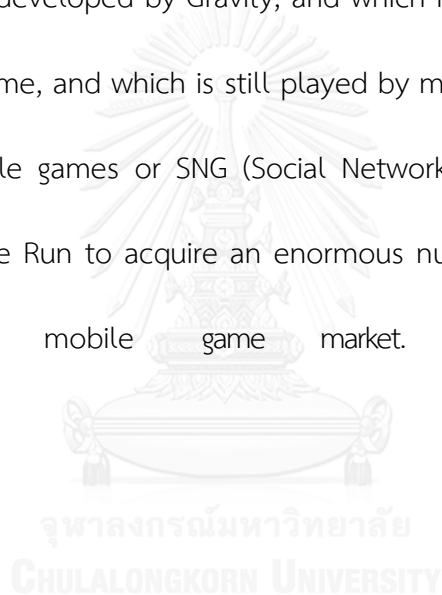
There are various kinds of criteria to categorize game products in the Thai market. However, SIPA (Software Industry Promotion Agency) categorizes game products into 6 categories including (SIPA 2011):

- Online Game or Browser-based Game
- Mobile and Tablet Game
- Console Game and Handheld Game
- PC Offline Game (CD, DVD, and Web Portals)
- Arcade Game
- And IP Property Fee

From the last research conducted by SIPA and Thailand Development Research Institute, there are around 76 game companies in the Thai market, but this number is still uncertain since it includes freelance group, which makes it difficult to collect information about the companies. However, Game Companies can be categorized into 3 types based on the Game Industry Value Chain, which are IP owners, Game Developers, and Game Publishers (ThaiFTA 2009).

2.2.7 Development of Korean Online Game Industry in Thailand

Actually, Korean online games began to be imported to the Thai market before the onset of the Korean wave (Hallyu), and the popularity of the Korean online games played on various kinds of platforms has continued to grow in Thailand until now (TheBridge 2014). Based on the information from the special report from the Bridge, Korean games entered the Thai market in 2003. One of the imported games is 'Ragnarok', developed by Gravity, and which has had a strong influence on Thai society in that time, and which is still played by many gamers now. In 2013, the proliferation of mobile games or SNG (Social Network Game) has allowed Korean games such as Cookie Run to acquire an enormous number of players and being a center of a mobile game market. (TheBridge 2014).



CHAPTER III

CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

3.1 Conceptual Framework

The conceptual framework of this research is focused on finding the factors affecting the growth and popularity of the Korean online game industries in the Thai market. The conceptual framework will consist of the Marketing Mix Theory, SWOT Analysis, Advancement in Social Media Communication and Internet, and Smartphones. These related theories and concepts will lead to a deeper understanding of the research focus. The independent variables include consumer behavior, advancement in social media communication and internet, and the number of smartphone users. The dependent variables are the growth and popularity of Korean online games in the Thai market.

Variables

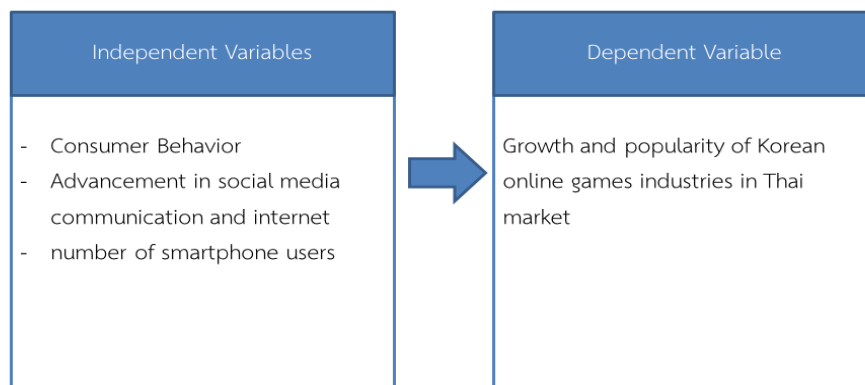


Figure 3 Variables in the Research

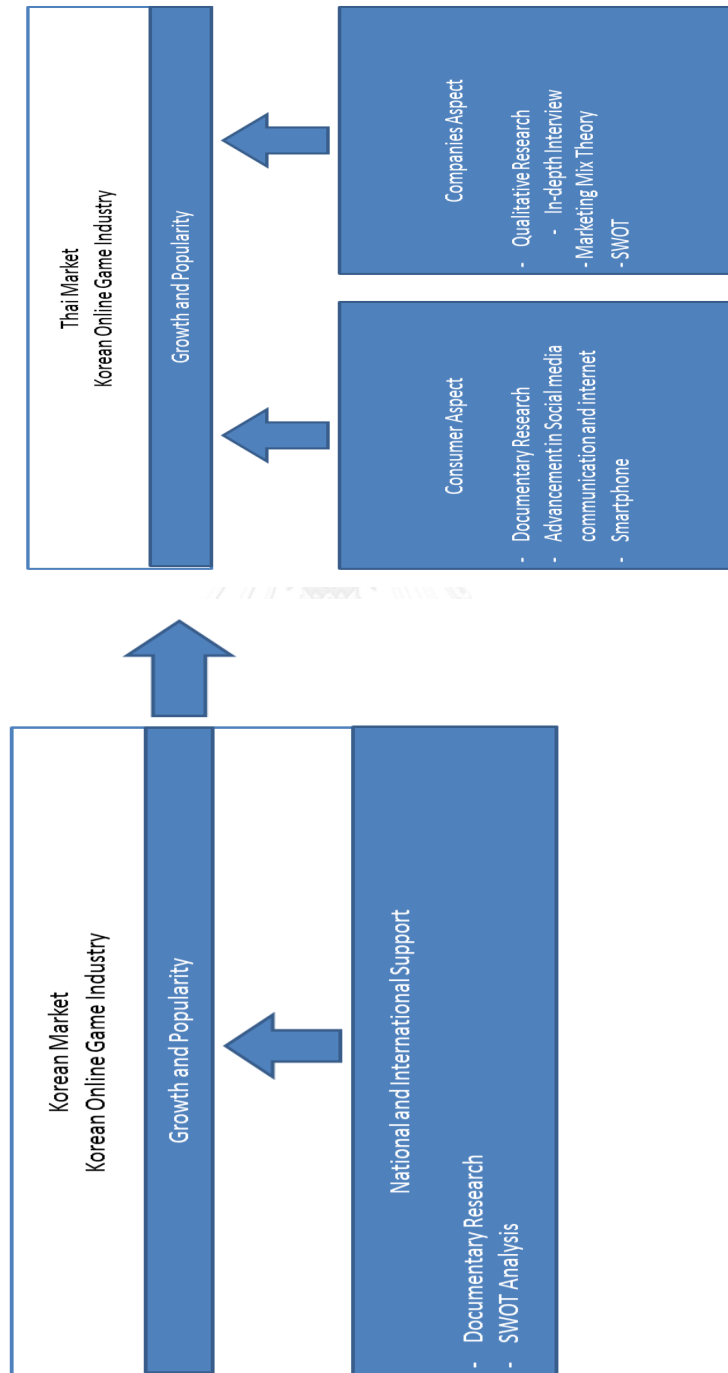


Figure 4 Conceptual Framework

3.2 Research Instrument

Document Research: Study from the previous thesis, journal, paper, and any related documents on the topic of Creative Economy, the growth of the South Korean online game industry in both domestic and overseas market, and the Thai game industry.

Qualitative Research: The data will be conducted by in-depth interviews with the officers from game companies in Thailand. There are seven selected companies.

3.3 Population

According to the information from the Digital Content market Report 2013/2014 by SIPA (Software Industry Promotion Agency) and Thailand Development Research Institute, there are 76 game companies in Thai market, although this number is only as an approximation, as it is difficult to ascertain the exact numbers of the freelance groups that also play an important role in the Thai game industry (SIPA 2014).

3.4 Sampling and Criteria

This research will group the game companies in the Thai market into three groups by Judgmental Sampling, categorized by the level of relationship with Korean companies and 1-3 companies from each group will be selected by the criteria of Judgmental Sampling.

1. Game Company with Korean partnership
2. Thai Game Company that imported game from Korea
3. Thai Game Developer Company

3.4.1 Game Companies with Korea Partnership

The companies in this group cooperate with Korean online game company as a joint-stock company. The selected company is:

Ini3 Digital Public Company Limited established in 2004, Ini3 has a partnership with Soft Bank Ventures Korea Corp. The company develops games for both PC online and mobile platforms. There are abundant games in the Thai game market operated by Ini3. The popular Korean games from this company are Pangya, C9, and so on (INI3).

3.4.2 Game Companies that Import Online Games from Korea

The companies in this group focus on importing online games from the overseas to distribute in Thai market. The selected companies are:

Asiasoft Corporation Public Company Limited established in 2001, the company's affiliates are involved in international investment for online game publishing and development as well as game portal services (www.playpark.com and www.playfps.com) and other IT-related business. The company imports the most famous Korean online game in Thailand, Ragnarok, from Gravity Company, and there are currently 35 online games from over the world released with more than 142 million registered IDs in the region (Asiasoft).

M Seed Asia Company Limited established in 2006, as the subsidiary company of M Link Asia Corporation. The company is the publisher of famous Korean online game in the Thai market, like ‘Jump Flower’. The company also focuses on online game development and game accelerators (MSeedAsia).

TRUE Digital Plus Company Limited established in 2003 as a business unit under TRUE Corporation. The company quickly became the top online game publisher in Thailand with leading online games from Korea, such as Special Force, Hip Street, and M Fighter. The company has also been a pioneer in E-sport competitions and has hosted several world-class championships in Thailand (TrueDigitalPlus).

3.4.3 Thai Game Developer Companies

The companies in this group focus on developing new games by Thai game developer to distribute in Thai and foreign markets. Even though it is not related with Korean companies, it can give useful information about the drawbacks of the Korean online game industry. The selected companies are:

Debuz Company Limited established in 1999, the company is a leading Thai online game developer. Debuz expanded their business into mobile game development and won many prizes overseas. Moreover, its game ‘Asura’ is a regular feature in the top ten most popular online games in Thailand, and is the only Thai-developed game that has been able to do so (Debuz).

Game Square Interactive Company Limited registered in 2003, the company works with technology partners from around the world and local talents to deliver world

class games to players. The company focuses on services in the area of Game Development in major platforms, Game Marketing, Game Porting, and Game Localization (GameSquareInteractive).

U Next Digital Plus Company Limited established in 2011, the company is a small-sized game developer in Thailand with a vision to create and develop games that can satisfy the desires of gamers at the international level. Now, U Next Digital Plus has only one completed online game on the Thai market which is Blast Breaker Online (UNext).

3.5 Data Collection

Primary Data this kind of information and data is obtained by in-depth interviews with 12 officials from 7 online game companies in Thailand (1-2 officers from each company). Each interview took around 20 minutes with the main objective to obtain information about the Korean online game industry in the Thai market.

Secondary Data is obtained from revising previous related theses, articles, books, websites, research, and any related documents. The main objective is to gain information about the online game industry as a part of the Creative economy.

3.6 The Questions to Conduct in the In-depth Interview

There are two sets of questions in the interview. The first two groups, which are the game companies with Korean partnership and game companies that import online games from Korea, will be interviewed with the same set of questions, while

the Thai game developers companies will be asked another set of questions. Each set of question is divided into two parts:

Part one is the general questions that will be used to get general information about the companies from the samples. The questions will involve the information about the interviewees, the business type of their companies, sources of funding, and the market strategies of the companies to promote new online games in the Thai market.

Part two is the specific question that will be used to get deeper information on the interesting topics within the scope of Korean online game industry in the Thai market. The question will be about the reason of being the joint-venture with Korean company, reasons for importing Korean online game, or reasons of decision to develop new online games instead of importing, support from outside the company, Thai consumer behavior, market strategies to promote Korean online games, Strengths and weaknesses of Korean online games, Factors that affect growth and popularity, the Korean wave and Korean online games, future trends of Korean online game in the Thai market, the possibility of Thai online game industry blooming like the Korean industry has, and etc. The questions in the in-depth interview can be found in the appendix.

CHAPTER IV

DATA ANALYSIS

4.1 In-depth Interview Summary

4.1.1 Summary from the Online Game Company with Korean Partnership

Ini3 is a Thai game publisher that is a joint-venture company with Soft Bank Venture Korea. The shareholders are the main source of funding. The business of the company is under the scope of Game Service Provider /Publisher. Ini3 has imported about 20 Korean online games for the platforms of PC Clients, PC Browser, and Mobile. The market strategies to promote new online games can be divided into two types, which are public relations media and marketing activities. Public relations media includes buying advertisements on online social media, such as Facebook, and also advertisement in printing media, and famous magazines, such as OS Online Station and COMP Gamer News. Marketing activities to promote sales are also divided into online channels, such as the organization of activities through fan pages on Facebook, or websites and offline channels such as participation in game expos.

The stated reason for being a joint-venture with a Korean company is that both companies also share the same strategy and directions. The company does not put much attention on the money that they would get, but rather towards the accessibility to the connections and resources from Soft Bank Venture that could provide many benefits for Ini3. The interviewee states that there is support from the

government in the form of arranging conferences or seminars related to the online game industry at the international level, but the company sees that this is not strong enough to expand the online game industry since there is a small number of a small company that participates in the activities.

For the issue of consumer behavior, the company states that consumer behavior has a strong influence on the process of selecting online games to bring to the Thai market. Since the players are the ones who play online games, the company needs to do research on Thai consumer behavior such as trends in Thai market, popular genre and content, behavior on spending money in each genre of games before importing new online games. Moreover, the company needs to do the research on the specs of devices, technology, and infrastructure used in Thailand, because some imported online games require devices with high spec, so the lower quality of technology and infrastructure in Thailand makes it difficult for some imported online games to be successful in the Thai market. The popular genres of Korean online games in the company are MMORPG and casual.

For the topic of market strategies that are important to the growth and popularity of Korean online games in the Thai market, the company sees that Korean online games are already imported with its well quality of content, so the market strategy that Thai publishers should concentrate on is to put the needs of Thai gamers in to online games as the strategy and also to provide high quality customer service. The interviewee focuses that the quality of games and content that matches

the needs of players, plus the fine quality of customer service are the significant factors that make Korean online games grow in the Thai market. The price of Korean online games in the Thai market depends on the quantity of content, the cost of game development, the price of intellectual property, and the size of the market. For the distribution channel, Ini3 publishes its online games through PC websites and Smartphones via the iOS Store and Play Store. The channel that generates the most money is PC websites. However, online games on the mobile market are growing rapidly, and may potentially generate more money than PC games in the future.

The interviewee sees the strengths of Korean online games as being artwork, graphics, and gameplay creativity. The weaknesses of Korean online game, according to the interviewee, are that Korean online games generally have a small amount of content which creates a short life cycle. The factors that have an important role in the growth and popularity of Korean online games are the behavior of gamers, technology and infrastructure.

The company also agrees in some aspects and disagrees in other aspects with the notion that the Korean wave is the cause of the popularity of Korean online games in the Thai market. First, the company agrees that the Korean wave can affect the growth and popularity of Korean online games that links to association with the culture, actors, and singers that lead the Korean wave. However, the company thinks that the Korean wave is only a minor factor in the popularization of online games, as players primarily focus on the quality of game, and not on cultural aspects.

As for future trends, the company believes that Korean online games will increase in quality in a way that requires higher infrastructure and technology to play. The problem in the Thai market is that the quality of our technology and devices is still lower than the requirements of many Korean online games, and this might lead to sluggishness for Korean online game industry growth in Thailand. However, Korean online games are still able to grow in the Thai market thanks to other consideration. In regards to the possibility of the Thai online game industry expanding like Korea's, the interviewee suggests that there is possibility of this, but that it will take a long time. The differences between Thai and Korean online games that keep the Thai online game industry from developing further are the creativity of game development, the perception of people towards online gaming, knowledge of gamers' playing habits, and support from variety of sources, especially from the government. In the case of Korea, it enjoys a wide and strong base of support, such as human resources by providing training courses and support for doing business like the exemption of corporate income tax.

4.1.2 Summary from the Online Game Companies that Import Korean Online Game

Asiasoft is a Thai online game publisher. Its main source of funding comes from the founder of the company, followed by listing company on the Stock Exchange of Thailand in 2008 to expand business. The business of the company is in the scope of online game service provider/ online game publisher. Asiasoft uses

every market strategies to promote new online games to the Thai market, but the most successful strategy is through social media, such as websites and Facebook, because these channels can directly contact target groups. The company imports online games for the platforms of PC websites and mobile games, and more than 80 per-cent of imported online games at the company are from Korea, while 20 per-cent are from China and Taiwan.

MSeed Asia is a subsidiary of M Link Asia, so the main source of funding comes from M Link and some from the investors. The main business of the company includes game developers, game accelerators, game publishers, and investors. The market strategy that the company focuses on is social media, because it can directly contact and get feedback from the players.

True Digital Plus Company is a game publisher under the establishment of TRUE Corporation, so most of its funding is supported by TRUE Corporation. The business of the company is in the scope of online game service provider/ online game publisher. The company imports many games from overseas such as the United States and Japan. However, the company imports four or five online games from Korea each year on the platforms of mobile and PC.

The main reason for importing Korean online games is their reputation for quality of content, graphics, etc., suiting preferences of Thai players. However, from the in-depth interviews, there are three main reasons for selecting to import Korean online games to the Thai market. First is that the content of Korean online games are

often interesting and cute. Second is that Korean developers are flexible and easy to work with. The last reason is that most Korean online games are already known as popular game in the market. Asiasoft also added that online games are known as a significant exporting industry of South Korea, so this can guarantee the quality of Korean online games.

For the topic of support from the government and private sectors, the companies do not receive strong support from government, only some assistance. The companies do receive support from private companies as sponsors when they arrange online game events and activities. Most of the companies within this group also get funding from investors.

The interviewees state that consumer behavior affects the process of selecting Korean online games for the Thai market. Thai players like to play and follow online games that are trendy. Moreover, they dislike studying the instructions of new online games, so they will choose to play games that have the same content and instructions as previous games. Moreover, Thai players like to play games that have many promotions and that provide free items. The popular categories of Korean online games are FPS (First Person Shooting), Role-playing Game, MMORPG, and Casual Game, but MMORPG is the most popular one. The companies also added that casual games are quickly expanding in popularity in the Thai market, because the content and characteristics are cute and colorful. Moreover, it is a type of game that does not take much time or skill to play.

The companies use almost every market strategy to promote new online games to the market, but the most satisfactory and effective channels are promotion through social media, especially social media linked with social networks that allow players to interact with each other and directly join the company's promotion activities. True Digital Plus added that the company also focuses on the promotion of efficient customer service and information centers, which is also an essential strategy to gain more players, since Thai players need the company to be very responsive to the problems of online game playing.

For the pricing of Korean online games, the companies state that most Korean online games in the company start with a free download. Asiasoft added that this concept is called 'Free to play.' However, the strategy to generate money is from in-game purchases. The companies will set the price by comparing with games from opponent companies. TRUE Digital Plus added that the strength of Korean online games in this point is that the price of Korean online games is still lower than imported games from the West. For the distribution channels, the companies distribute its games through PC websites, the App Store for the iOS users, and Play Store for android users. The channel that generates the most revenue for the companies is from PC websites. TRUE Digital Plus added that most of the players from the PC group are hardcore online game players, so they trend to spend more money in online games than the players from the mobile group.

The companies interviewed stated that Korean online games have much strength. First is the quality and variety of the online game content. The beautiful graphics and artwork of Korean online games is a significant strength that suits with the preferences of the players. Moreover, there are many game developer companies in Korea, so Thai online game publishers have many options to choose from. Second, an essential strength is the flexibility afforded to Thai companies in the customization of characteristics, items, backgrounds, and other features in the games. The last is that the Korean online game industry also gets strong support from its government to expand business, especially by providing courses related to online game developers and also by helping the companies in the process of business matching with foreign companies. Interestingly, a Korean interviewee from M Seed Asia stated that the Korean government does not give as strong of support to the Korean online game industry as they did in the past. They launched many laws to control the game business; for example, requiring online game service to shut down after 10 p.m. for young students. Most of the weaknesses of the Korean online game industry come from the Korean developers themselves. Even though they are flexible to work with, the company still sees that Korean developers have language barriers and lower skill than developers from the US or Japan. Asiasoft added that even though the large number of local companies in Korea is strength of the Korean online game industry in some ways, it is also a weakness in that most of the online games they produce are very similar. Moreover, the quality of Korean online games is

not stable. The factors that are important for the growth and popularity of Korean online games in the Thai market can be divided into four factors. First is the development of devices, including the price and technology of the devices that directly affects the growth of online games. Second is the consumer behavior that directly affects to the popularity of game. Third is the growth of social media that is important for advertising and public relations of online games to be known in the market. The last is the reputation of the company that develops online games. Asiasoft stated that the reputation of the company has a strong effect on the player's decision to play online games in Thailand. The players in Thailand prefer to play online games that are developed by well-known companies, due to its strong guarantee of the quality of game products.

The interviewees disagree with the idea that the 'Korean wave is the cause of Korean Online game popularity in Thai market.' They stated that the Korean online game industry succeeded in Thailand before the coming of the Korean wave, so they quite disagree with this idea. Additionally, they state that the Korean wave can affect only some kinds of online games that are related with cultural things, such as dancing games and games that are related to Korean singers. The factor that affects the growth and popularity of Korean online games in the Thai market is the content and characteristics of the games. The information from M Seed Asia also supported this notion, as their research, indicates that most Thai people affected by the Korean

wave are not gamers who play Korean online games, and do not even play any online games.

As for the future trends of Korean online games in the Thai market, the interviewed companies believe that Korean online games will still be able to grow in popularity in the Thai market. However, a more open market in the future also comes with more choices for Thai players and more opponents to share the market with Korean online games. The companies also added that, currently, the main opponent of Korean online games in the Thai market is China.

The last point of the interview is the possibility of Thai online games to bloom like Korean games did. There is ability possibility of blooming, but the important factors that need to be developed are the infrastructure, content, and the supporting system. Moreover, the important things to consider is that Thai game developers mostly do not develop unique games, they just apply Thai characteristics to old game content and Thai online games lack strong support from the government to make it become popular.

4.1.3 Summary from the Thai Online Game Companies

Debuz is a game developer that is under the scope of game service provider/publisher. The company is funded by its joint-venture company, named Benjajinda. The compound annual growth rate of the company is not stable; because it depends on the circumstances in each year, but for now the company expects that the rate will be stable at least 15 per-cent per year. The market strategies of the company to

promote new online games are through print media and social media, especially Facebook, which that the company states as the most satisfying channel.

Game Square Interactive is a self-funded game developer company. The company is in the scope of outsourcing and game retailer and the compound annual growth rate is not stable, as it depends on the situation each year. The market strategies to promote new online games based on social networks, new media (VRZO program), and they also participate in some sales exhibitions.

U Next Digital Plus is a small game developer company. Its business is in the scope of creating its own original IP games. The company is self-funded and includes the support of family and friends. Since the company has only one online game on the Thai market, so the compound annual growth rate of the company is not stable, as it depends on the situation each year. The market strategies used to promote the company's online games are business meetings, sales exhibitions, and social media. Social media is the most satisfying channel, since the company can receive direct feedback from customers and also easily keep in touch with business partners.

Game Square Interactive decides to develop new online games instead of importing, because they see that Thai developers can develop online games that match the tastes of Thai players more easily than imported games are capable of. Moreover, the problems of imported online games are that the foreign developer is not responsible for problems experienced by local gamers, and the quality of the game may not be stable. Debus also adds that the cost of developing new online

games is cheaper than importing a new one, which is supported also by the interviewees from U Next Digital Plus that the companies lack of strong support from the government to invest in importing online game. Moreover, developing games can extend the business to foreign markets where the company can get more support from both government and private sectors than doing the business in Thailand. An interesting issue added by Debuz is that Thai online games can follow social trends better than imported games; they can apply the social issues in each period to be the content or make the characters of their online games.

Game Square Interactive and U Next Digital Plus are both self-funded, while Debuz's fund comes from a joint-venture company, but they also get support from SIPA Thailand (Software Industry Promotion Agency), and some companies also get support from their partners. SIPA allocated the budget to the company to develop new games and also supports the organization of beneficial events for business matching. From the private sectors, the companies also got support from its partners in order to produce advertisements and develop new games. For example, Game Square Interactive is partners with famous companies in the technology field, like Microsoft, that gives the fund to develop new online games.

The companies see that Thai consumer behavior directly affects the growth and popularity of all online games, not only Korean online games. The significant character of Thai consumer behavior is that they like to socialize and follow social trends, so most Thai players like to play games which are popular at that moment to

interact with others, especially their friends. Moreover, there is the growing popularity of E-Sports, and Thai players have started to perceive online games as legitimate sports, which is another significant factor of online game industry expansion. Furthermore, Thai players also focus on games that can respond to their problems and needs quickly; therefore, Thai online games seem to get more loyalty from players than imported online games. However, U Next Digital Plus adds that there are some players that are not interested in anything in the game except for grouping with their friends to use every ways to win the game as quickly as they can. After winning, this kind of player is likely to quickly move on to other online games. The problem of low brand loyalty is another essential factor that causes sluggish growth in the online game industry.

The problems of the Thai online game industry from the developer's side includes low brand loyalty, the gap of technology, budget, technical skills, infrastructure and technology, language barriers, and significantly, the perception of Thai people that still see online games as a waste of time and the cause of social problems, especially youth problems. Debuz also added that even though Thai online games can generate the most money in the entertainment industry, it does not get the strong support from the government sector like other forms of entertainment, so it cannot develop well. U Next Digital Plus added that the important problem of Thai online games is the shortage of talent and skilled-workers. Moreover, M Seed, a company in the second group, also gives the

interesting idea that the big problem of the Thai online game industry is that more than 95 per cent of online games in the Thai market are imported from foreign countries, so this makes Thai players look down on Thai games, and makes Thai people not want to develop their own online games.

The strength of Korean online games from the eyes of Thai developers is that the variety of content and the cute characters. The companies also state that the significance of Korean online games in the Thai market is that they already have the advantage as the first mover in the Thai market since the coming of Ragnarok, the popular Korean online game from 2003. This game is imported to the Thai market and already set the standards and perception of online games, so many players are imitate with Korean online games. The interviewees from Game Square Interactive also state that Ragnarok is the significant cause of Korean online game popularity in the Thai market since it was imported, and it paved the path for other Korean online games to enter the Thai market. Moreover, U Next Digital Plus gives the idea that the significant strength of Korean online games is the good quality of human resources in this field, so Korea has the ability to develop advanced online games that can respond to the desires of players. For the weaknesses, they state that the technology of Korean online games is still lower than the games from western countries. Moreover, its monotonous game content has no unique characteristics, because Korean developers put their focus on developing games that have similar content to

other popular games, which makes Korean online games unable to expand well like the past and may lead to a decreasing of growth and popularity.

The Korean wave and the popularity of Korean online games are not the same story. Thai developers see that Korean online games can grow on their own terms without relation to any kind of cultural popularization, because Korean online game has succeeded in the Thai market before the coming of Korean wave. Therefore, the most significant factor that affects the growth and popularity of Korean online games is the content itself. However, the staff from Debuz states that even though the Korean wave does not affect or cause growth and popularity, it still seems like the Korean wave is the passport of Korean online game to be known by the masses in the Thai market. However, the interviewee also stated again that this is not related with the growth and popularity of Korean online games.

For the future trends of Korean online games in Thai market, Thai developers believe that it still has growth potential and popularity, but it will be more difficult than it as in the past, as the market will be more open and globalized, bringing the coming of more developers from overseas who will eat up some of the share of the market with Korean online games. Interestingly, the interviewees also stated that the success of Korean online games has been decreasing, because Korean developers do not know exactly about the driving force and characteristics of Thailand that make Thai players play games, and there will be the transition of popular game platforms to the mobile online games.

For the possibility of the Thai online game industry to bloom like the Korean industry did, the interviewees believe that it has more potential on mobile game platforms than on the online PC platform, but its content quality has to be developed, as well as technology and infrastructure. However, the future trends of the Thai game industry are getting brighter, since there is the increase of perception toward online games as legitimate E-sport like Koreans views their online games. Moreover, the strength of Thai developers is that we are already known well by our creativity and arts in the foreigner's eyes, so it is easier to develop our online games to be popular in the global market, but the weakness of the Thai online game industry is that even though we have the talent, we lack strong support for growth on the international level. The increase of smart phone users also plays an important role in expanding the popularity of the online game industry to the new group of players. The interviewee from Debuz also states that smartphones will help to increase the rate of female players than in the period where games were primarily played online through the PC platform.

4.2 Data Analysis Under the Framework of Marketing Mix Theory

The following part is the conclusion from the data derived from in-depth interviews with 7 companies under the framework of the Marketing Mix theory to understand the cause of growth and popularity of Korean online games in the Thai market considered by the Product, Price, Place (Distribution channel), and Promotion of Korean online games.

Product

- Korean online games have the status of being the first-mover in the Thai online game market, so it is easy to import more Korean online games.
- There are many online game developers in Korea, so it is better for Thai companies to have choices.
- Korean developers have more flexibility in developing game customized by Thai companies.
- The reputation of Korean game developers is a strong guarantee of the quality of online games for players.
- Korean online games are imported to the platform of mobile and PC games, especially the mobile platform that is easy to carry everywhere.
- The content and characters of Korean online game is cute, interesting, and creative.
- The Korean online game industry receives strong support from the government, so it can flourish at both national and international levels.

Price

- The price of Korean online games is set by comparison with the price of online games which are developed from the same technology and tools from components companies.
- Price of Korean online games is still lower than the game that imported from western countries.

- Most Korean online games start with the free download to install in the devices, but the tool to generate money is in-game purchases.
- The in-game purchase system in online games is not complicated to use; the players can pay for the item through the internet by credit card.
- The cheaper price of internet packages and devices also affects the growth of Korean online games.

Place (Distribution channel)

- Most Korean online games in the Thai market can easily be installed for free by downloading through websites, App Store, and Play Store.
- Korean online games are also found at the internet café in almost every community.

Promotion

- Sales promotions, such as free items directly affect the growth and popularity of Korean online games in the Thai market.
- The most important tool for advertising is social media, because players can interact with other players and also contact the company directly.
- The essential factor that affects the growth and popularity of Korean online games is the customer service that players need to ensure that the company be responsive to their problems.

4.3 SWOT Analysis of Korean Online Game Industry in Thai Market

This part is concluded from the data of the in-depth interviews under the framework of SWOT analysis in order to analyze the Strengths, Weaknesses, Opportunities, and Threats of Korean online games in the Thai market.

Strength

- Quality and the variety of the content
- Interesting and cute game characters
- First-mover in the online game industry in the Thai market
- Strong support for business matching from the Korean government
- Online games can be installed easily through the internet
- The payment system for in-game purchases is not complicated

Weakness

- Lower skill compared to U.S and Japanese developers
- Unstable quality of online game operation
- No unique game content
- The high quality of technology and infrastructure that is required in online games does not match the quality of Thai technology and infrastructure

Opportunities

- Flexibility of Korean developers
- Increase of Smartphone users
- Cheaper price of internet package and smartphone devices

- Development of technology and infrastructure

Threat

- The globalization that has opened the market for a higher number of potential customers also enables the development of more opponents
- Chinese online game popularity
- Language barriers of Korean developers

4.4 SWOT Analysis of Thai Online Game Industry in Thai Market

Strength

- Content of online games suit the taste of Thai players and trend
- Creativity of developers
- Responsive to customer services
- Online games can be installed easily through the internet
- The payment system for in-game purchases is not complicated

Weakness

- Low quality of infrastructure and technology
- No unique game ideas
- Insufficient funding
- Lack of strong support from the government
- Shortage of talent and skilled workers
- Knowledge of game players about game-play
- Negative perceptions toward Thai online games

Opportunities

- No language barriers
- Changing perception toward online games as an E-Sport
- Cheaper price of internet packages and smartphone devices
- Development of technology and infrastructure
- Increase of Smartphone users

Threats

- Negative perception toward online game-play as a waste of time and cause of social problems

4.5 The Korean Wave and the Popularity of Korean Online Game

Based on the data from the in-depth interviews with seven online game companies in Thailand, all of the interviewees disagreed with the idea that the Korean wave is the primary cause of growth and popularity of Korean online games in Thai market. They stated that Korean online games have been imported and become successful in Thai market since the year 2003, and this is before the coming of Korean wave in Thailand. They also added that Korean wave can only affect online games that are related to Korean singers and culture. The primary factors that can affect the growth and popularity of Korean online games are the content and characteristics of the games themselves, not the Korean wave.

The interesting information added by the group of Thai game developer companies is they believe that the most significant factor that makes Korea online

game become successful and last long its popularity in Thai market is Ragnarok, most famous Korean online game that imported to Thai market by Asiasoft. They stated that Ragnarok is imported to Thai market since 2003 and it is the first online game that became successful in Thai market. Ragnarok has gained much popularity from Thai players, and it still has a large number of players until now. The company stated that due to the beautiful success in gaining popularity, the game also succeeded in setting the perception of Thai players to be intimated with Korean online game playing, so it is easy to import more Korean online games to Thai market. However, they suggested that nowadays the Korean wave is like a passport for Korean online games to enter to Thai market and be known by the masses.

4.6 Future Trends of Korean Online Game Industry in the Thai Market

When talking on the issue of future trends the interviewees state that Korean online games are able to grow in the Thai market, because it already has the large base of players. However, the growth will be a lower rate since the market has become more open and globalized, many foreign developers into the Thai market and offering more competition for Korean developers. The most significant opponents are China and Taiwan, which also produce games for a lower price than Korea does.

CHAPTER V

CONCLUSION AND SUGGESTION

This chapter presents the information about the conclusion from the documentary research and in-depth interviews with officers of online game companies in Thailand in order to discuss the hypothesis analysis. The last part also gives suggestions and recommendations for the convenience of future studies.

Conclusion

From the research on the topic of the Korean online game industry in the Thai market, we can see that in the current digital age, the concept of Creative economy is getting more and more important. The various sources of studies refer to the Creative economy as the new engine to revitalize the national economy. One example is the United Kingdom, the country that succeeded in adopting the concept of Creative Economy in order to drive their economy. The official statistics in 2014 show that the Creative industries in the United Kingdom, which includes film, television, and music industries are now worth £71.4 billion per year (MediaandSportoftheUnitedKingdom 2014). The online game industry, which is one of the important industries from 'new media' in the Creative industry, is an interesting industry that should be further developed as an additional model to help develop our economy. South Korea, the country that started from nothing after a devastating war, has now become one of the fastest growing countries in the world in economic

terms by the foundation from the export-led manufacturing in the past together with the current creative industry. The Korean Creative economy has been in existence for a long time; it is not just a passing fad. The Korean government sees the importance and benefits of the Creative economy and they do not hesitate to develop it to reap the benefits. Moreover, the creative economy is not just an economic driving force to boost the domestic market, but it also gives a concrete path for South Korea to enter the global market. According to the studies from various sources, the most significant strength of the Korean Creative Economy is that it received strong support from both the public and private sectors. The policies launched aimed to improve the creative environment and to facilitate the creative industries. The private sectors also have an important part to force the development of creativity such as giving the education to young people, giving funds to the talent, assisting the process of business matching and so on (ThaiFTA 2009).

The first hypothesis states that the 'online game industry is an important tool of the Korean Creative economy to boost a nation's economy.' From the documentary research it was found that the Korean online game industry is a part of the Creative Economy and hence is considered as a priority industry in the sector of cultural products. The online game industry is not only an economic tool that generates revenue for the Korean government in the level of billions; it also generates many job opportunities for unemployed people. Based on the statistics from KOCCA, there are 95,015 workers within the game online industry (KOCCA 2012).

When the country can generate a significant amount of revenue and unemployment decreases, the economy will be revitalized and improved. In accordance with the data from the in-depth interviews, most of the interviewees also added that the Korean government sees the potential of the online game industry as a potential tool to generate money for the nation. The interviewee from M Seed Asia who is Korean also gave interesting information that the online game industry is the first priority in the cultural product industry of Korea. The Korean government set three special areas for the online game industry in Seoul, which are Guro, Gasan, and Pangyo, and the online game industries in these areas receive privileges from the government in various forms. These areas generate many jobs positions for Korean, as well.

The second hypothesis states that the 'Online game industry in South Korea has been developed willingly with strong support from the government, private sector, and foreign companies.' From the documentary research, we found that the Korean Online Game industry is like the Creative economy in that it also got much willing support from various sources, not just the central government. The local government also has an important role in cooperating with the central government; for example, the G-Star game exhibition is supported by the local government in Busan, which helps to facilitate the exhibition. We can say that the showcases and exhibitions that are organized by the government have a strong influence on the growth of the online game industry, especially G-Star, which is organized with the aims to gain the attention from the global level and also to give opportunities for

unemployed by organizing game industry job fairs within the exhibition. In 2014, there were the exhibitors from 35 countries around the world. Moreover, there are business meetings held to strengthen the business network, during which 185 million USD in contracts were penned (G-Star 2013). The governments do not only support big companies; small and medium-sized companies are also supported by business meetings between domestic and overseas entrepreneurs, and are also supported in the aspect of technology, business, marketing, and exporting. These reasons allow the Korean Online game industry the efficiency to flourish at both the national and international levels. This is in accordance with the results from the SWOT analysis that the strength of Korean online games is that it has been supported by the government. The central government has a significant role in launching laws to facilitate the online game industry and establish state agencies to specifically look after the online game business and main duty of the local government is cooperate with the central government to support online game industry. For the private sector and foreign companies, their significance is to provide funds in various ways to develop the online game industry, such as allocating scholarship to emerging talents. These are in accordance with the data from the in-depth interviews, as most of the interviewees also stated that the Korean government sees the importance of Korean online games as an economic tool. So with the cooperation of the education sector, the Korean government has established many courses to game development and technology at many universities to improve the quality of its human resources within

this field, in order to respond to the high growth of the Korean online game industry in the future. Moreover, the Korean online game industry has been supported by various sources, especially from the private sector and its efficient partners from overseas in the forms of budget support to develop online games and also giving the funds to talents, so the Korean online game industry has the ability to grow in the overseas market.

The last hypothesis states that 'The factors that affect the growth and popularity of the Korean online game industry in the Thai market do not include the Korean wave.' Based on the information from the document research and in-depth interviews, Korean online games were imported to the Thai market long before the coming of the Korean Wave. The interviewee from Asiasoft and Game Square Interactive also state that the Korean wave is not the cause of growth and popularity of Korean online game industry in Thai market, but the popularity of Korean online games began with the coming of 'Ragnarok', the famous online game that was imported to the Thai market by Asiasoft in 2003.

Korean online games in the Thai market have been supported strongly by Thai players. According to the statistics from Newzoo's website, Thailand has an online population of 21,100,000 people, 14,700,000 of which are current gamers, and 8,300,000 of that number are paying players (Newzoo 2015). The interviewees also state that most of the game players in Thailand are not affected by the Korean wave and most of the Thai people who love Korean culture do not play online games in a large number that can cause any effect on the industry. The most significant factors

that make Korean online games bloom in Thai market from the perspective of the interviewees, is the content and characters of games that matches with the needs and preferences of Thai players. In addition to the advancement in social media communication and internet, there is an increasing number of smartphone users that also drives the growth and popularity of the Korean online game industry in the Thai market. As mentioned in chapter two, there are result from various sources, such as the Entertainment Software Association in United States and SIPA, which also show that the increasing number of smartphone users is coming with the growth and popularity of mobile online games, because the smartphone is a device that players can carry anywhere and which enables playing online games anytime they can connect to the internet. These are in accordance with the information from the in-depth interview that the growth of popularity of Korean online games is not related to the Korean wave. The factors that affect the growth and popularity of Korean online games from the perspective of game companies in Thailand are the content of game, consumer behavior, Social media, Smartphone (both the development of smartphone technology and the increasing number of smartphone users), price of internet package, and the development of technology and infrastructure that is essential for playing online games. Moreover, the essential factors that make the growth and popularity of the Korean online game industry last long in the Thai market, from the ideas of the interviewees, is that Korean online games have the advantage as the first-mover, from the popularity and successful of Ragnarok, that

come to set the perception of online game in the Thai market. However, the current significant challenges for Korean online games in the Thai market is to provide interesting online game content with high quality customer service. The language barrier also creates some issues for the Korean online game industry.

Suggestions

The Creative economy is an important topic that includes the government and, private sector, and should be given more attention to by Thai people. It is an important engine to drive the national economy, but what we need the most is change. The most significant necessary change is improvement in technology and infrastructure, the foundation of expanding creative economies. It also needs to be improved all across the country, not only in the capital city, and it needs to be continuously maintained and improved as well. In the aspect of online game industry, the researcher views it as an important industry that would generate significant revenue for the Thai economy, since our country already has a sizeable domestic game market. People of different ages play games every day, especially with the proliferation of smartphones. Therefore, the researcher thinks that the online game industry in Thailand should receive proper, strong support in order to increase the efficiency of this industry. However, according to the data in the in-depth interview which I strongly agree with is that “In order to make the online game industry blooming like the Korean industry did, we need to start to change our negative perception toward online games as a social threat to important e-sports

that can generate money, just as Korean perception toward online games allowed.”

All of the interviewees also agreed with a summation of the negative perception of Thai people, such as that online game playing is a waste of time, the cause of youth problems, etc., and is a problem that makes the Thai online game industry develop sluggishly.

The Recommendations for Future Studies

The researcher recommends that in order to study the factors that cause the growth and popularity of Korean online games in the Thai market, there should be more research on the topic of Thai consumer behavior to explore the factors that make them choose to play particular online games from the perspective of game players. The researcher also wants to note that due to the issue of company confidential, most of the interviewees cannot give the information on the figures that are related to the revenue of company and this becomes the significant drawback of research.

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Appendix A: the Questions to be conducted in the in-depth interview in English

Questions for the in-depth interview (1) for the companies group 1 and 2

‘SOUTH KOREAN ONLINE GAME INDUSTRY IN THAI MARKET’

Part 1: General Information

1. Information about the interviewee

- Name
- Company
- Position
- E-mail

2. Which is the kind of online game business in your company?

- Owned IP
- Outsourcing Service
- Game Service Provider / Game Publisher
- Game Retailer

3. Where is the source of funding in your company?

- Self-funded, including friends & family
- Bank/Financial Institute
- Private Investor
- Joint Venture
- Others.....

4. How much is the compound annual growth rate of your company?

5. Which kind of market strategies your companies use to promote new games?

- Printing media
- Television media
- Social network
- Business meeting
- Sales promotion activities
- Sales exhibitions
- Sale Agent
- Others.....

6. from the question 5. What is the best way to promote new games?

Part 2: Specific Questions

1. What is the reason of being the joint-venture with Korean company? (Ini3)
What is the reason of importing Korean online games? (For 2nd group)
2. Are there any support from both government and private sectors, in which way?
3. How many online games the company imports from Korea, in which platform?
4. How Thai consumer behavior affects the process Korean online games selection to Thai?
5. Which genres of Korean online games are popular in Thai market and which is the most?
6. Which kind of market strategies is important to the growth of Korean online game in Thai market?
7. Which factors affect the price of Korean online games in Thai market?
8. What is the distribution channel of Korean online games in your company and what is the best?
9. What are the strengths of Korean online games?
10. What are the weaknesses of Korean online games?
11. Which factor plays the most important role to support the growth and popularity of Korean online games industry in Thai market?
12. Do you agree with the sentence 'Korean wave is the cause of Korean Online game popularity in Thai market'?
13. How do you predict the future trends of Korean online games industry in Thai Market?
14. Are there any possibilities of Thai online games industry to bloom like Korean?

Questions for the in-depth interview (2) for the companies group 3

SOUTH KOREAN ONLINE GAME INDUSTRY IN THAI MARKET

Part 1: General Information

1. Information about the interviewee

- Name
- Company
- Position
- E-mail

2. Which is the kind of online game business in your company?

- Owned IP
- Outsourcing Service
- Game Service Provider / Game Publisher
- Game Retailer

3. Where is the source of funding in your company?

- Self-funded, including friends & family
- Bank/Financial Institute
- Private Investor
- Joint Venture

- Others.....

4. How much is the compound annual growth rate of your company?

5. Which kind of market strategies your companies use to promote new games?

- Printing media
- Television media
- Social network
- Business meeting
- Sales promotion activities
- Sales exhibitions
- Sale Agent
- Others.....

6. from the question 5. What is the best way to promote new games?

Part 2: Specific Questions

1. Why the companies decide to develop new game than import from overseas?
2. Are there any support from both government and private sectors, in which way?
3. How Thai consumer behaviors drive the growth and popularity of Korean online games?
4. From your opinion what is the problem of Thai online game industry?
5. What are the strengths of Korean online games?
6. What are the weaknesses of Korean online games?
7. Does the 'Korean wave' affect the popularity of Korean online game in Thai market?
8. How you predict the future trends of Korean online games industry in Thai Market?
9. Are there any possibilities of Thai online games industry to bloom like Korean?



Appendix B: the Questions to be conducted in the in-depth interview in Thai

ชุดคำถามในการสัมภาษณ์เชิงลึก (1) สำหรับบริษัทในกลุ่ม 1 และ 2

อุตสาหกรรมเกมออนไลน์ของประเทศเกาหลีในตลาดประเทศไทย

ส่วนที่ 1: คำถามทั่วไป

1. ข้อมูลเกี่ยวกับผู้ให้สัมภาษณ์

- ชื่อ - บริษัท

- ตำแหน่ง - E-mail

2. บริษัทของท่านประกอบธุรกิจประเภทใด?

- ธุรกิจที่มี IP เป็นของตนเอง

- ธุรกิจรับจ้างผลิต

- ธุรกิจให้บริการ หรือเผยแพร่เกมส์

- ธุรกิจจัดจำหน่ายเกมส์

3. โปรดระบุที่มาของแหล่งเงินทุนในบริษัทของท่าน?

- ทนส่วนตัว (รวมถึงครอบครัว และเพื่อน)

- ธนาคาร และสถาบันทางการเงิน

- นักลงทุนส่วนบุคคล

- บริษัทร่วมทุน

- อื่นๆ.....

5. ค่าอัตราเติบโตเฉลี่ยสะสมต่อปี (Compound annual growth rate) ของบริษัทท่านคือ?

6. บริษัทของท่านมีวิธีประชาสัมพันธ์เกมส์ออนไลน์ใหม่สู่ตลาดอย่างไร?

- สื่อสิ่งพิมพ์

- สื่อโทรทัศน์

- สื่อเว็บไซต์

- การจัดกิจกรรมส่งเสริมการขาย

- การเข้าร่วมงานแสดงสินค้า

- การเจรจาธุรกิจ

- การให้บริการตัวแทนการค้า

- อื่น ๆ.....

6. จากข้อ 5. ช่องทางใดเป็นที่น่าพอใจมากที่สุด?

ส่วนที่ 2: คำถามเฉพาะทาง

1. เหตุผลในการเป็นบริษัทร่วมทุนกับบริษัทเกาหลี? (Ini3)
เหตุผลในการเลือกนำเข้าเกมส์ออนไลน์จากประเทศเกาหลี (สำหรับบริษัทกลุ่ม 2)
2. บริษัทของท่านได้รับการช่วยเหลือจากรัฐบาลหรือหน่วยงานเอกชนหรือไม่? อย่างไร?
3. บริษัทของท่านนำเข้าเกมส์ออนไลน์จากประเทศเกาหลีเป็นจำนวนเท่าใด และในรูปแบบใด?
4. พฤติกรรมผู้บริโภคชาวไทยมีผลต่อกระบวนการนำเข้าเกมส์ออนไลน์เกาหลีสู่ตลาดไทยอย่างไร?
5. เนื้อหาของเกมส์ออนไลน์ประเภทใดบ้างที่ได้รับความนิยมและประเภทใดได้รับความนิยมที่สุด?
6. กลยุทธ์ทางการตลาดใดที่สำคัญต่อการเจริญเติบโตและความสำเร็จของเกมส์ออนไลน์เกาหลีในตลาดประเทศไทย?
7. ปัจจัยใดบ้างที่ส่งผลต่อราคาของเกมส์ออนไลน์เกาหลีในตลาดประเทศไทย?
8. บริษัทของท่านเผยแพร่เกมส์ออนไลน์ผ่านทางช่องทางใดบ้าง ช่องทางใดสร้างรายได้มากที่สุด?
9. อะไรคือจุดแข็งของเกมส์ออนไลน์เกาหลี?
10. อะไรคือจุดอ่อนของเกมส์ออนไลน์เกาหลี?
11. ปัจจัยใดที่มีบทบาทสำคัญที่สุดต่อการเติบโตและความสำเร็จของอุตสาหกรรมเกมส์ออนไลน์เกาหลีในตลาดประเทศไทย?
12. ท่านเห็นด้วยหรือไม่กับประโยคที่ว่าความนิยมในเกมส์ออนไลน์เกาหลีนั้นเป็นผลมาจากกระแสความนิยมเกาหลี (Korean wave)
13. ท่านคาดการณ์ทิศทางในอนาคตของอุตสาหกรรมเกมส์ออนไลน์เกาหลีในตลาดประเทศไทยอย่างไร?
14. ความเป็นไปได้ของอุตสาหกรรมเกมส์ออนไลน์ไทยที่จะประสบความสำเร็จเหมือนเกาหลี?

ชุดคำถามในการสัมภาษณ์เชิงลึก (2) สำหรับบริษัทในกลุ่ม 3

อุตสาหกรรมเกมออนไลน์ของประเทศเกาหลีในตลาดประเทศไทย

ส่วนที่ 1: คำถามทั่วไป

1. ข้อมูลเกี่ยวกับผู้ให้สัมภาษณ์

- ชื่อ
- บริษัท
- ตำแหน่ง
- E-mail

2. บริษัทของท่านประกอบธุรกิจประเภทใด?

- ธุรกิจที่มี IP เป็นของตนเอง
- ธุรกิจรับจ้างผลิต
- ธุรกิจให้บริการ หรือเผยแพร่เกมส์
- ธุรกิจจัดจำหน่ายเกมส์

3. โปรดระบุที่มาของแหล่งเงินทุนในบริษัทของท่าน?

- ทุนส่วนตัว (รวมถึงครอบครัว และเพื่อน)
- ธนาคาร และสถาบันทางการเงิน
- นักลงทุนส่วนบุคคล
- บริษัทร่วมทุน

- อื่นๆ.....

4. ค่าอัตราเติบโตเฉลี่ยสะสมต่อปี (Compound annual growth rate) ของบริษัทท่านคือ?

5. บริษัทของท่านมีวิธีประชาสัมพันธ์เกมส์ออนไลน์ใหม่สู่ตลาดอย่างไร?

- สื่อสิ่งพิมพ์
- สื่อโทรทัศน์
- สื่อเว็บไซต์
- การจัดกิจกรรมส่งเสริมการขาย
- การเข้าร่วมงานแสดงสินค้า
- การเจรจาธุรกิจ
- การให้บริการตัวแทนการค้า
- อื่น ๆ.....

6. จากข้อ 5. ช่องทางใดเป็นที่น่าพอใจมากที่สุด?

ส่วนที่ 2: คำถามเฉพาะทาง

1. สาเหตุของการเลือกพัฒนาเกมส์ออนไลน์ใหม่มากกว่าการนำเข้าจากต่างประเทศ?
2. บริษัทของท่านได้รับการช่วยเหลือจากรัฐบาลหรือหน่วยงานเอกชนหรือไม่? อย่างไร?
3. พฤติกรรมผู้บริโภคชาวไทยมีผลต่อการเติบโตและความนิยมของเกมส์ออนไลน์อย่างไร?
4. ในความคิดของท่านอะไรคือปัญหาของอุตสาหกรรมเกมส์ออนไลน์ของไทย
5. อะไรคือจุดแข็งของเกมส์ออนไลน์เกาหลี?
6. อะไรคือจุดอ่อนของเกมส์ออนไลน์เกาหลี?
7. กระแสนิยมเกาหลีนั้นมีผลต่อความนิยมในเกมส์ออนไลน์เกาหลีหรือไม่?
8. ท่านคาดการณ์ทิศทางในอนาคตของเกมส์ออนไลน์เกาหลีในตลาดประเทศไทยอย่างไร?
9. ความเป็นไปได้ของเกมส์ออนไลน์ไทยที่จะประสบความสำเร็จเหมือนเกาหลี?

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