

Born Global Strategies of South Korean Online Game Firms: Comparative Insights from Nexon, NCSoft, Smilegate, and Krafton

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This study investigates the application and strategic nuances of the Born Global Strategy in the South Korean online game industry through a comparative case analysis of four leading firms: Nexon, NCSoft, Smilegate, and Krafton. Born Global Strategy is defined as a firm's proactive pursuit of international markets within a few years of establishment, characterized by leveraging technological capabilities, founders' international experiences, and global networks to bypass traditional gradual expansion processes. Distinct from prior studies that have largely generalized Born Global behaviors across industries, this research focuses specifically on technology-intensive digital game companies and examines how strategic variations influence international success. Utilizing a structured analytical framework encompassing market entry timing, localization strategies, partnership formation, and performance outcomes, the study reveals that while all four companies adopted early internationalization, their results diverged significantly depending on the effectiveness of localization and the strategic use of partnerships. Smilegate and Krafton achieved notable success through agile market responsiveness and collaborations with major local partners, while Nexon and NCSoft encountered greater challenges in Western markets due to cultural mismatches and limited adaptation efforts. This study contributes to the growing literature by demonstrating that in creative and technology-driven industries, successful Born Global strategies require context-sensitive adaptation rather than uniform application, offering critical insights for digital ventures seeking sustainable global growth.

Key Words: Born Global Strategy, Nexon, NCSoft, Smilegate, Krafton

1. Introduction

The online game industry in South Korea has been undergoing rapid expansion, com-

peting in the global market with a focus on advanced technology and creativity. In 2023, the global gaming market grew to US\$408.7 billion and is projected to reach US\$604.6 billion by 2028. The nation's contribution

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stood at US\$13.4 billion, placing it fifth after the United States (US\$128.1 billion), China (US\$123.1 billion), Japan (US\$48.0 billion), and the United Kingdom (US\$16.1 billion) (Korea Creative Content Agency, 2025). Consequently, prominent South Korean online gaming companies are shifting from the domestic market to the global market as their primary target and are formulating business strategies that incorporate overseas expansion from the outset. This strategic approach is referred to as a Born Global strategy (Oviatt & McDougall, 2005).

This study aims to analyze how South Korea's leading online game companies are utilizing this Born Global Strategy, their success factors, and challenges in overseas markets. To this end, this study will conduct case studies focusing on Nexon, NCSoft, Smilegate, and Krafton—the top four online game companies by revenue as of 2023, all of which are implementing the Born Global Strategy. The study will then compare and analyze their global strategies. The central objective of this study is to furnish both theoretical and practical strategic directions for South Korean online game companies, with the aim of facilitating their sustainable growth in overseas markets through the implementation of this strategy.

II. Born Global Strategy and the Online Game Industry

2.1 Born Global Strategy

A Born Global Strategy refers to a strategic approach wherein a company enters international markets rapidly from its inception, rather than following the conventional path of gradual international expansion rooted in a strong domestic market base (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 2005). These firms are typically small and technology-intensive, and they aim to achieve global competitiveness by targeting international niche markets at an early stage. While some studies define this early internationalization as occurring within two years of establishment (McKinsey & Co., 1993), other definitions extend this time frame to as much as six years (Zahra et al., 2000), seven years (Jolly et al., 1992), or even eight years (McDougall & Oviatt, 2000). In addition to rapid entry, Born Global firms are often characterized by high export intensity, typically generating at least 75% of their revenue from international markets (McKinsey & Co., 1993; Chetty & Campbell-Hunt, 2004).

Unlike traditional firms, Born Globals leverage the international experience of their founders and utilize information and communication technologies (ICT) and global networks to overcome limitations of scale and accelerate foreign market entry (Cohen &

Levinthal, 1990; Autio et al., 2000; Madsen & Servais, 2017). This is particularly evident in digital industries such as the Internet, software, gaming, and information technology (IT), where firms frequently adopt the Born Global strategy, entering foreign markets within three to five years of establishment and building extensive international networks (Jang et al., 2007).

This strategy reflects a proactive response to globalization and liberalized trade environments, allowing firms to seize global opportunities through rapid innovation, organizational learning, and relationship building (McDougall et al., 1994; Oviatt & McDougall, 2005; Figueiredo et al., 2024; Kim et al., 2025).

The term Born Global was first introduced in a McKinsey report (1993) and has since been widely used to describe new ventures that pursue internationalization from, or near, the time of their founding (Rasmussen & Madsen, 2002). Related concepts include International New Ventures (Oviatt & McDougall, 2005; Fan, 2007), High-tech Startups (Burgel et al., 2000; Chorev & Anderson, 2006), and Infant Multinationals (Lindqvist, 1991).

However, there remains a lack of universally accepted criteria to determine which firms qualify as truly global. Most studies rely on two main indicators to define a Born Global or international new venture: export intensity, which measures the proportion of revenue from exports, and the time lag between firm inception and internationalization.

2.2 Online Game Industry

Online games are defined as those that are played simultaneously with numerous users by establishing a connection to a server via the Internet. As of 2022, South Korea has been recognized as the world's fourth-largest online game market, a position supported by its world-class technology and service competitiveness (Jeon, 2024). This leadership has led to the emergence of various derivative industries, including avatars and online communities (Kang et al., 2012).

Online games are both knowledge-intensive and technology-intensive industries, typically requiring significant time and R&D costs for planning and development (Jung & Rhee, 2010). This necessitates capabilities in game design, programming implementation, and server operation to manage large-scale user activity. Companies with such capabilities have been able to dominate their domestic markets and leverage this foundation for early entry into international markets (Rhee & Naoki, 2003).

The online game industry is inherently transnational. While online games can be marketed globally, localization is almost always required for aspects such as development, marketing, and graphical content due to the cultural sensitivity of games and their dependence on user experience, aesthetics, and communication styles (McDougall & Oviatt, 2000; Zhou et al., 2007; Madsen & Servais, 2017). Cross-national cultural differences have

consistently posed challenges, particularly during the early stages of global expansion. To overcome these barriers, companies have often relied on licensing agreements with local publishers, which has helped them navigate cultural mismatches and achieve smoother market entry (Zahra, 2005).

To better understand these cultural challenges and the strategic rationale behind localization, Hofstede's cultural dimensions theory offers a valuable framework. This theory identifies systematic differences among national cultures along dimensions such as individualism versus collectivism and uncertainty avoidance, both of which directly influence game design and user engagement (Hofstede, 1994; Hofstede, 2006). For instance, Western countries such as the United States tend to score significantly higher in individualism than South Korea, reflecting a cultural emphasis on personal autonomy, self-expression, and independent decision-making. Consequently, Western gamers often prefer gameplay that prioritizes freedom of choice, fast-paced mechanics, and individual agency. In contrast, early South Korean online games typically emphasized collective participation, hierarchical progression, and community-based interaction, aligning more closely with collectivist values. Recognizing and adapting to such cultural dimensions has been essential for companies aiming to refine their localization strategies and align their products with the expectations and preferences of diverse regional markets.

III. Case Analysis

This chapter analyzes the Born Global strategies of South Korean online game companies. Based on the 2023 revenue rankings (Table 1) and founding years (Table 2), Nexon, NCSoft, Smilegate, and Krafton were selected as case firms. Netmarble was excluded as it did not expand overseas within five years of establishment, a key criterion in prior Born Global studies (Rasmussen & Madsen, 2002; Oviatt & McDougall, 2005; Jang et al., 2007).

To examine their globalization strategies, this study employs a qualitative comparative case study approach. Data were triangulated from semi-structured interviews, archival materials, company reports, and industry statistics to ensure validity (Chetty & Campbell-Hunt, 2004). All four firms entered foreign markets within three to five years of founding and were selected for their industry prominence and strategic diversity (McKinsey & Co., 1993; Knight & Cavusgil, 1996). This approach enables a detailed analysis of key drivers and outcomes in Born Global implementation, offering insights for both theory and digital industry practice (Zahra, 2005; Madsen & Servais, 2017).

3.1 Nexon's Born Global Strategy

Nexon, an acronym for 'Next Generation Online Service', was founded in 1994 by Jung-ju Kim, a doctoral student in the Department

of Computer Science at the Korea Advanced Institute of Science and Technology (KAIST), and his classmate Jae-kyung Song. In 1995, the company launched the world's first graphical online game, 'Nexus: The Kingdom of the Winds.' The company experienced rapid international expansion in 1997, establishing a local subsidiary of Nexon in Silicon Valley, USA, and pioneering the introduction of e-commerce solutions to the gaming market in Korea in 1998. With a strong emphasis on creativity and internationalization, the founder, Jung-ju Kim, continued to invest in prominent global brands and startups, aiming to create the world's leading gaming company. In 1999, Nexon's flagship game *The Kingdom of the Winds* was released in the United States under the English title *Nexus: The Kingdom of the Winds*, recording more than \$600,000 in sales in North America. However, the initial results did not meet expectations. Nexon has since modified its strategy, establishing Nexon America and acquiring local studios through mergers and acquisitions (M&A) to gradually expand its influence and strengthen its position in the global market.

3.2 NCSoft's Born Global Strategy

NCSoft was established in 1997 by CEO Taek-jin Kim and ten former colleagues from Hyundai Electronics, under the corporate name 'The Next Company.' With a background as a game developer and designer, Kim has dedicated his career to advancing the field of

game development. In 1998, the company's inaugural MMORPG PC game, *Lineage*, achieved a significant milestone by becoming the first game in Korea to surpass a million users within 15 months of its launch. This accomplishment was further cemented by its win at the prestigious Korea Game Awards. As part of its rapid international expansion, the company established NC Interactive in Austin, Texas, USA, in 2001, followed shortly by NC Japan. In 2002, NCSoft established NCSoft North America to target the North American market and acquired American game developer ArenaNet. Consequently, the company's inaugural international service, titled *Lineage*, was launched in Taiwan in July 2000. This was followed by significant expansion to Japan in 2002 and China in 2003, leading to a strong market presence in the Asian region.

3.3 Smilegate's Born Global Strategy

The founder, Hyukbin Kwon, studied electronics at Sogang University, where he developed a deep interest in computer programming. After an initial failure with his eLearning startup 4CSoft in 1999, he founded Smilegate in 2002. In 2003, he launched *Headshot Online*, which failed to compete with Nexon's *Sudden Attack*. He then developed *CrossFire* to reenter the Korean FPS market, but due to strong competition, domestic success remained limited. Smilegate quickly pivoted to the Chinese market, where it achieved significant success through a strategic partner-

ship with Tencent. Unlike simple distribution deals, this collaboration involved revenue sharing and joint localization efforts, leveraging Tencent's marketing power, distribution network, and regulatory expertise. This alliance enabled Smilegate to penetrate the Chinese market rapidly without a direct local presence. Within just four years, Smilegate rose to become one of Korea's top five game companies, largely driven by the success of CrossFire and its effective global partnership strategy.

3.4 Krafton's Born Global Strategy

Krafton (formerly Bluehole Studio) was established in 2007 by a group of six individuals, led by Byungkyu Jang. At the time, Jang had established Neowiz and gained renown for amassing a fortune of 100 billion won through the sale of the search engine 'Cheotnun'. Consequently, the establishment of a gaming company by him was a significant development. In 2008, he founded Bluehole Interactive in North America with the objective of expediting the company's international expansion. In 2010, Bluehole Interactive was renamed En Masse Entertainment. In 2011, the PC MMORPG 'TERA' was officially launched in Korea and Japan, and in 2012, it was officially launched in North America, Europe, and Taiwan.

IV. Discussion

In our case studies, Nexon, NCSOFT, Smilegate,

and Krafton all expanded quickly into overseas markets with this global strategy, but the success of their localization strategy, responsiveness to market trends, and use of local partnerships made the difference between success and failure. As illustrated in Table 3, the performance of each company's primary Born Global Strategy and its key drivers are outlined as follows.

Nexon has significant financial resources and has been successful in its home market, so it established its own subsidiary. Its performance did not meet expectations in the U.S. market, which was its first international expansion. In the case of NCSOFT, while Lineage was quite popular in Taiwan and Japan and generated stable revenue, it was a box office flop in North America and Europe. The primary factors contributing to this shift included a deficiency in localization due to cultural divergences and intense competition from prominent global gaming enterprises. For instance, while Lineage was a slow, strategic game, gamers in North America and Europe preferred fast, intuitive, action-oriented games. As such, NCSOFT's Born Global strategy was a partial success. In the case of Smilegate, the Born Global strategy can be regarded as a success. The company's local distribution strategy, in conjunction with its effective marketing partnership with Tencent, as well as its game design tailored to the preferences of Chinese gamers, played a crucial role in its market success. In the case of Krafton, the launch of 'TERA' in Korea in 2011 and sub-

sequent entry into the North American and European markets in 2012 have contributed to its success, with a service that boasts over 28 million users.

A case analysis of these companies reveals several commonalities.

Primarily, Nexon, NCSoft, Smilegate, and Krafton have all pursued global expansion from the outset of their establishment, implementing the Born Global Strategy. They have expeditiously executed this strategy, establishing overseas subsidiaries or introducing games in foreign markets within a few years of their inception.

Second, each company strengthened its localization strategy to overcome local user tastes and cultural differences. By adapting the design of game content, gameplay, and marketing strategies to local markets, they aimed to lower barriers to market entry. While the success of these efforts varied by company, all of them actively pursued localization efforts in order to compete in the global market.

Third, these companies augmented their prospects for success in overseas expansion through global partnerships and cooperation strategies. For instance, Smilegate established a local distribution network through a strategic collaboration with Tencent, China's largest gaming company, and achieved notable success in the Chinese market by implementing effective marketing strategies. Similarly, Krafton became an early investor after the success of the Born Global Strategy with 'TERA'. Conversely, Nexon and NCSoft es-

tablished local subsidiaries to penetrate the North American market and pursued acquisitions and collaborations with overseas studios through M&A strategies.

Lastly, in executing their Born Global strategies, each firm pursued strategic efforts on both the supply and demand sides. Nexon built its own publishing capabilities for global service and optimized operations by localizing content and monetization systems to suit each market, while providing a stable gaming environment that maximized network externalities and fostered a loyal global fanbase. NCSoft enhanced customer loyalty and repeat visits by acquiring local development teams to create region-specific game clients and sound design while delivering immersive experiences through innovative monetization strategies and strategic gameplay tailored to each market. Smilegate rapidly scaled its server and technical support systems through close partnerships across China and Asia to manage traffic surges and, via its alliance with Tencent in China, improved platform accessibility and community growth to expand its user base and generate positive word-of-mouth. Krafton reconfigured its MMORPG expertise into the battle royale genre and internalized global publishing capabilities to secure differentiated competitiveness, while continuously updating PUBG across mobile, console, and region-specific modes to satisfy evolving user demands, exceed expectations, and reinforce worldwide loyalty.

However, there are notable discrepancies in the implementation of this Born Global

Strategy. First, both Smilegate and Krafton entered the global game market at a comparatively late stage. Nevertheless, they rapidly attained success by adeptly aligning their strategies with the evolving market trends. Conversely, Nexon and NCSoft opted for direct operations without local partners, leveraging their success in domestic markets. However, this approach required a longer adaptation period to address cultural differences and player preferences.

There are also differences in market focus strategies. Smilegate chose to focus on the Chinese market early on, which led to its rapid growth and successful market entry. Conversely, Nexon and NCSoft prioritized the North American and European markets in their initial overseas market strategies.

Finally, a notable distinction emerged in their approach to local partnership strategies. In its nascent years, Smilegate implemented a strategy of rapid market expansion in China through a partnership with Tencent, a local entity, thereby securing a robust distribution network and marketing resources within the Chinese market. In contrast, Nexon and NCSoft endeavored to penetrate the North American and European markets by establishing and operating local subsidiaries.

V. Conclusion

This study analyzes the cases of four leading

South Korean online game companies, namely Nexon, NCSoft, Smilegate, and Krafton, to compare their performance in implementing the Born Global Strategy and to identify the factors that contributed to their success or failure. The findings show that although all four companies actively targeted international markets and adopted the Born Global Strategy from the beginning of their establishment, their performance varied significantly depending on their strategic approaches, responsiveness to market trends, localization efforts, and use of global partnerships. These results offer practical insights into how South Korean online game companies can better utilize the Born Global Strategy to achieve successful global expansion. To ensure sustainable success in international markets, it is crucial for companies to strengthen localization strategies, foster robust global partnerships, and respond flexibly to the evolving dynamics of global markets.

In addition to offering practical implications, this study also contributes to the theoretical advancement of the Born Global literature. Traditional Born Global theories have primarily emphasized the speed and breadth of internationalization. However, the findings of this study highlight that early internationalization increasingly relies on strategic embeddedness within local ecosystems rather than on independent global outreach. Evidence from the South Korean online game industry suggests that successful Born Global firms prioritize forming strategic partnerships and

adapting to cultural differences rather than focusing solely on rapid expansion. This research extends the existing Born Global framework by demonstrating that sustainable global growth in creative and technology-intensive sectors requires not only early foreign market entry but also dynamic capability building through localized collaborations, tailored marketing strategies, and a deep understanding of cultural and market contexts.

This study suggests that future empirical analyses can be conducted based on various theoretical frameworks. For instance, the Dynamic Capabilities Theory emphasizes a firm's ability to reconfigure resources and capabilities in the global market and identify and seize new opportunities, which is closely related to the Born Global strategy (Teece et al., 1997; Zahra et al., 2006). Krafton exemplifies this by transforming its existing MMORPG technology into the battle royale genre with the success of PUBG, thereby strengthening its global market position. Resource reconfiguration, opportunity sensing, and opportunity seizing are key elements that function as dynamic capabilities, enabling Born Global firms to achieve rapid growth in global markets. Thus, it is necessary to empirically examine the impact of each element on the firm's global market performance.

Additionally, Network Externalities Theory underscores how the value of a product or service changes based on the number of users, playing a significant role in the rapid market expansion of Born Global firms (Katz & Shapiro,

1985; Shapiro & Varian, 1999). In the initial market entry stage, Born Global firms can maximize network externalities by swiftly acquiring a user base. Network externalities can be categorized into positive effects (value increase with user growth) and negative effects (quality degradation due to server overload). Smilegate, for instance, addressed the server overload issue caused by the rapid increase in Crossfire users by collaborating strategically with Tencent. Furthermore, network externalities can be divided into direct externalities, based on user interactions, and indirect externalities, based on platform-driven diffusion. It is crucial to empirically analyze the differential impact of each type of network externality on the global market share of Born Global firms.

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〈Table 1〉 Revenue Ranking of South Korean Online Game Companies (as of 2023) (Unit: KRW)

Ranking	Company name	Revenue	Operating Profit	Remarks
1	Nexon	3.923 trillion	1.251 trillion	Listing in Japan
2	Netmarble	2.014 trillion	-696 billion	
3	Krafton	1.096 trillion	768 billion	
4	NCSOFT	1.798 trillion	1.373 trillion	
5	Smilegate	1.381 trillion	4.904 trillion	Unlisted

〈Table 2〉 Founding Year and Founders of Game Companies

Year	Company name	Founders	Notables/Major IPs
1994	Nexon	Jung-ju Kim	Launched the world’s first online game, The Kingdom of the Winds
1997	NCSOFT	Taek-jin Kim	MMORPG PC game Lineage
2002	Smilegate	Hyukbin Kwon	The world’s #1 online FPS Crossfire
2007	Krafton	Byungkyu Jang	Over 95% of Krafton’s sales come from international markets, TERA, PUBG, etc.

〈Table 3〉 Comparison of the Born Global Strategies of the Four Major South Korean Online Game Companies

	Nexon	NCSOFT	Smilegate	Krafton
Born Global Strategy Performance	Mixed outcomes	Mixed outcomes	Success	Success
Entry Markets	North America, Europe	Asia, North America	China	North America, Europe, Japan, Taiwan
Explanatory Factors of Performance	Cultural differences, strong global competitors	Cultural differences, strong global competitors	Strategic partnership with Tencent, localized marketing	Graphical quality, action-based combat system, great character design
Games that succeeded early	Nexus: The Kingdom of the Winds	Lineage	CrossFire	TERA

한국 온라인 게임 기업들의 본 글로벌 전략: 넥슨, 엔씨소프트, 스마일게이트, 크래프톤의 비교 분석

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요 약

본 연구는 넥슨, 엔씨소프트, 스마일게이트, 크래프톤 등 네 개의 주요 기업에 대한 사례 비교 분석을 통해, 한국 온라인 게임 산업에서 본 글로벌 전략(Born Global Strategy)의 적용과 전략적 세부 사항을 탐구한다. 본 글로벌 전략은 전통적인 점진적 해외 진출 과정을 우회하고, 설립 후 수년 내에 국제 시장을 선제적으로 공략하는 기업의 전략적 접근을 의미하며, 이는 기술적 역량, 창업자의 국제적 경험, 그리고 글로벌 네트워크를 활용하는 것이 특징이다. 기존 연구가 주로 산업 전반에서 본 글로벌 기업의 행동을 일반화한 데 비해, 본 연구는 기술 집약적 디지털 게임 기업에 초점을 맞추어 전략적 차이가 국제적 성과에 미치는 영향을 분석하였다. 이를 위해 시장 진입 시기, 현지화 전략, 파트너십 형성, 성과 결과를 포괄하는 체계적 분석틀을 적용하였다. 분석 결과, 네 기업 모두 초기 국제화를 추진하였으나 현지화의 효과성과 파트너십 활용의 전략성에 따라 성과가 크게 달라졌다. 스마일게이트와 크래프톤은 해외 진출 초기 시점에 민첩한 시장 대응과 현지 파트너와의 전략적 협력을 통해 두드러진 성과를 달성한 반면, 넥슨과 엔씨소프트는 문화적 불일치와 부족한 적응 노력으로 인해 서구 시장 초기 진입에서 난관을 겪었으나, 이후 점진적인 현지화와 전략적 조정을 통해 성과를 달성하였다. 본 연구는 창의적이고 기술 중심적인 산업에서 성공적인 본 글로벌 전략이 획일적 적용이 아닌 맥락에 따른 세심한 적응을 필요로 함을 보여주며, 지속 가능한 글로벌 성장을 추구하는 디지털 벤처에 중요한 시사점을 제공한다.

주제어: 본 글로벌 전략, 넥슨, 엔씨소프트, 스마일게이트, 크래프톤

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〈Teaching Note〉

Born Global Strategies of South Korean Online Game Firms: Comparative Insights from Nexon, NCSoft, Smilegate, and Krafton

Synopsis

This case study investigates the Born Global Strategy, a term used to describe the rapid expansion of a company into international markets shortly after its establishment. The study focuses on leading South Korean online game companies, namely Nexon, NCSoft, Smilegate, and Krafton, and examines their experiences with this strategy. The analysis uncovers the successes and challenges encountered by these companies in their global expansion, with a particular emphasis on factors such as localization, market responsiveness, and partnership strategies. By comparing these companies' strategic approaches, the case provides insights into effective internationalization strategies for digital and technology-intensive industries.

Teaching Point

This teaching module explores the concept

of Born Global Strategy and its application in the digital entertainment industry, with a particular focus on South Korean online game companies. Students will begin by understanding the theoretical foundations of Born Global firms—companies that pursue international markets from or near inception. This strategic approach contrasts with traditional, incremental models of internationalization and highlights the agility and digital readiness of modern ventures.

The course will then delve into real-world examples of major South Korean game companies such as Nexon, NCSoft, Smilegate, and Krafton. Through comparative case studies, students will analyze how these companies navigated global markets, leveraged digital platforms, and developed unique competitive advantages rooted in content innovation and user engagement.

A key emphasis will be placed on localization strategies, examining how adapting games to different cultural and linguistic contexts can make or break a company's overseas expansion. Students will critically evaluate the depth and effectiveness of these localization efforts

and understand how successful localization contributes to sustained user retention and market penetration.

Additionally, students will identify and discuss the critical factors behind the success or failure of international expansion in the gaming industry. These factors include the founder's international mindset, technological capabilities, network relationships, and the ability to respond dynamically to shifting market environments.

Finally, the module will offer strategic recommendations for companies aiming to expand globally in the digital entertainment space. Topics such as ecosystem development (e.g., esports, streaming platforms), platform-based scalability, and entry strategies for emerging markets will be explored to equip students, executives, and policymakers with practical insights into global business strategy in the digital age.

Assignment Question

1. What are the core principles of the Born Global Strategy? How does it differ from traditional internationalization strategies?
2. How did Nexon, NCSoft, Smilegate, and Krafton implement the Born Global Strategy? What were the key differences in their approaches?
3. What challenges did these companies face in foreign markets? How did they attempt to overcome these obstacles?
4. How did localization efforts impact the success or failure of these companies in international markets?
5. What role did strategic partnerships play in the global expansion of these gaming companies?
6. What lessons can other gaming companies and digital startups learn from the experiences of these South Korean firms?

Analysis

Nexon is one of the pioneering online game companies in South Korea, founded in 1994. It gained early recognition by launching the world's first graphical online game, *The Kingdom of the Winds*. From its early years, Nexon pursued global expansion with a strong focus on the U.S. market, establishing local subsidiaries such as Nexon America. Despite its early ambitions, the company's initial international efforts were hindered by cultural differences and a lack of market alignment. Recognizing these challenges, Nexon later shifted its approach by engaging in mergers and acquisitions (M&A) to strengthen its global competitiveness and broaden its inter-

national presence.

NCSOFT, founded in 1997, became known for its flagship MMORPG Lineage, which quickly garnered massive success in South Korea. The company expanded early into Taiwan, Japan, and North America, establishing subsidiaries like NC Interactive and acquiring game developers such as ArenaNet. Although Lineage was well-received in Asian markets, NCSOFT faced significant obstacles in the West due to different player preferences and gameplay expectations. Nonetheless, its achievements in Asia were largely attributed to effective localization strategies and its ability to tailor content to regional audiences.

Smilegate, established in 2002, initially struggled to gain a foothold in the domestic Korean gaming market. However, it found exceptional success abroad, particularly in China, by forming a strategic partnership with Tencent. This alliance provided Smilegate with critical support in local distribution, marketing, and regulatory navigation. As a result, the game CrossFire became a blockbuster hit in China, positioning Smilegate as one of Korea's top gaming exporters despite its limited domestic success in the early stages.

Krafton, launched in 2007, quickly distinguished itself with high-quality game development, particularly in the MMORPG and battle royale genres. The company achieved global prominence through the international success of TERA and PUBG, with the latter becoming a cultural phenomenon worldwide. Krafton pursued a rapid global expansion

strategy, entering multiple regions within just a few years. Strategic investments, partnerships, and continuous updates across platforms enabled the company to maintain its competitive edge and secure a strong international user base.

These four companies exemplify how South Korean online game firms have strategically leveraged the Born Global approach to pursue international growth. While they share common ambitions, their unique paths reveal important distinctions in timing, market focus, localization efforts, and partnership strategies.

The following analysis addresses six key questions that highlight the principles, implementation, challenges, and lessons of the Born Global Strategy in the context of these firms.

The Born Global Strategy is characterized by the rapid international expansion of companies, often within just a few years of their founding (Rasmussen & Madsen, 2002; Oviatt & McDougall, 2005). Unlike traditional internationalization models that stress building a strong domestic foundation before cautiously entering foreign markets, Born Global firms skip this phased approach. Instead, they capitalize on the global mindset of their founders, advanced technological capabilities, and access to international networks right from the beginning (Knight & Cavusgil, 2004). These companies tend to be small, agile, and innovation-driven, with a significant portion of their revenue derived from exports (Zahra & George, 2017). Their approach reflects a pro-

active and dynamic response to globalization, relying on digital infrastructure, rapid learning, and market agility (Kim et al., 2025), setting them apart from the slower, more risk-averse strategies of conventional firms.

The experiences of Nexon, NCSOFT, Smilegate, and Krafton offer a rich illustration of how the Born Global Strategy can be uniquely implemented. Each company took a different path: Nexon targeted the U.S. market early by setting up local subsidiaries but struggled due to cultural misalignment and later shifted to M&A activities to strengthen its position. NCSOFT, after initial success in Asian markets like Taiwan and Japan, also expanded to North America and acquired ArenaNet to support its global vision yet faced difficulties adapting to Western gaming preferences. Smilegate, having failed to gain traction in its domestic market, found massive success in China through a strategic alliance with Tencent, which provided crucial support in localization, marketing, and regulatory navigation. Krafton, on the other hand, took a more aggressive route by rapidly launching games like TERA and PUBG across multiple markets and platforms, aligning its content with international tastes and maintaining relevance through frequent updates.

In their international expansion, these companies encountered common challenges. Cultural differences proved to be a major barrier, especially in markets like North America and Europe, where preferences for fast-paced, individual-centered gameplay contrasted with the communal, strategic style found in many

Korean games. Nexon and NCSOFT responded by acquiring local studios and tailoring their products to fit regional tastes. Smilegate overcame its initial failure by targeting China, where a strong partnership with Tencent enabled successful market entry and growth. Krafton minimized risk by spreading its market entries across different regions and adapting its offerings to both PC and mobile platforms to suit local needs.

A major determinant of these firms' varying levels of global success was the degree to which they prioritized localization. Companies that limited themselves to translation alone often failed to resonate with players. In contrast, Smilegate deeply localized Crossfire for the Chinese market, adjusting gameplay and interface elements to suit user expectations, while Krafton developed region-specific modes and experiences for its international players. Nexon and NCSOFT initially struggled in this area, which hindered their early reception in Western markets.

Strategic partnerships also played a critical role in enabling successful globalization. Smilegate's alliance with Tencent is a textbook case of how local partnerships can ease regulatory hurdles, enhance distribution, and increase visibility. Similarly, Krafton relied on a mix of investment and publishing partnerships to scale its global operations. Meanwhile, Nexon and NCSOFT began with a preference for direct subsidiaries, which slowed their responsiveness and limited local adaptation; however, they later adopted more collaborative

approaches to recover competitiveness.

Ultimately, the experiences of these companies offer valuable insights for other digital startups and game developers aiming to expand globally. Early preparation for internationalization is essential, particularly with respect to localization and cultural sensitivity. Forming strong strategic partnerships can facilitate smoother market entry and deeper engagement with users. Flexibility in product design is also crucial for accommodating a diverse global audience. Perhaps most importantly, long-term success in the global gaming industry hinges on a balanced strategy that combines early international activity with sustained innovation, localized execution, and strategic adaptability.

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