The Economic and Behavioral Success of Riot Games In an Undifferentiated Video Game Market

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In an Undifferentiated Video Game Market

BY

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The vast success of Riot Games is relatively undisputed amongst financial analysts as well as online communities despite there being little information publicly available that specifically addresses how their game has differentiated itself in a homogenous market. Additionally, there is little information that addresses the opportunity cost of paying money for components within this specific server for advantages within the game. I believe there to be something functionally unique about Riot’s business in particular that allows for it to acquire steady fiscal growth from people investing their money into effectively a “free” online game and I would like to explore what that is.

Therefore I wish to answer the question of why is it that Riot, despite having a relatively undifferentiated product within the MOBA game industry, exceeds all other companies in both player commitment and financial investment to their free-to-play product. My surveys will aim to address the reasons why players choose to invest both their time and money into the game and shed more light on the efficacy of the incentive structures in place. Through survey data and information gained through interviews I will form base comparisons between player preferences and then track the incentive structures across the MOBA industry.

Using comparative analysis between the player-reported incentives which drive their behavior, the information gained through conducting
personal interviews with Riot Representatives, and careful analysis of consumer trends with regards to League of Legends and the eSports franchise as designed by the Riot Games industry, I will attempt to find correlations between the player’s perceptions of Riot’s product and the incentives within the game. If consumption and growth patterns show correlations to the growth exhibited by the company that prove to be significant when compared with player preferences, those points could potentially explain the success that Riot has seen over the duration of the past five years of the company’s existence.

**Riot’s Undisputed Success**

Recently, Riot Games as well as several other industry sources note that that League of Legends has expanded to having, on an average, of 3 million concurrent online users during last July, which exceeds the combined total peak player count for Call of Duty: Modern Warfare 3 on Xbox 360 (1.4 million) and all of the people playing the top 100 games on Steam (650,000); two extremely prominent figures within the world of online gaming (MacManus, 2012).

In a release published in November 2012, Riot Games claimed that League of Legends had at the time accumulated 32.5 million players, 11.5 million of whom play monthly, of which 4.2 million play daily, making it the
most played online game in the world. ("Interactive timeline of," 2010). In March 2012, League of Legends became the #1 title in Korean PC Cafes ("League of legends," 2012). In Taiwan, it is estimated that almost 5 percent of their entire population played the game, with almost 1 million players subscribed on the server (Prell, 2013). League of Legends is also very popular in the Philippines, and it is the second most played game in Internet cafés in the country (just behind the Defense Ancients)(Gaudiosi, 2013).

Currently, Riot Games, acknowledged in a publicly distributed infographic that the game usually sees an average of 12 million players a day, with about 32 million active players logging in every month ("League of legends," 2012). In stark comparison, one of Riot’s greatest competitors within the RPG industry, “World of Warcraft” had about 12 million subscribers total when it was at its consumption peak (Gaudiosi, 2013).

Prominent awards include Best Strategy Game by Readers’ Choice in 2009, victory of Gamespy’s Gamers’ Choice Awards in 2009, 1st in Game Developers Online Choice Awards for Best Online Technology, Visual Arts, Game Design, New Online Game, and Audience Awards, Game of the Year Award in 2010 by Golden Joystick and Best Free-To-Play Game award by Golden Joystick in 2011 as well. (Prell, 2013).

While there is little information available on Riot’s relative success other than the gratuitous forum discussions and statistics released from the
organization itself, there are some (yet limited) individual studies that had tried to quantify the immediate draws to the game. However, given the nature of the sources, they are only to be used in my study as a reference point rather than a data set from which I am comfortable drawing. On one particular instance, I had found the only pseudo-credible quantification of the Industry’s success, which denotes the various company traits as follows:

<table>
<thead>
<tr>
<th>Which factor do you feel is MOST responsible for your love for League of Legends - Results (254 votes)</th>
<th>%</th>
<th>Pop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Direction and Setting (feel connected to the characters)</td>
<td>5.12</td>
<td>13</td>
</tr>
<tr>
<td>Gameplay (The moment to moment gameplay is enjoyable)</td>
<td>21.65</td>
<td>55</td>
</tr>
<tr>
<td>Social (It's accessible and easy to play with a bunch of friends)</td>
<td>14.96</td>
<td>38</td>
</tr>
<tr>
<td>Competitive (The interactions between players is interesting/fun)</td>
<td>6.69</td>
<td>17</td>
</tr>
<tr>
<td>Competitive scene (The manufactured competitive scene can give you feeling of legitimacy as you grow in mastery)</td>
<td>5.91</td>
<td>15</td>
</tr>
<tr>
<td>An Addictive Quality (Leveling, buying new runes, skins, and champs as you earn IP, ladder climbing system, etc)</td>
<td>24.8</td>
<td>63</td>
</tr>
<tr>
<td>Content Stream/Freshness (The constant stream of new champions and constant patches adds longevity)</td>
<td>4.72</td>
<td>12</td>
</tr>
<tr>
<td>Community (Some of the personalities, both in and outside of the game, make it more fun, including the trolls)</td>
<td>1.57</td>
<td>4</td>
</tr>
<tr>
<td>Popularity (A lot of people are doing it, and it's fun to do what a lot of people are doing)</td>
<td>14.57</td>
<td>37</td>
</tr>
</tbody>
</table>

(“What is the,” 2013)
Aside from this dataset and several academically minded forum entries, there is very little assessment of the game externally; which in turn means that there is also little information available about economic success. Since Riot games is a private firm with no openly distributed markers of their economic success available, the research which I will be conducting will predominantly consider and analyze the consumer behavior of the people who chose to invest into the game.

In my analysis, I hope to infer upon Riot Games’ economic model through the observation of consumer behavior and community growth during the implementation of the eSports campaign. Because of the absence of publically available information regarding Riot’s financial status or tax returns, my analysis will have to hinge upon both community and internal interviews, which shall be personally conducted, from which I shall generate cross-comparative hypotheses on the reasons behind Riot’s improbable growth within a relatively homogenous market.

**Background information on the History of RTS’ and MOBA’s**

A Multiplayer online battle arena (MOBA), also known as action real-time strategy (RTS), is a sub-genre of the real time strategy (RTS) genre of game in which often two teams compete with each other in discrete games
while controlling their own character within a cyber interface ("History of MOBA," 2012). This type of game, functionally, aims to create an environment facilitating a type of play that would be considered as action filled real-time strategy. While the genre, itself, aims to emphasizes cooperative team-play; the player is predominantly focused on controlling the “champion” which they have chosen which acts as a unit with various abilities and advantages to form a team's overall strategy ("History of MOBA," 2012). The main objective of such games is to overtake the opponents main base with the assistance of periodically spawned computer-controlled units that march towards the enemy's main structure via paths referred to as "lanes" and attack opposing units (including other champions) on sight ("History of MOBA," 2012).

The genre traces its roots to Aeon of Strife (AoS), a custom map for StarCraft where four players controlling a single powerful unit and aided by weak computer-controlled units were put against a stronger computer-controlled faction (Kim, 2013).

Defense of the Ancients (DotA), a map based on Aeon of Strife for Warcraft III- Reign of Chaos and The Frozen Throne, was one of the first major titles of its genre and the first MOBA for which has been kept sponsored tournaments (Kim, 2013).
In 1998, the computer games company Blizzard Entertainment released its best-selling (RTS) StarCraft with a suite of game editing tools called StarEdit (Kim, 2013). Among the many custom-created maps, StarCraft became rapidly popular among PC gaming communities. In this map, similar to those you currently see in MOBA’s, the players would control a single powerful hero who would advance through the three lanes towards its final objective (the enemy base) (“History of real,” 2008). However, being the predecessor of the MOBA industry, the terrain outside these lanes was nearly vacant and was a simplified version of the game we know today.

Four years later in 2002, Blizzard released yet another RTS called Warcraft III Reign of Chaos (“History of real,” 2008). Upon this release, both the MOBA and tower defense sub-genres began to take form within the WC3 modding community, in which players engineer new versions of a game based on computational adaptations with regards to the original code. One of the more famous instances of this phenomenon was brought to the online community by a modder named Eul who had morphed the game Aeon of Strife into the Warcraft III engine, which he called what is now known as the very famous Defense of the Ancients (DotA) (“History of real,” 2008). However, not too soon after creating the custom DotA map, Eul had left the modding scene leaving no real successor to the genre which ultimately lead to the creation of variations on DotA, which featured different heroes (“History
of real," 2008). In 2003, after the release of Warcraft III- The Frozen Throne, a map creator named Meian created a DotA variant closely modeled on Eul's map which he had called DotA: Allstars ("History of real," 2008).

A few months afterwards, however, the game model was inherited by Steve ‘Guinsoo’ Feak, who had guided the genre to becoming the most popular map and variant of the competing genre ("Interactive timeline of," 2010). After more than a year of maintaining the DotA: Allstars map, Guinsoo had decided to abandon the development to his adjutant Neichus in 2005 to pursue his own aspirations for the RTS style of game ("History of real," 2008). After some weeks of development and iterations on the preliminary versions of his idea, he eventually forfeited his control over the idea to another modder named IceFrog, who had initiated large changes to the mechanics that were intended to deepen the “complexity and capacity for innovative gameplay”("Interactive timeline of," 2010). The changes introduced by IceFrog were well-received and the consumption of Dota: Allstars was suspected to have increased to a staggering figure of over one million based on online forum discussions.

Such growth did not go without attention, as by late 2008, the popularity of DotA had become the recipient of commercial attention. As time went on Riot Games’ debut title, League of Legends, which was initially designed by Feak, was released in October 2009 along side the term of MOBA which Riot had began to refer to their game's genre ("Interactive timeline of," 2010). Prior
to this, these games were usually referred by the originating maps – as "an AoS", "DotA-style", "DotA-esque", "DotA-clone", "DotA-based", "DotA-like" or even simply "a DotA" ("Interactive timeline of," 2010).

Game Play

There are two opposing teams whose goal collectively as a team is to destroy their enemy's base to win, though some games have the option of different victory conditions ("History of MOBA," 2012). Typically, there is one main structure, which must be destroyed to win, though destroying other structures within the opposing team's base may confer other benefits.

Defensive structures are in place to prevent this, as well as relatively weak computer-controlled units, which periodically spawn at each base and travel down predefined paths toward the opposing team's base ("History of MOBA," 2012).

A player controls a single powerful in-game unit generally called a 'hero'. When a hero stands near a killed enemy unit or kills an enemy unit, it gains experience points, which allow the hero to level up (Minotti, 2013). When a hero levels up, they have the ability to learn more powerful skills and abilities. When a hero dies, they have to wait a designated time, which generally increases as they level up, until they revive at their base (Minotti, 2013).

Each player receives a small amount of gold per second from his or her base. Moderate amounts of gold are rewarded for killing hostile computer-controlled
units and larger amounts are rewarded for killing enemy heroes. When acquiring this gold, the player is given the option of impacting the efficacy of their hero by using the in-match currency to buy a variety of different items that range in price and impact (Minotti, 2013). For the most part, this involves improving the combat viability of the hero, although there may be other items that support the hero or team as a whole in different ways (Minotti, 2013).

Members of the genre do not generally feature several other elements traditionally found in real-time strategy games, notably base management, and army building (although the video game Demigod has certain heroes which can have a few specialized units under their control). The RPG genre has a much closer resemblance to the gameplay, only limited to an arena (Minotti, 2013).

### Game Play and Reward Systems in League of Legends

In League, players can choose from more than 100 characters to control and can play alongside other people (or alone with bots) in head-to-head matches against another team (MacManus, 2012).

Each character wields four basic attacks (ranging from physical abilities to magic damage), and can choose from a variety of items from the in-game cash shop to enhance their champion’s abilities and endure the damage induced
from the opponents. When the battle begins, each team works together to
defeat the opposing side's turrets, minions, and players in an attempt to destroy
the enemy base (referred to as a nexus)(MacManus, 2012).

Aside from having the obvious incentive of winning in place, players
who choose to play League of Legends are also exposed to a multitude of other
incentives that contribute to their participation in the game and growth of
financial contributions to the company.

The Summoner, identified by their account name, acts as the persistent
element in the game which can be used to track statistics and scores for each
player even after the end of a match. With every game, Summoners gain
experience points and "Influence Points" (in-game currency) which can be used
to both indicate their advancement in levels as well as currency to purchase
new champions, runes, masteries, and other bonuses that can benefit their
performance within the game (MacManus, 2012). The Summoner can also
choose two summoner spells to have available to them during the game to
better enhance their play (MacManus, 2012).

These spells significantly impact gameplay, and therefore are very valued
among the players, which drive them to advance in levels so as to have more
variety in the spells available to them. All spells can be improved by masteries,
the second benefit that can be purchased with experience points, which are
developed in a skill tree (MacManus, 2012). Masteries are perks that affect
gameplay while having passive effects and therefore need no activation on the behalf of the player while playing the game (MacManus, 2012). In being grouped into Offensive, Defensive, and Utility categories; masteries can be re-distributed at will between battles. Similar to masteries, runes affect gameplay in minor ways.

Runes like masteries are also categorized into specific groupings such as Marks (offensive), Seals (defensive), Glyphs (magic) and Quintessence’s (utility) and can only are unlocked in the Store within the game (MacManus, 2012). The League of Legends Store allows Summoners to purchase additional options through Riot Points (RP) and Influence Points (IP) (MacManus, 2012). Riot Points, unlike Influence Points, must be bought using real money and have the additional perk of also being able to purchase skins and personalized decorative elements for the champions they enjoy to play. Riot Points scale at roughly 5 dollars for 450 points with the average cost of a skin or champion being the equivalent of 12 dollars. If one were to unlock a champion through gameplay, they would have to play roughly 15 games or 12 hours.

Additionally, there is a reward system that has been implemented in 2011 that account for player behavior and conduct in the game; adding a new dimension of immersion and community aside from the main incentive of winning ("Tribunal," 2011). This system of moderating player behavior and encouraging certain traits within the player base is done through a system
known as The Tribunal ("Tribunal," 2011). In this system, other players on a case-by-case basis review player-submitted reports for both positive and negative conduct. Positive traits are rewarded if they are acknowledged by other players (such as teamwork, friendliness, helpfulness) by rewarding the player with a badge that can be displayed with their Summoner icon when logging in ("Tribunal," 2011). Negative actions, however, are reviewed by other players who then submit their opinions on the legality of the behavior demonstrated and then the misconduct is punished through temporary bans from the game for an agreed upon duration. It is notable that players are unable to be permanently banned through this system, since "all permanent bans are distributed manually."("Tribunal," 2011).

**Psychological/ Scholarly Backings for Riot’s Rewards**

Certain neural structures, called the reward system, are critically involved in mediating the effects of reinforcement. A reward is an appetitive stimulus given to a human or some other animal to alter its behavior and is typically used as a reinforce which, when presented after a behavior causes the probability of that behavior's occurrence to increase (Yee, 2006). A reward can
be defined as reinforce only if its delivery increases the probability of a behavior.

Within Yee’s article, he chooses to define a reward or reinforcement as an objective way to denote the positive value that an individual ascribes to an object, behavioral act or an internal physical state (Yee 2006). Primary rewards include those that are necessary for the survival of species, such as food, sexual contact, or successful aggression. Secondary rewards derive their value from primary rewards. Rewards can be produced experimentally by pairing a neutral stimulus with a known reward; such as pleasurable touch and beautiful music which are unlearned or primary rewards given for positive actions (Yee, 2006)

**Why are people motivated to play?**

Yee’s study provides an empirical model of player motivations in online games provides the foundation to understand and assess how players differ from one another and how motivations of play relate to age, gender, usage patterns, and in-game behaviors. (Yee, 2006). In the current study, a factor analytic approach was used to create an empirical model of player motivations (Yee, 2006). The study described in this paper was an attempt to articulate the myriad of motivations of play among MMO players, and to explore how these
motivational factors can provide us with analytical tools to describe and understand and preference for and effects of game-play for different kinds of players (Yee, 2006). The empirical model developed in this study provides a solid foundation for future quantitate research in online games by providing a model to understand player motivations, a tool to assess those motivations, and thus also a means to understand usage patterns, in-game behaviors, and demographic variables in relation to player motivations (Woodcock, 2006). A principal components analysis was used to arrive at a more parsimonious representation for the 40-item inventory set (Yee, 2006). The results indicated that ten components of the forty emerged with statistically significant evidence for gaming behavior which, in total, accounted for 60% of the overall variance (Woodcock, 2006).

According to this paper, the Achievement component consists of three factors (Advancement, mechanics, and competition) which are most accounted for in the motivation that was seen in the majority player demographic (middle class males) within the gaming community. Similar to both Yee’s article and the survey on player motivations with regards to League of Legends; the desire to gain power, progress rapidly, and accumulate in-game symbols of wealth and status through advancement displayed is a classical responses to the reward systems in place, which incentives great time investment in exchange for progress (Yee, 2006).
As stressed in this article, through the heavy emphasis on time commitment and investment, players are granted the opportunity to master the underlying rules and system in order to optimize character performance in their desire to challenge and compete with others; all of which are rewarded through Riot’s publicly visible symbols of achievement (Yee, 2006). Additionally, the statistically significant social components mentioned in this article also make an undeniable appearance within the Riot reward systems.

Consisting of themes which are mirrored in this paper; having an interest in helping and chatting with other players (socialization), the desire to form long-term meaningful relationships with others (relationships), and teamwork; Riot’s tribunal system effortlessly echoes and reinforces these incentives through publicly visible badges which are rewarded for the aforementioned characteristics exemplified by players within the game (Yee, 2006). Additionally, the strong emphasis on community and presence that Riot has made an effort to make through online forums and popular social sites only goes to further deepen the rewards gained by players in a social capacity; therefore granting a deeper level of gratification experienced by players through investing heavily into the game (Yee, 2006).

Finally, Yee’s paper discusses the component of immersion in vide game play in which the player develops incentive to play based on the implicit rewards gained through discovery, role-playing, customization capacity, and
escapism available within the game model (Yee, 2006). In relation to Riot’s current model, the continuous effort made by the company to balance gameplay, educate the consumers by rotating free to play players on a weekly basis to allow for discovery, and finally providing backstories for each champion as well as the ability to purchase the right to customize the character within the game.

Who Plays Games Online: The Relationship Between Gamer Personality and Online Game Use

Online games have become increasingly popular computer applications, raising the question of who plays them. In Teng’s study, the authors explore the relationship between gamer personality traits and the frequency of their online game use as well as any other additional links that have the capacity to be attributed to potential gamer demographic variables (Teng, 2012). The sample consisted of 1633 Taiwanese online gamers.

This study makes a unique contribution to the literature in several ways considering that there was very little literature available online that addressed the impacts of personality and demographics in overall Internet use (Teng, 2012). However, because the term “Internet use” encompasses the use of various Internet applications it many not be fully applicable to my specific
purposes of MOBA play in particular; however specific Internet applications can still be benefited from this information. This study is novel in that it addresses a new and popular Internet application: online games while encouraging extra research that could be derived from such knowledge including my own assessment of Riot.

This study predominantly focused on analyzing the community of World of Warcraft through confirmatory factor analysis to measure the reliability of their statistical inferences while testing their ideas through the use of regression analyses (Teng, 2012). Teng had ultimately concluded that there was a high Analytical result indicated that online game use is positively related to gamer openness and agreeableness but negatively related to gamer conscientiousness and emotional stability (Teng, 2012). Moreover, being male and having a high income were associated with higher levels of online game use. The results increase the knowledge on the link between personality and online gaming behavior.

Teng had concluded that, on average, gamers spend roughly 25 hours per week playing online games while more dedicated gamers tend to spend roughly three times the amount of time, racking up to close to 82 hours per week engaging in online game play (Teng, 2012). Teng had also derived that in conjunction with excessive video game play, gamers are also likely to underestimate the amount of time they invest into a given game due to their
addiction to the interface or activity often resulting in socially detrimental factors such as sacrifice of sleep or interpersonal interactions (Teng, 2012).

Lo, Wang, and Fang had also identified interpersonal relationships, themselves, as a correlate of online game use in which the community which is fostered through the act of video-gaming provides enough of a social structure to continue motivating excessive gameplay. Such behavior as noted by the authors, is more so prevalent in specific age and gender demographics (middle class adolescent makes between the ages of 16-25) and can also be traced to the physical and mental health of the users. Although these studies identified numerous correlates of online game use, the present study is unique in that it proposes and examines personality as a correlate of online game use, thereby determining novel predictors of online game use.

**Methods:**

My analysis comes in a two-part process. Initially, I plan on surveying the community through Surveymonkey, interpersonal interviews, Facebook, and other social medium. These surveys will be responsible for assessing patterns in consumption of the League of Legends product as well as the player perceptions of Riot’s comparative success to other MOBA’s. The studies will
also serve to illuminate what players believe that Riot does to advocate players to pay money for a free-to-play style game while not losing customer loyalty.

Based on thematically significant answers and publically available information on the designs and incentives of the various MOBA’s within the industry I plan on conducting several interpersonal interviews with representatives from Riot Games as well as gathering information revolving the production costs and player patterns with the emergence of eSports as a financial framework to best infer upon the growth experienced as a company both on financial and community metrics. In creating cross-parallel inferences from the in-organization reports as well as the progress of their eSports parallel, and subsequently player interaction with the firm, I hope to find reasons for the anomalous patterns in Riot’s design that can better explain why the product is differentiable. Once preliminary evidence is gathered, I will conduct additional research using forums to delineate if there is an overt agreement between data elements and player perceptions of the game that can account for the strange. Given that there is no publically available information on the financial status of the company, I will use inferences made from the production costs of putting together venues such as eSports Championships and consumption behavior to best assess their growth as whole. Ultimately, I wish to draw strong parallels between the relationships that the company maintains with its players through the variety of mediums they implement to
encourage player participation and then observe the impact that said relationship holds on economic and behavioral trends within the company.

**ESports and the timeline of Riot’s Growth**

More recently, Riot Games had released new figures surrounding the activity of their dedicated members within the player base, and the staggering growth of the firm remains to be unbelievable. As of several months ago, the product, League of Legends, currently host’s unparalleled metrics in comparison to its MOBA counterparts, leaving most other PC games in the dust. According to Forbes, “Riot reports that 27 million people play the game daily, while concurrent players peak at 7.5M. In total, 67 million players play the game every month.”(Tassi,2014) Revealing a steady increase in not only members of the community but active players, the continuous growth begs the question of what could possibly project the staggering figures aside from the inherent merits of the game itself.
When comparing the growth of the firm to its prior figures, Riot in the past year alone has grown by 13 million in daily players (marking a 207% increase in daily activity). (Tassi, 2014) Additionally, Riot had seen an overall increase in monthly activity by 209%, which means the inclusion of over 35 million more monthly gamers than the year prior. (Tassi, 2014) These new stats represent enormous upswings in every category for what was already the most popular game in the world. Not only are these numbers statistically uncommon for video games as an industry in general, they are also highly anomalous for companies that have existed for an already established duration of time (in Riot’s case, over 5 years); especially when only producing one product instead of the poly-productive strategy of most other gaming firms. For context, Forbes notes in its January issue that the “longtime king of the PC gaming world, World of Warcraft, peaked at 12 million monthly players in 2010 (though those were $15 monthly subscribers). Across all platforms, every Call of Duty game combined had 40 million monthly players in 2011.” (Tassi, 2014). However, the most traceable and interesting phenomenon that could be attributed to the company’s success is also one of their less lucrative ventures.

While tracking the evolution of eSports, it is easy to infer not only the success of Riot as a company but also as a growing community; thus giving some legitimate perspective on why they have experienced such consistent and
impressive growth in the short amount of time they have existed despite being a free to play model. (Anonymous, 2014).

Therefore, I plan on discussing Riot's growth by tracking the evolution of eSports and the subsequent player base growth and involvement. Not only will the physical growth of the company provide some context for the company's fiscal growth, it will explain the involvement of the consumers and community.

**Season One**

In the first season of eSports, Riot games had hosted its professional competition with the exclusive purpose of corralling more viewership through the implementation of a sports model. Being relatively new as an industry during their debut in the eSports community, Riot's first competitive season was run by two partners (ESL which is based in Europe and MLG, the original host for StarCraft) in 2011 during the Dream hack event where they held their first World Championship for North America and the EU. (Jaworski, 2014) According to Steve Jaworski, from Riot games, “we needed the partnerships back then out of financial necessity and relative lack of experience in the field. Since we were the new dogs back then, it made sense to attempt
and follow the model of an already established company, at least in the beginning.” (Jaworski, 2014). With a successful completion of the first season, Riot hoped that the new development in their business model would attract more players through the process of building and retaining a community, which would grow with the future of eSports. (Riot Games). While the player base was growing at a relatively steady rate at the time, an anonymous Riot representative expressed that their main goal was to build an emotional relationship with the fans in which they could identify with the game in more ways than one, allowing for the following to eventually have a set community which would facilitate the interaction between the company and the consumers. (Anonymous, 2014).

**Season Two**

At the very beginning of the second season, Riot’s numbers of active players skyrocketed to roughly 70 million registered players, and approximately 32 monthly active players in total. (Riot Games). Bolstering the reputation of being one of the most played games in the world, Riot’s figures competed with some of the most prominent and pre established gaming franchises, ranking fourth in most popular across the world (Grand Theft Auto had 85 million
active monthly players followed by Call Of Duty with 65 million, and Xbox live
with slightly over 40 million.)(Riot Games).

Therefore, with the implementation of the second season of eSports
following the immediate success of Riot’s test run in eSports gaming came an
increase in both structure and concrete goals for the future of League of Legends
in the professional gaming world.

In the second iteration of Riot’s entry into eSports, the company aimed
to implement more structure by creating a better defined circuit for the games
they were going to broadcast as well as greater involvement with other
predeceasing communities designated towards eSport facilitation. (Jaworski,
2014) Unlike the year beforehand, Riot increased their investment and
spending through their purchase of inclusion within the IPL, MLG, and ESL
conventions for eSports, which now all worked together to run the events
within a championship series. (Jaworski, 2014)

Unlike the loosely formatted season preceding Riot’s second round of
World Championships events, the series was designed to act more like a roving
circus in which the various teams would fly around different countries to pick
up points during their time competing against one another until the final
matchup (Riot Games). While this iteration was the first time that riot owned
championships, the company still requested for the assistance of other gaming
factions(Riot Games). It is estimated that the second season cost riot games
several millions of dollars to produce, even with the aid and guidance of other firms; delineating not only an increase in revenues that would allow for the growth in the company but also the popularity of the game given that Riot’s presence on eSports came about due to popular international demand.

More indicative to Riot’s growth and success; North American Regionals (known as PAX prime) came to life during the second season of Riot’s participation with eSports, in which the top North American teams competed at the Dream hack convention in Sweden as while the European teams battled for the title of best continental team at the tournament specifically hosted for European Union teams at the GamesCon venue. (Jaworski, 2014) What most differentiated this season from the former, however, was the vast expansion in international influence and popularity that *League of Legends* had across the world. In the second season of eSports for Riot games, the popularity of the game merited not only the expansion of over 6 new offices internationally, but also the formation and facilitation of three new continental leagues from across the world, (GPL, OPL, and OGN) which had also brought their own teams to the table. (Riot Games).

The North American Regionals became significant to Riot from not only an organizational perspective but also from a fiscal one. Because this event marked the first instance of Riot ownership over the production (especially without the need for assistance from other preexisting gaming industries); Riot
became entirely autonomous in the direction they chose to take with branding and expansion (Riot Games). However, more relevantly; the scope of their expansion paired with the financial autonomy to produce at a large enough level to afford hiring a professional production crew from New York creates at the very least a tangible sense of success within the company to the public given that their financial information is entirely unavailable otherwise. (Jaworski, 2014).

Considering that most of Riot’s profits come from cosmetic purchases to player’s champions, the tripling of player base is also indicative of what could be assumed a threefold increase in the amount of purchases made from the company before factoring in any of their other campaigns aimed to drive sales.

In this iteration of the Worlds Championship, Riot games hosted the venue at ”LA Live” which amongst fans became one of the most defining and historical shows for Riot games in it’s entire five years of existence. One of the biggest defining features which had distinguished the company from it’s prior work was the responsiveness and catering that it had employed for the fans; especially on the 3rd day when the internet crashed during playoffs; resulting in what could have been a colossal failure(Jaworski, 2014. However, Steve Jaworski explains that while they could have very easily been in a position to terminate the championship altogether, it was the commitment of the fans and
the popular demand that had driven the company to remake the quarterfinal games (Jaworski, 2014). As a result, the company had later chosen to make the decision to finally expand even more and build their own LAN connection and department now referred to as the NOC within the company. (Jaworski, 2014)

The subsequent semifinals and finals were hosted at USC in the Galen Center, charting the first ever stadium presentation of LoL. (Riot Games) Given the last minute expenses of renting out a venue ranges anywhere between $100,000-$200,000 a night (without the inclusion of production crew, staffing, technical setup, and production costs) Riot’s ability to make the last minute venture for the preservation of the experience for the fan base is indicative of not only their relative liquidity, but also their commitment to the player base.

During this event, over 8,000 fans and supporters were in attendance in the arena and the tickets sold out in less than 4 days of becoming available to the public. (Riot Games). The company also proudly bolsters that during the Championship, there were over 8,282,000 total online viewers, which resulted in 24,230,688 total hours of League of Legends watched while being broadcasted (Riot Games).
Season Three

While the vast growth experienced during the prior seasons of World Championships in *League of Legends* overtly demonstrated the rapid expansion of player popularity (and thus fiscal investment) into Riot Games, it was during the third season of World Championship in which the new viewership records gave concrete evidence for Riot’s unparalleled and anomalous fiscal growth. Estimated at almost 32 million people watching the finals, by Polygon, Riot had grown by almost 376% increase in viewership in comparison to the past championship, and the player base in turn, expanded at almost the same rate as a result (Sarkar, 2013). Now hailing at almost 67 million monthly players, Riot games had increased it’s following by slightly over 200%. (Riot Games).

Additionally, the staffing within Riot Games expanded from 100 employees to over 1000 in an effort to facilitate the steady increase in player community and aid in the anticipated growth of Riot as a company. Echoing the ideas presented by thousands on Reddit forums during and after the championship, Flodorf provides a popular sentiment among the community, which is indicative of Riot’s transference of goals into actualized realities;

“The amount of League I could watch this year was ENORMOUS. It got great coverage, it had great games and generally when I think back
on it I was really happy to be a part of it. It was such a huge step forward compared to last year, that I really do feel the need to say thank you. So thank you Riot, for giving me so much League to watch. Thank you for all the effort you put into making it a professional sport and making it so much fun to watch and follow.” (Flodorf, 2013)

Riot games possessed complete ownership over this series in both the European Union as well as in North America, marking the expansion of not only fiscal abilities to manage and facilitate a multimillion viewer event, but also the great expansion in player base. The involvement of the community as well as the growth of the brand in the eSports community was marked by the first ever use of a studio to host their event.

While there was no in-studio audience at the time of production for the third series of Worlds Championships, the emphasis on creating a more interactive experience for the fan with regards to the professional gaming scene helped to facilitate Riot’s corporate movement into the direction in which they began adopting more conventional sports broadcasting techniques to represent their events (Jaworski, 2014).

An additional modification made to the Riot games setup for production since the prior season was the creation of a standard TV broadcast schedule
that would air from 1-4pm every week. (Riot Games) This divergence in business model to more faithfully emulate the setup of professional sports productions provided stability for the viewer and a dependable time to plan their days around; thus founding the emergence of viewing parties and communities that convened for the purpose of tuning in and observing professional games. (Jaworski, 2014)

In an interview with company founder, Marc Merrill, he addressed the shift in perspective by stating that the purpose for it was to, “allow for more fandom and more storylines around players, around teams, around rivalries. What we learned from last year doing this one big tournament last year… was that it was really hard for fans to have a big following or an allegiance to a specific team. Now that we’ve done this regular season and we’ve created this large platform for viewers to watch, it’s actually a more compelling, more rewarding experience for the championship.” (Grubb, 2013).

In adopting a similar style to the NFL or NHL production formula, the eSports team created an increase in transparency to the viewer of their intentions well in advance of the actual championships; providing them with enough time and resources to invest both financially and emotionally into the matchups that will be competing in the future. Merrill further explained the
direction of eSports to Gamebeat in asserting that, “What we’ve really done is we’ve mimicked what traditional sports do...We wanted to create a consistent league structure similar to FIFA, similar to Major League Baseball or the National Basketball Association.” (Grubb, 2013).

Aside from simply having created a schedule for players and events, Riot games was also conscious of allocating time to have broadcasters air both pre and post game talks online, thus furthering their brand as a professional sporting venue. (Riot Games)

The finals for the Championship were hosted at the Los Angeles' Staples Center during which the total viewership numbers — ‘which [took] into account global live-streams and television broadcasts from China, Korea and elsewhere — included a peak of more than 8.5 million concurrent users’ according to polygon’s reporters(Sarkar, 2013). For context, that tops the entire viewership for the Season 2 finals from the year prior during which the viewership reached its peak at 1.1 million fans watching at the same time. As a comparison, Super Bowl XLVII this year reached an average of 108.69 million U.S. viewers.(Sarkar, 2013). More impressively, the entire stadium- all 13,000 seats- were sold out within an hour of being put up for purchase acting as a
high indicator for not only the demand for the product but also the rabid commitment of the fan-base to the product (Riot Games).

Moreover, Riot games can be charted heavily for their success in this season specifically through their creation of different leagues and seasons for various levels of skills- expanding not only their offices but also spending to an international level in which there is a constant rotational program annually providing for almost nonstop professional level competition and subsequently, venues. (Riot Games)

While their expansion over-seas is indicative of their success, the third season became famous within the community predominantly for the vast increase in scope and production that had gone into the broadcasting of the playoffs and championship finals. With the purchase of a studio for continuous production capacity by Riot Games, they had decided to make their big ticket item for the season be the 4 day long rent out of Staples Center for the grand finale in which the tickets had sold out shortly after the first hour of opening up their webpage for purchases (Riot Games). With estimations remaining unclear as to the cost of the rental of only the facilities, based on the reported prices of renting out Staples for an evening reaching close to $500,000, the four day long event would have cost Riot games at the very least two million dollars.
before calculating the additional cost of production crew and equipment and subtracting the revenues made from inflated ticket prices (Staples Center).

When accounting for the marketing effect that Riot games had on the consumer; and ultimately the efficacy of the strategy that drove several million more to adopt and engage with the brand, Riot was incredibly successful in focusing first and foremost on the experience of the fan. When looking back on the general discussions and reactions on Reddit forums regarding the third season of championships, popular trends of discussion were predominantly overwhelmingly positive reviews of the event. Players not only recognized the direction in which Riot was taking eSports, but they also “loved the schedules and frequency” to the point of continuing the post championship discussions well into a month after the termination of the events with thousands of new viewers chiming in to express their overwhelming enthusiasm for the product. Riot representatives, being fully aware of their effect on the fan-base declared to Polygon "We're beyond humbled by your passion for and commitment to League of Legends,"; hoping to demonstrate to their loyal fans that the commitment that they have for Riot is symbiotic and at the forefront of their minds. (Sarkar, 2013)
This being said, there was a bit of push back in some of the more active communities who had already been faithful followers of the game; stating that Riot had lost sight of the heart of the company which was much more transparent during the far less organized but more soulful Season two so much more special. This being said, there was no reported or visible decline in the original player base post-season, but rather a growth in new players; thus insinuating that the eSports campaign was ultimately successful in it’s mission to seduce new players while still retaining the loyalty of the old ones. (Jaworski, 2014)

When speaking to Riot representative, Steve Jaworski on the player responses concerning the second and third season, he declared, “Riot recognizes that season two tried to make history, and when taking into account the response we got from the community it’s safe to say that Season two was, in fact, considered to be the turning point in the success of Riot as a company and our influence on the gaming world. (Jaworski, 2014) More specifically, we successfully ventured and tapped into professional gaming which managed to reach and compel audiences of all skill levels. (Jaworski, 2014) level of success that we’ve seen is something very novel to competitive gaming, however it isn’t too dissimilar to the NFL where all levels of skill and audience are involved in the sport. (Jaworski, 2014) The fact that we could do that with an emerging
sport and receive the growth and popularity that we had seen as a result is a
good sign that we’re hopefully doing right by the fans.” (Jaworski, 2014)

**Season Four**

In the most recent cycle of eSports, Riot and Coke Zero became partners with Coke Zero which chose to sponsor the challenger series for Riot. With murmurs from the company itself about their desire to increase the amount of viewership and the level of interactive fan experience, Riot games is attempting to actualize their goals through considerable increase in the amount of preshow, editorials on LoL eSports, broadcasts, and interactive features for the players to engage with on their webpage.

Steve Jaworski noted in his interview that “the company really wanted to polish off the product which they had developed last year” and thus have decided to move entirely in the direction of making the professional structure resemble the way NHL produces their brand (Jaworski, 2014). With the new LCS studio, which they will be implementing for broadcasts this cycle, Riot games hopes that the live studio audience will provide for not only more interesting filming
but also overall increase in community involvement with their product (Jaworski, 2014).

While the results of the season remain to be inconclusive as it is currently in the middle of production, the emergence of more team specific fan communities is becoming indicative of the success of Riot in facilitating the competitive and interactive culture they had sought to achieve this iteration.
While the financial information that chronicles the company growth remains to be hidden from the public given the private nature of Riot Games’ industry, the measurable increase in infrastructural demands determined by the vast growth of player base provides enough context to infer the success of a company’s product as well as their ability to grow and maintain a community that remains loyal to the product. Not only does the data demonstrate the clearly observable growth of the player-base as a whole, but when looking at the rate of monthly activity of the player base in conjunction with the registered users, the percent of involved members has only increased with time, insinuating an increase in community loyalty and dedication to the product.

In the remainder of my analysis, I hope to explore the reasons behind the increase in player dedication to the company as well as overall growth in community within the context of the ongoing relationship that Riot Facilitates with its fans through eSports. I then hope to eventually use this information to inform my hypothesis as to why the company continues to see such sustained success in player acquisition and retention and as a result, profits as a product in a market, which would otherwise be undifferentiated.
**Riot isn’t profiting off of LCS**

Being one of the most highly functional examples of a free to play model in the gaming world, Riot is careful to maintain their structure so that any items that are sold for real world currency are done for access to decorations and champions rather than special access to certain abilities that could discriminate against individuals with lower income levels. The game isn’t pay-to-win, and constantly seeks feedback from its players to ensure it’s working toward a state of balance. Because of their commitment to the player experience and constant attention to the demands of their following, Riot bolsters the reputation of being a generally beloved company which is rarely thought of as greedy, “despite using a usually-derided micro-transaction model to survive”. Even though the game isn’t subscription-based, their expansion to international offices, sponsorships from established industry moguls such as diet coke, and ability to host annual multimillion dollar productions with cash prizes up to eight million dollars is a strong indicator of Riot’s success in generating revenues from their free-to-play model from their players. Though there is no information that is available publicly since Riot is a private firm with stringent confidentiality protocol, estimates have placed Riot’s revenues close to $624M in 2013.(Tassi, 2013). According to the Tassi, those estimates were calculated before these new figures were released.(Tassi, 2014)
However, while Riot Games had managed to generate impressive statistics throughout the duration of their involvement with eSports (with now over 70 million registered player names, with 32 million MAU (monthly active users) and 12 million DAU (daily active users), the venue has been proven to generate more losses than financial gains (Peterson, 2012). While this information would lead one to believe that the venture should be dropped, at the very least from the perspective of a classical economic model, Vice President of eSports and Merchandise, Dustin Beck stated in an interview, “It’s a significant investment that we’re not making money from,” Dustin Beck (Grubb, 2013).

Justifying the actions of Riot Games with regards to their production of eSports as a reasonable marketing cost, he declared in his interview, "We lose money on the tournaments, but we think they will benefit all e-sports. We want to deliver value to players," Beck said. (Peterson, 2012). However, Beck soon after further explained his reasoning for employing a venture that has proven to generate loses by adding, "Our priority is to give players and fans a great experience both live and streaming. We want to approach the quality of pro sports in our competitions and broadcasts - that will improve credibility."(Peterson, 2012).
With several other interviews following a very similar vein of rationalization, including my internal correspondence with an anonymous representative, the consistency in response regardless of the public nature of the interview paired with the actions of the company provide for a clear picture of Riot’s main incentives; to invest in the community with hopes of their reciprocity in the long term. Following the wildly successful third season (in which the player base expanded by 200%), Beck reiterated his unwavered goals for the company to GamesBeat during an interview where he declared; “It’s an investment into the game for our fans — just like we’d invest in any other feature within the game….it’s a worthwhile thing for us to do because it’s such a high quality, engaging experience for our fans.”(Grubb, 2013).

**Possible explanation for Riot’s success from an economic perspective?**

While Riot Games is losing money, the company remains wildly optimistic about their loss leader strategy approach to the industry of eSports.

In adopting business strategy in which eSports offers both a product and service at a price that is not profitable on it’s own but rather acts as a medium for attracting new customers, Riot games is currently waging their losses in
production against their overall future profits in attracting a more dedicated and vast player base. (Anonymous, 2014). While this is a common practice when a business first enters a market; Riot game’s relative stability within an already established market while still offering a loss leader strategy still manages to introduce new customers as seen by the statistics addressing their expansion and thus; is successfully continuing to build a customer base which facilitates their chances of securing future recurring revenue.

Marc Merrill, founder and CEO of Riot Games, addressed this concern in an interview with GamesIndustry International by stating, "We feel our direct distribution and our connection to customers, along with our experience around the world, is a very powerful asset we intend to capitalize on when it makes sense." (Peterson, 2012).

Furthermore, Merrill chose to elaborate further and explain that, “The rapid growth of the player base has left Riot perpetually scrambling to meet the demands of the audience. Therefore, the focus of the company has been supporting the growth of the audience, expanding the game, and trying to make the game as good as possible for the players.” (Peterson, 2012).
While the public statement could have been a front for remaining professional in the community’s eye when discussing the losses acquired through the venue, a private interview with an anonymous Rioter on the eSports development team confirms the company mission two years after the interview with Merrill in stating, “There has not been a single meeting that I’ve attended while working at Riot Games where there wasn’t at least one mention of the effect our actions will have on the players; that drive to constantly extend our decisions outwardly to benefit the player is exactly why I believe we succeed; because we care about their experience before the profit and the rest sort of comes on it’s own” (Anonymous, 2014).

While never explicitly discussing their finances, Riot games often insinuates upon it’s main objectives through a series of rationalizations for a venue which has been known to generate loses while simultaneously eschewing the implementation of a different (yet conventionally more profitable one) than the free-to-play strategy which they are currently using. Even when asked about alternatives to generating revenue aside from in-game cosmetic purchases, such as merchandise, Merrill responded,

"We realize people really want merchandise, but we don't want to put our IP into the hands of a third party that might take the IP in directions
we don't like.", thus demonstrating a rigid commitment to their current strategy which further implies it's already charted success (Peterson, 2012).

Considering the rate at which League of Legends has been growing in popularity in China, (and the conventional wisdom is that Chinese gamers like to buy power in their free-to-play games), it becomes easy to raise questions about Riot Games’ awareness of its various international markets where the loss leader policy could not be as applicable. However when questioned about their persistent refrain from expanding through more traditional money-generated means, Merrill explained why League of Legends stays away from that kind of strategy. Instead he asserted that they indent to continue to only allow players to purchase new Champions and skins rather than more power in the game for the sake of indiscriminate equality among players and stronger community ideation. During an interview Merrill expanded on the concern, stating, "We know many people say that buying power is something some people do in China, but we feel our way is better in the long term," giving the readers and community a strong sense of premeditated strategy for the long term plans for Riot as an industry. (Peterson, 2012).
How Are We Seeing the Community Respond?

Players continuously remark upon their understanding for the financial challenges that Riot Games must have to face on Reddit forums, which insinuates the extent to which Riot remains transparent to the player base and as a result, builds trust in personal relationships with their fans. With strongly worded and often emotional responses on forums in support from consumers for the economic viability of Riot such as, “You aren't getting screwed. You are SUPPORTING a company that's based off of novelty items... Riot needs your money. It's fact. If you don't want it, don't buy it. But don't say you're getting screwed. Product is priced based on the demand. And holy shit is there a demand,” the community creates a forum where it is almost nigh impossible to deviate from the popular belief revolving around Riot’s positive image.(antidakota, 2013).

As a result, the strength behind the community speaking for Riot games plays its hand in shaping the culture of not only the product but also the perceptions for the entirety of the following.

With over 300 comment trends on how “Running a company like Riot is hardly cheap” players consistently demonstrate not only their empathy for the company but also facilitate an online community that is more respectful and
aligned with the mission of Riot through either persuasion or, less constructively, aggressive criticism. (Stwida, 2013) With statements from players such as “let’s be honest, even between the lag issues that arise here and there, Riot’s server maintenance is fantastic” the Reddit community acts as a self facilitated medium for often intelligent debate and eventually the internalization of Riot’s main incentives within an already established in-group that implicitly comes with participating within a Reddit forum.(Stwida, 2013)

However, what is more telling of the relationship that the players have with Riot games lies not within the discussions held between the fans amongst themselves about the incentives and merits of Riot Games, but the discussions that transpire between the representatives currently working with Riot and the various conglomerates of fans and consumers; whether that be through constant communication between the college community coordinator at Riot or persistent attention to the discussions on Reddit forums.(Anonymous, 2014). Aside from not only answering fan requests ranging from children in make a wish foundation to newfound LoL enthusiasts, Riot games makes a concerted effort to maintain a strong Internet presence to act as a tool for community solidarity.(imwaltermcd, 2014).
With candid Internet presences and frequent interpersonal correspondence, Rioters hope, “that the community sees what we do as an organization to build relationships with them- and frankly, that’s often the company’s proudest moments when we can fulfill the special requests of fans. On the outside I guess it’s hard to come across as genuine being as big of a company as we are, but we take the personal accounts and letters from our consumers very seriously because they mean so much to us.” (Anonymous, 2014).

When interviewing an anonymous Rioter about their intentions towards their fans; more specifically, what he wished the players knew about him and his involvement with Riot Games most of all, he responded;

“We’re a big company that tries to maintain the humility and heart of a startup; we know that we are growing and as an industry we must always be looking for ways to grow in profitable ways; but at the same time we are entirely conscious of the fact that it is because of our relationships with the players that this became and remains to be at all a reality for Riot Games. We are very humbled and blessed to have such a devoted player base that we so strongly wish to relate to.” (Anonymous, 2014).
He believes that though his candidacy with the players and consistent work that Riot Games does to facilitate the relationships it has with its players to meet demands lies the reason for their imminent success as an organization. (Anonymous, 2014).

It seems that through their strong emphasis on creating identification with the company through correspondence facilitates the relationships strong enough to make players invest into a company from not only a utilitarian perspective but also from an approach not too dissimilar to a Humanistic system in which they hold personal investment in the success of the company out of ties to their own personal identity. The undisputed success of eSports then becomes defined by somewhat of a cyclical relationship in which the persistent concern for the player base generates a more solidified following which in turn, drives demand for the product out identification and an emotional sense of belonging to the company itself. From an organizational perspective, it seems that Riot does an incredibly successful job of developing a brand through the structure of the organization, in which the projection of the company becomes a delayed reflection of the culture within the company. In an interview with a Rioter, the idea of having the company culture have an outward effect becomes immediately transparent when he stated;
“Rioters would rather kill themselves over making something awesome than having free time through making something mediocre and then calling it a day... I would want the community to understand more than anything how much heart we put into making the game...we do this out of care and love for the product and the community it created as a result.” (Anonymous, 2014).

For Riot games, their mission seems to be to not only create a product for the consumers, but also generate a relationship in which the community feels like they are to some degree stakeholders in the outcome of Riot Games and their success as a company.

**Why do players purchase within the game?**

When investigating the reasons for player involvement and the financial success of Riot Games, I took to the online forums and various collegiate groups across north America to discern their reasons behind not only their commitment to the game but also their voluntary decision to invest monetarily into a game which is designed to be free to play and therefore rendering their contribution aside from cosmetic alterations to their champions almost
irrational. When considering the actions of the gamers, it is important to understand that the value of in-game currency is just as powerful in accessing champions and skins (both features which you can pay real money for to be converted into in-game currency (Riot Games.) However, the conversion rates a bit more fascinating.

While the average player needs to play roughly 8-10 hours of League of Legends to earn the points necessary to unlock a champion, the real world price would be equitable to $10-$15 dollars, rendering the choice to purchase a champion as a dedicated player relatively irrational. On the flipside, if someone were to play casually and therefore not be willing to invest as much time in a champion, their demand for more variety in playable characters should theoretically decrease since they won’t be investing the hours necessary with the purchase to justify the cost.

While the responses that emerged from my research were vast and diverse, the leading reason behind the cosmetic benefits and mindless Internet purchasing patterns was one, in fact, backed by altruism. In my research while asking players about their primary reasons for spending money on the game (despite it being free to play) one of the most common responses that I’ve received was "because I want to give back to Riot."
Often expanding upon “The amount of time and effort Riot puts into League of Legends”, fans consistently demonstrate an understanding of the company’s mission to “please the community first, and make a profit second.” (Stwida, 2013).

When further pressed about why this business model drives them to behave altruistically, players often touch upon their awareness of the economic incentives of Riot as well, stating, “. While it may be true that Riot is a for-profit organization that needs cash flow to survive, they have generated their revenues not from exploiting customers or selling below-average products. (Stwida, 2013). They aim to please their community by giving them what they ask for (usually by majority demand backed by logic), and in turn, the community ends up willingly buying products they've wanted all along.” (Stwida, 2013) This sense of compassion and gratitude that is expressed in forums can be attributed to a host of factors aside from the quality of the product and a basic understanding of incentives; one of them being the recurring theme of relationships formed amongst the players with the production team within Riot’s HQ in Santa Monica.

When assessing the player perceptions of Riot’s involvement and the subsequent hand that plays in their decision to purchase the product, players consistently found the level of attention to player feedback and observations to
be one of the most compelling reasons for their involvement. When pressed to elaborate further, one Redditor and League of Legends fan explained;

“The speed at which Riot responds to the community feedback is astounding. In the discovery and implementation of new teams, even just at competitions, Riot uses the information and data they receive to continue making ongoing adjustments to their game in order to ensure that it is as balanced and enjoyable as possible for everyone who plays it. Seeing skins come out based entirely around community concepts, along with community-inspired champions is a huge deal... The amount of time, effort, and detail put into these two updates is absolutely mind-blowing, and shows an amount of dedication by Riot that not many other gaming distributors can compete with.” (Stwida, 2013)

Based on this response along with several hundred other congruous sentiments in the past 4 months of Reddit research alone, it appears that it is because of the carefully maintained relationship between the community and the company that Riot has strong communication channels, and therefore the luxury of constantly remaining aware of consumer demands. As a result, Riot games has a constant enough stream of information and feedback to quickly
coevolve with the community while still playing it’s own hand in shaping the future one through over gestures of compliance with popular demand, thus furthering the symbiosis of the relationship.

**Conclusion**

While the metrics for Riot’s League of Legends seem almost improbable given their niche platform and homogeneity in the MOBA market, Forbes confirms the validity of their data through multiple mentions of direct communications with Riot representatives who had provided the figures for their growth. (Tassi, 2014) When compared to the most popular Facebook game currently, Farmville 2, with 48 million MAU and 8.7 million DAU, Riot games still holds the lead by a landslide in both game popularity and player base retention. By hours played per month, Riot claims that League of Legends is the most played video game in the world, and according to a source in Riot games, who did not want to be identified, the figures presented through Forbes were duly confirmed- thus giving legitimacy to the article in multiple forms. (Anonymous, 2014)
When considering what could have possibly accounted for the massive increase in Riot’s community, both forum posts and inside sources alike have directed me to Riot’s multi-million dollar campaign in the eSports industry and its subsequent relationship with the community. Over the past four seasons of Riot game’s involvement in eSports, the popularity of League of Legend as a professional eSport has markedly grown in comparison to its preceding years of existence, making the correlation between the two industries notable in the lineage of Riot’s expansion as a firm. Though Riot has been known to follow a loss leader strategy during their involvement with eSports, it still managed to drive immense international interest in the game, which had contributed to their vast success in the immediate several years.

The true formula for success seems to be the subliminal way in which Riot Games computes an illusion of altruism. In creating a system of social obligation through the constant maintenance of the relationship that Riot had fostered with the community, the players feel as if they are stakeholders in the success of the company and therefore become more likely to invest into the organization out of the belief that they are acting as beneficiary parties towards the overall success of Riot.

ESports serves to facilitate community and emotional attachment to Riot Games as a company in ways that professional teams cannot dream to achieve.
because of the constraints revolving around established professional leagues.
While large venues for professional sports are owned and maintained by separate parties, Riot Games has the luxury of being able to sponsor and produce events around the sport, which they themselves have created. Therefore, the allegiance that spectators have to eSports along with love for the product both extend directly to the company, Riot games, which serves in building a direct correlation between the spectator and player experiences.

Because of the deep seated nature of the attachment forged by the company to it’s loyal fans, Riot games uses the identification the fans have towards the company to better inform and cater their product to the demands of the player-base and assess the demands of the consumers on a significantly more situational basis.

Through this mutually beneficial push to encourage players to feel obligated to the company out of the immense benefits they had received from Riot, they begin to act irrationally when it comes to purchasing within the service. While the player would more likely than not pay anyway since it is psychologically easier to make a micro transaction, especially with credit, players become more likely to pay more than they normally would out of the sense of obligation to chip in their fair share for the benefit of the community,
which includes Riot Games. Thus, through the creation of an artificial sense of social commitment paired with a communal pressure to internalize the ideals of the organization, Riot breeds a behavior among its fans that is relatively inextinguishable.

This phenomenon, then, serves to explain the odd behavioral patterns seen amongst the fans where they invest into a game that neither logically nor in structure demand their monetary investment. Even if, and is often seen within forums, a player reaches a level of awareness to the business model in place- they often find the sunk cost of leaving a service in which they have invested so heavily from a social, time, and monetary perspective to great to merit their resignation from the game; the utils of pleasure to feeling cheated remain higher as seen by the growth and retention of player base (Riot Games). Ultimately, the stakeholder mentality and ‘friendship’ with Riot seen amongst the players also accounts for why Riot feels confident in their ability to generate long-term returns from their loyal fan base, and therefore consistently invest heavily in a venue that doesn’t generate profit.

Therefore, the indicative expansion in active players paired with commitment to the franchise serves to easily explain for the increase in purchases that will be made (with close to no additional strain on Riot for production since the vast majority of their product is generated through human
capital). As a result of the production costs remaining minimal, given the nature of providing an online service through the medium of the game, the fixed cost of making the product remains minimal in comparison to the revenues generated from the service, even with the losses from marketing/producing eSports. When factoring in all the costs and generated revenue from League of Legends, it isn’t surprising to see an increase of wealth of that magnitude.

Because League of Legends diverges from the more common pay-to-win RTS genre PC game while simultaneously fostering a concretely developed feedback loops between the producers of the product and the players themselves, the corporate transparency paired with strong community engagement from an organizational perspective serves to ensure Riot’s continuous emphasis on remaining balanced and play-centric (Riot Games). In doing so, Riot’s highly transparent objectives and strongly reiterated initiatives allows for the company to derive most of it’s growth through prayer adoration and allegiance first and foremost, while offering the product as a staple for facilitating the relationships.
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