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MASTER'S THESIS

# EXPLORATIVE EXAMINATION OF THE GLOBAL SUCCESS OF THE VIDEO GAME LEAGUE OF LEGENDS AND THE EXTENT TO WHICH CONSUMERS ARE INFLUENCED BY ITS CULTURE

by

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# Abstract

This thesis aims to explore how the video game *League of Legends* acquired its global success in the video game industry, and to which extent its consumers are influenced by the game's culture. The label 'success' is based on the game's $1.7 billion revenue in 2016 and its 100 million monthly players. 'Culture' is defined by the shared values, norms, traditions, and beliefs of the game's online community.

The game's success was assessed through secondary data analysis, and by applying various marketing and strategy frameworks to examine the internal and external environment of *League of Legends*. The game's cultural traits and its influence was analysed through relevant culture and social identity theory, as well as primary data collected via a questionnaire.

The success of *League of Legends* is evidently due to several elements: creating an uncontested market space with untapped demand; its popular free-to-play business model; and attaining first-mover advantages, which created barriers to imitation and market entry.

The culture stands out as very competitive and hostile. An emphasis on skill often cause hostility and verbal abuse between different identity groups provided by the game's ranking system, which offers both individual identity and distancing of dissimilar players.

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# Glossary

**Beta**          Refers in this context to a beta test, i.e. a testing of video game software during its development.

**e-Sport**       Electronic sports, professional video game competition hosted by electronic systems.

**Flaming**       The act of being verbally abusive towards another person.

**Free-to-play**  Describes a video game, usually online, that does not have to be paid for in order to be played; download and access are free. Players can optionally purchase items within the game.

**Freemium**      A business model closely related to the free-to-play model. Freemium games provide very basic access for free, but require payment if the player wants to progress in the game.

**Kill/death ratio**   The quantitative relation between the amount of times a player has killed an enemy, and how many times they themselves have been killed.

**MMO**           Massively Multiplayer Online, a game genre capable of supporting large numbers of players through a network service.

**MOBA**          Multiplayer Online Battle Arena. A competitive game genre which involves two or more opposing teams trying to destroy each other's base.

**Noob**          A derogatory term derived from the word "newbie" which describes an inexperienced person in a particular activity.

**Paywall**       A technological barrier in order to prevent players from access to premium features or full access to the game, if they have not paid for it.

**Pay-to-play**   Describes a video game that has to be paid for in order to be played.

**Skin**   A cosmetic item that can be purchased to change the appearance of a game character. In *League of Legends*, some *skins* come with new character 3D animations and sounds.

**Toxic**   In this paper, toxic refers to a hostile, negative tone within the community of online games. Players characterised as toxic exhibit negative behaviour towards others, e.g. being unfriendly to new, inexperienced players instead of helping them.

**Twitch**   A social live video platform for video games and culture. With currently 10 million daily active users, the platform is the biggest of its genre.

# 1. Introduction

This thesis examines the global success of the video game *League of Legends* (Riot Games, 2009) based on the works of Henry (2008), Hooley et al. (2012), and Kim & Mauborgne (2007), and to which extent culture affects the game's consumers, by applying the anthropological works of Jenkins (2008), Tajfel & Turner (1979), and Ting-Toomey (1999).

The analysis is motivated by the rapid growth of *League of Legends'* global popularity with 100 million online players every month (Riot Games, 2017) and its $1.7 billion revenue in 2016 (SuperData, 2016).

The video game market has long lost its image of catering solely to a very specific target group, and has been growing steadily during the past years. Video gaming has become a mainstream phenomenon so popular that there are video games for virtually every target group imaginable, from mobile games for toddlers to entertainment for the elderly.

The rapid growth in the technical capabilities of devices and the adaptation of mobile devices as a steady companion in everyday life has brought forward a surge in the availability of video games. Ever since the first smartphones became a success, app development has brought countless apps and games to our homes and onto our mobile devices.

This development has given the video game industry another surge, with mobile gaming hitting record revenue of $40.6 billion dollars in 2016, contributing substantially to a total $91 billion in interactive entertainment revenues in 2016 (SuperData, 2016). This success is likely to continue and would be highly unlikely to have occurred without PC and console gaming laying the foundations.

The PC gaming market still has a strong second place in the total income with net revenue of $35.8 billion (SuperData, 2016). It is notable that there has been a shift during the recent years; different from the market a couple of years ago, the revenue now is largely driven by free-to-play games, with *League of Legends* leading the list of most successful games since its release.

As the success of *League of Legends* is a rather unique phenomenon, a more thorough overview of the Massively Multiplayer Online (MMO) and Multiplayer Online Battle Arena (MOBA) video game genres is needed. Considering that the market has changed rapidly during the last couple of years, a full analysis of the recent years and the specific revenue development exceeds the scope of this paper.

Of the $35.8 billion revenue that PC gaming achieved in 2016, the number consists mainly of free-to-play online gaming titles and downloadable games, which overall accounted for a revenue of $18.6 billion (SuperData, 2016).

Of the 2016 MMO market, free-to-play MMO games hold 92% of the players and generate 87% of the revenue (SuperData, 2016). This indicates that the concept behind the free-to-play games has proven successful to provide the customer with a free product and attempt to encourage the purchase of in-game products for a micro-transaction, i.e. a miniscule amount of money. It also proves that free-to-play games are a valuable marketing tool, taking for example Nintendo's *Super Mario Run* (2016), a free-to-play smartphone game featuring its flagship character, *Super Mario*, which Nintendo developed to not only make customer pay for the game as soon as they hit the game's 'pay wall' requiring players to purchase the full game after the third level, but also to boost sales of older Nintendo titles featuring *Super Mario*.

An interesting notion is how differently the free-to-play PC game revenue is spread by region. Compared to Latin America with $0.9 billion, North America with $2.2 billion, and Europe with $2.8 billion, the genre had a $12.5 billion revenue in Asia (SuperData, 2016). Experts are expecting that the total revenue will continue a linear growth in the upcoming years, predicting it to reach $21.3 billion in 2019 (SuperData, 2016).

The top 5 revenue free-to-play PC games have remained unchanged in the last years, with *League of Legends* topping the list since its release in 2009, earning developer Riot Games $150 million per month in 2016 (SuperData, 2016). Appendix 6 shows the other four games on the list, it should be noted, however, that only *League of Legends* and *Dota 2* (Valve Corporation, 2013) are in the MOBA genre.

*Dota 2, League of Legends'* biggest competitor, comes in second on the list of top grossing MOBAs, generating a monthly revenue of $23.4 million (SuperData, 2016).

The large gap between *League of Legends* and *Dota 2* is notable and shows players' being hesitant to switch MOBA games. Considering that new entrants penetrated the market, e.g. *Heroes of Newerth* (S2 Games, 2010)*, Heroes of the Storm* (Blizzard Entertainment, 2015), and *Infinite Crisis* (Warner Bros. Interactive Entertainment, 2015), it is interesting that *League of Legends* does not seem to lose any market share to competitors.

Even though *League of Legends* is one of the most successful games in the video game industry, and the biggest title in the MOBA market with more than 100 million monthly active players, it is not exactly clear how this success has been achieved. The game operates in a highly saturated market with strong competitors that are offering a seemingly similar gaming experience and is still, player number and revenue wise, far ahead of the competition. The question is whether the success is achieved by offering some additional social experience or game elements, which provides the player with something so significant to the individual's social identity that they favour it clearly compared to the competition; or whether a successful marketing strategy is the main contributor.

This thesis strives to find an answer to the question of how *League of Legends* became the most successful MOBA game on the market, why *League of Legends* generate significantly more revenue than its second biggest competitor *Dota 2*, and to which extent its culture affects the game's consumers.

In the following section, literature on the topic will be reviewed in order to give an overview of existing theory influencing the research incorporated in this paper, as well as the relevant theories and frameworks applied to execute the analysis.

# 2. Literature Review

## 2.1 Prior Research

Considering the immense size and future growth potential of the video game market, innumerable research papers regarding the topic have been published. In order to limit it to more relevant research, this paper exhibits some research specific to MOBAs, the video game *League of Legends*, the social factor of online gaming, and marketing.

### 2.1.1 Prior MOBA Research

Even though MOBAs are a genre that has been growing since 2009, a surprisingly low corpus of relevant research is available. Most of it is in fact psychological research; for example, one paper focusing on corporation in MOBA games has looked into whether MOBA players use similar memory techniques as chess players, and concluded *that League of Legends* players did indeed rely on previous experience to anticipate the status of game elements and could hence be used as an example of skill acquisition (Bonny & Castaneda, 2016).

More specific for *League of Legends*, this does not give us any information about why the game is so popular. Could it be because the game appeals to a varied demographic? This also does not seem to be the case for gender, as there remains a dearth of female players in this community, and the few females who play usually feel less skilled than their male counterparts (Ratan et al., 2015).

### 2.1.2 Prior Social Identity Research

Another aspect that is often factored in is how video games work as a social factor, considering that in online gaming it is a regularity that strangers from all over the world have to cooperate in order to achieve a common goal. Could this potentially add to *League of Legends* success?

Perez (2015) researched how important the gaming community is to players, providing a thorough list of features that a healthy online community requires. An example being that in order for a gaming community to prosper, it must guarantee a structure that fosters teamwork and healthy communication that gets them closer to their collective goals, regardless of how community members play together.

Results from the study showed that video game players choose the kind of online communities that

resemble their geographical culture and has values they admire. (Perez, 2015). If *League of Legends* adheres to all these features, could this feature be convincing enough to differentiate it from all other MOBAs?

Adachi et al. (2016) focused on finding out whether intergroup cooperation in video games could boost favourable out-group attitudes, hence enhancing mutual understanding and diminishing negative attitudes towards the out-group. The research showed that cooperation significantly improved outgroup attitudes and pro-outgroup participant behaviour. Based on these results it would appear that online video gaming potentially improves intercultural communication between people and suggests a pleasant online community that people enjoy being part of.

However, an interesting development that seems to debunk this hypothesis is the degree to which the tone of language inside the game can deteriorate over time, creating a hostile or 'toxic' environment. This could be of immense significance when analysing why players choose to play or abandon specific games.

Lee (2016) proposed the theory that this hostility could be a result from threats to the constructs of the individual's identity. In addition, Kou & Nardi (2013) proposed a 'tribunal system' that tries to bring human judgement into code regulation in order to regulate anti-social behaviour in *League of Legends*.

## 2.1.3 Prior Marketing Research

The most probable factor of the games on-going growth can likely be attributed to marketing, as Riot Games continuously succeeds in attracting more players. Their success has encouraged several notable mentions in marketing blogs and magazines. Referral Candy, a customer referral programme, names e.g. *League of Legends'* ranking system, team dynamics, spectatorship, communities, constant adaption, and unique characteristics as the differentiating factors that explain the game's immense success (Madhavan, 2014).

Business Insider's author Levy (2014) tapped more into the source of the game's revenue and identified a specific target group that Riot Games relies on. This group of players is so invested in the game and their gaming experience that they do not mind spending money on the game.

Blakely & Helm (2016) give the following reason for making Riot Games INC's *company of the year 2016*: They see the dedication of the CEOs, their flexibility regarding player demands, their acceptance of making mistakes and to learn from them as the driving force behind the company's success.

Though researching the underlying reason for *League of Legends'* success could evidently have multiple directions, this paper focuses on analysis based in social identity and marketing theory. Social identity theory is regarded important as it gives a reliable theoretical frame in which communities such as the game's online community can be analysed, in order to find potential explanations for its popularity.

Marketing theory can help analyse Riot Games' strategy to create buzz, to attract and maintain customers, and to convince said customers to spend actual money on a free-to-play game. The applied marketing theory is well-tested and provides a reliable foundation for analysis.

# 2.2 Applied Theory

For the theoretical analysis of the MOBA market and *League of Legends*, the numbers were extracted from the SuperData market research of 2016. Though several numbers for the video game market are available online, SuperData is the world's leading provider of global marketing intelligence for free-to-play games, e-Sports and other genres of video gaming. SuperData cooperates with most of the biggest brands in the video game market, including Sony, Google, Nintendo, Blizzard, Microsoft, and more, and could provide detailed sources of the data.

### 2.2.1 Applied Marketing Theory

In order to analyse the research questions, *Blue Ocean Strategy*, Porter's *Value Chain* framework, Porter's *Five Forces*, Porter's *Generic Strategies*, *Growth Strategies*, and social media marketing, as well as a comparative content analysis were applied.

As marketing appears to be a substantial factor in the game's success, marketing theories were used in order to analyse the strategy Riot Games is, or has been using in order to get *League of Legends* to the position it currently holds on the MOBA market.

To take every potential reason into account, it was necessary to analyse not only the current video game market, but also the market in 2009, the year that *League of Legends* was released.

Kim & Mauborgne's (2007) *Blue Ocean Strategy* theory of creating uncontested market space, proved as an essential stepping stone in the examination of the market Riot Games had created by privatizing the MOBA genre with the release of *League of Legends*.

The next step was to examine *League of Legends Value Chain* activities to explore how Riot Games add value to their product; if they were able to break the cost/value trade-off necessary for the

creation of a *blue ocean;* what strategy was implemented to enable a free-to-play business model; and ultimately how the company generated sustainable competitive advantage.

Conceptualised by Porter in 1985, the *Value Chain* analysis has served as a popular and widely applied marketing tool. In its original version, the analysis is applicable to traditional, manufactured products; the original draft is not fully applicable to a downloadable online video game. Thus, a reconfigured *value chain* was developed for the purpose of this analysis, partially based on the original draft by Porter (1985) and on a widely cited *Value Chain* draft for video games by Sawyer (2005).

As marketing channels can be a crucial choice in the success of a game, the marketing channel of *League of Legends* has the potential of being an important indicator of how the game achieved its success. As developer Riot Games appears not to use any form of marketing besides online marketing, *League of Legends'* social media marketing was analysed based on the works of Chaffey & Smith (2008) and Chaffey & Ellis-Chadwick (2012). Their works offer a detailed and reliable collection of theory and definitions with regard to digital marketing. The company's digital marketing efforts and types of used media channels are then used to analyse and examine Riot Games' social media marketing strategy for *League of Legends*.

In order to form a more complete impression of the market Riot Games is operating in, two additional well-recognised and established theories by Michael Porter are used.

Firstly, the *Porter's Five Forces* framework (Henry, 2008) is applied to examine how attractive the industry is for the company and its competitors. In addition, to get a more detailed insight, the four most significant competitors, former and present, are analysed through Porter's theory of *Generic Strategies* (Henry, 2008) to get an overview of how Riot Games' and its competitors' attempt to achieve sustainable competitive advantage and attain market share. Literature by Henry (2008) was applied and made implementation of both Porter's theories possible, as well as *growth strategies* to assess Riot Games' strategy for growing *League of Legends'* market share in a saturated market.

## 2.2.2 Applied Social Identity Theory

As prior research indicates that culture may have an influence on the game's consumers, this paper also applied social identity theory in order to assess the degree to which the game's culture affects its consumers, and if the culture might have an influence on its success.

In order to do so, it was deemed necessary to analyse whether the *League of Legends'* community could be considered a culture. From the many, sometimes contradictory publications on culture, Ting-Toomey's (1999) definition of culture was selected to serve as the foundation on which an analysis of the *League of Legends* community could be accomplished. As Ting-Toomey is a well-established researcher in the field, her works on cross cultural communication and iceberg metaphor were implemented for both the analysis of the culture and its traits. Furthermore, works of Jenkins (2008) and Tajfel's (1974) social identity theory of *group inclusion function* and *intergroup boundary regulation* function were implemented to strengthen the analysis.

# 2.3 Omitted Theory

Considering the multitude of marketing and social identity research, some theory was neglected or omitted due to perceived irrelevance. The following chapter will give an overview of the more relevant neglected literature, as they could otherwise be considered necessary for the analysis.

## 2.3.1 Omitted Marketing Theory

The *SWOT* analysis (Henry, 2008), aiming at strengths, weaknesses, opportunities and threats for a product or company in a given market or industry was regarded as less relevant as the focus of this paper is not to compare these elements amongst the competing companies in the MOBA industry.

The *PEST* analysis model (Henry, 2008) was not included in the analysis, as this model aims to assess the political, social, economic and technological factors in the external environment of the company and secondary data analysis indicates that political and technological factors had a lesser impact on *League of Legends'* success in the video game industry. Furthermore, implementation of the *PEST* analysis would require extensive analysis of the numerous regions that Riot Games operate in, which would exceed the scope of this thesis.

We acknowledge the relevance of these two models in market analysis and the potential value it could have on the research at hand. Had this analysis compared different markets, and having more emphasis on the external environment of Riot Games and *League of Legends*, these models would have been included.

Two other models that were considered for the research are the *Marketing Mix* (Hooley, Et al. (2012) and the *Positioning Map* (Henry, 2008). The *Positioning Map* would have served as an

effective illustration of *League of Legends* and its direct competitors *Dota 2*, *Heroes of Newerth*, *Heroes of the Storm*, and *Infinite Crisis*, but were omitted due to too unreliable data.

The *Marketing Mix* could have contributed information about the 7 P's, *Product, Place, Price, Promotion, People, Physical Environment* and *Process* and their influence on the target market. This, however, turned out to be too time consuming for *League of Legends* and the direct competition and had to be omitted due to the limited time frame. For future research, such framework could be implemented for a more in-depth analysis.

## 2.3.2 Omitted Social Identity Theory

*Intergroup attribution theory* by Heider (1958) which examines the sense-making process of the individual's intergroup encounters, based on one's motivation to *attribute* meaning to the behaviour of others in order to construct predictability in our complicated environment, could have been applied in the analysis of *League of Legends'* cultural influence on its consumers and its identity groups.

*Attribution biases* by Kelly (1967) might help explain the biases that potentially lead to 'toxic' or verbally abusive arguments in the game, as Kelly (1967) identified three distinct biases in the human attribution process which is the individual's inclination to *overestimate* the weight of negative internal characteristics when trying to make sense of others' bad performance in a given situation. Thus, external, or situational influences stemming from culture or environment is often underestimated, which could potentially lead to false accusations of why a player is performing poorly, as external factors such as a sick family member is underestimated, or perhaps ignored, as it is a possibility that *League of Legends* players might only have the game in mind when playing. The second identified bias is that perceivers often use negativity to make sense of others' negative action, and third, that interactions across in-group and out-group provokes anxiety due to uncertainty and insufficient information to predict the behaviour of others.

However, to determine whether *League of Legends* players underestimate external influences when playing would require additional data collection, which was not possible due to the limited time frame of this thesis.

# 3. Methodology

This thesis is based in *epistemological constructivism* (Gray, 2013) and acknowledges that the reality of the individual is a result of human intelligence interacting with experiences in the real world, where meaning is not discovered but constructed by the subject. This perspective thus accepts reality as a construct of the human mind and meaning is consequently a subjective creation that may vary between different individuals relative to the same singularity or phenomenon.

The research is grounded in a *post-positivistic* theoretical perspective, recognizing that theory is revisable and all observation fallible.

Research is approached through an explorative *inductive* process of discovery (Gray, 2013), where data is collected and analysed for any emergent patterns and variables from which it might be possible to establish generalizations and meanings. As *League of Legends* holds 100 million online players every month, a qualitative data collection method, e.g. interviews, would not suffice in providing representative answer for such a sizable player base. Thus, to ensure greater reliability, a research methodology of *analytical surveys* was selected to accumulate quantifiable data for analysis through an online questionnaire (Gray, 2013).

The overall structure of the thesis is based on secondary data analysis**,** providing background information of the video game industry and *League of Legends* itself, and is supplemented and enriched by the collected data from the analytical survey to gain a much deeper understanding of the game's consumers and the social context they engage and interact in.

## 3.1 Questionnaire Design

In order to gather a varied insight into players' opinions and decisions, a questionnaire was developed and distributed among the target group. The target group consisted of former and current *League of Legends* players; however, within the target group, no differentiation was made as people of any potential demographic group could partake, as long as they knew and had played the game. It has to be taken into consideration that this questionnaire can only be representative for the target group of current and former *League of Legends* players and is not representative for other demographic groups.

The questionnaire was chosen in accordance with the inductive approach of the paper, aiming at collecting as many responses as possible in order to give a representative overview of the target

group and their opinions. The questionnaire was standardised, ensuring that each participant received the same questions, however, two parts of the questionnaire that served as follow-up questions were only shown to to respondents who these questions were relevant to.

Following Crawford's (1997) characterisation of standardised questionnaires, explanations were given when required, e.g. asking participants to also indicate the currency when they were asked about how much they had spent on the game. A prescribed response format was used, provided by Google Forms, to enable fast and uncomplicated online completion of the questionnaire.
The questions were further developed with guidance of Crawford's (1997) four rules about how to design a questionnaire:

*1. A well-designed questionnaire should meet research objectives.*
The aim of the research was an inductive approach. Therefore, questions were designed so they could serve as a broad overview over players' social media behaviour, their social behaviour within the game and their spending behaviour inside the game.

*2. It should obtain the most complete and accurate information possible.*
Questions were formulated so they could be easily understood by players with some knowledge of the game, even if said knowledge was minimal. To avoid participants skipping questions, all questions relevant to them were mandatory to answer. Questions were furthermore formulated in the most neutral way possible to avoid biased questions. Open questions were worded so that respondents would give concise and unbiased answers.

*3. A well-designed questionnaire should make it easy for respondents to give the necessary information.*
Considering that the *League of Legends* community is mostly represented online, an online questionnaire was deemed the most convenient manner for the respondents to participate. The template used was clearly structured into smaller bits. Respondents were automatically directed to potentially necessary follow-up questions to one of their answers and were not shown questions that were irrelevant to them.

*4. The questionnaire should be brief and to the point so respondents remain interested.*

By omitting unnecessary question; organising the questionnaire into smaller chunks; and by using a visually appealing layout, the questionnaire was designed to retain the attention of the participants. Respondents also saw a progress bar, indicating how far along they were.

In the questionnaire itself, a mix of closed, open-ended questions and open response-option questions was used. Closed answers were used when there were simple "Yes/No" questions to be asked, with the disadvantage, that respondents cannot give different responses.

Therefore, when respondents had to indicate other games they played, an open response-option question was chosen in order to give them multiple options. Open-ended questions were chosen for questions about e.g. where respondents had heard about the game first or when asked to describe the community. The questions were open in order to enable the respondent to give an unbiased answer that was in no way influenced by provided options. For describing the community, respondents were asked to do this with three words.

The questionnaire was distributed online, on relevant forums and social media pages associated with *League of Legends*. As an incentive, respondents had the opportunity to see current results, but only upon completing the questionnaire in order to avoid bias by seeing results before answering the questionnaire themselves. The minimum amount of responses the research aimed for was 100 in order to get representative results. After being online for one week and collecting 548 responses, the questionnaire was closed for participation.

## 3.2 Question Design

The questionnaire consisted of 37 questions. In order to get an overview of the demographics within the target group for the research, the first three questions comprised age, gender and location.

The following questions comprised the players' MOBA playing habits, asking them why they started playing *League of Legends* with five pre-set answers on which they could indicate with 5-point Likert scales how much they agreed.  This was followed by the question of how they heard about the game and whether they were playing any other MOBAs beside *League of Legends.*

The next five questions were asking whether the player was following the game on the social media platforms YouTube, Twitter, Facebook, and Twitch, and whether they had redeemed the gifts that *League of Legends* offers players who follow them on these platforms.

This was asked in order to get an overview of the players' investment in social media and the answers were to be used as an indicator of how successful Riot Games social media marketing is.

The following set of questions aimed at getting players' impressions of the game community. They were asked whether they consider the *League of Legends* community being welcoming to new players; a description of the community with only three words; whether they consider the community as competitive and/or unfriendly; and whether they think the game's community has a bad reputation compared to other MOBA games. This was asked in order to see whether players agree with the overall negative impression of the games' community, which is often described as extremely hostile and overly competitive. This 'toxicity' has been the topic of former research, as indicated in the literature review. As a last question of this set, respondents were asked whether they consider feedback from friends more valuable than that from random players. This was asked in order to get an impression whether players valued their own friends as the only respectable feedback source.

The next set of questions was aimed at the player identity, asking them whether they consider the in-game ranking system as an important determinant of player skill, and whether they believe the community considers it to be; if they personally consider reaching a higher rank as important; whether they consider themselves to be better than what their current rank indicates; whether the *kill/death ratio, i.e.* the quantitative relation between the amount of times a player has killed an enemy, and how many times they themselves have been killed, in the game reflects a player's skill; and whether the player has ever 'flamed', i.e. being verbally abusive. This was asked in order to get an impression of the players' in-game behaviour, as it would be interesting to see whether people who indicate the community as hostile do in fact contribute to the hostility by partaking in verbal abuse themselves. In order to get some deeper insights, players who admitted to flaming were asked to indicate the reason, giving them four options and a field to fill in their own answer if none of the others was applicable.

The next set of questions was aimed at examining the spending behaviour of players. Respondents were asked whether they are more inclined to play free-to-play games rather than pay-to-play; the likelihood of spending money on the game; and whether they had already spent money on the game. Considering the revenue of *League of Legends,* it was interesting to get a sense the percentage of players who spend money on a free-to-play video game and the amount of money spent.

In order to learn more, players who indicated having spent money were then asked how much they had approximately spent; whether they felt like they can spend money on the game because it was free-to-play; whether they expected spending money when they started to play; what the reasons for a purchase were; whether they had ever purchased *skins* (digital outfits for the champions in the game) and why; and finally, whether they expect to spend more money on the game.

The last questions were asked to get an impression of the effectiveness of Riot Games in-game marketing, and whether this was the major influence for the players, or if it was other factors, such as friends.

# 4. Blue Ocean Strategy

## 4.1 Background of The MOBA Genre

In 2009, American video game developer Riot Games released their debut title *League of Legends,* a game that would not only create a new market, but disrupt the video game industry as a whole. *League of Legends* was the first privatized title of the MOBA video game genre; a genre which was created by the player *"Aeon64"* who developed a custom game mode for the hugely popular video game *StarCraft* (Blizzard Entertainment, 1998) called *Aeon of Strife* (VentureBeat, 2014).

The custom game mode changed StarCraft's classic strategy game rules from harvesting resources and building armies, and created a more streamlined experience where a team of four players would each control a single unique hero character of their own choice, and compete against a team of computer-controlled enemies. Each team would have to navigate through three different lanes and destroy the enemy team's base structure and thus winning the game (VentureBeat, 2014).

*Aeon of Strife* notably created the foundation of the MOBA genre, which is one of the most popular genres in today's video game industry, but the genre was to be popularised by another game entirely.

### 4.1.1 Defense of The Ancients

In 2002, Blizzard Entertainment released the video game *Warcraft III: Reign of Chaos*, a new strategy game instalment, and a year later, in 2003, a group of *Aeon of Strife* fans developed an online custom game mode for *Warcraft III: Reign of Chaos* using its *World Editor* software, and called it *Defense of the Ancients (Dota). Dota* was based on the game design of *Aeon of Strife*, but added new elements to the MOBA genre with reimagined gameplay where they replaced the computer-controlled team with a second team of players. This opened up for more competitive play with ranking ladders and tournaments, and added extra element of team coordination and skill. In addition, *Dota* now had its hero characters level up as the game rounds progressed, where they would unlock better abilities and powers and could be customized with various items which allowed for more vibrant hero combinations and gameplay.

*Dota* became a major success in the *Warcraft III: Reign of Chaos* community and the fan-made game mode was even featured at Blizzard Entertainment's popular game conference *Blizzcon* in 2005, where it had its own tournament (Gamasutra, 2008).

At this point, none of the MOBA games were privatized because the developers behind *Aeon of Strife* and *Dota* did not have legal claim to intellectual property, as both titles used Blizzard Entertainment's game assets.

This meant that in order to play the popular *Dota*, consumers did not only have to purchase *Warcraft III: Reign of Chaos,* they also needed to endure the difficulty of finding the *Dota* game mode on a third party website, downloading it, and then install the game files correctly on their computer for the game to work properly. This meant that the MOBA games remained a video game genre 'locked' inside a product of another genre in a different market, and the MOBA market remained untapped.

## 4.1.2 League of Legends

When Riot Games entered the MOBA market with *League of Legends* in 2009, the market was untainted by competition, as there were no standalone MOBA product in the video game industry at this point.

The game was similar to the design of *Dota* but with a few differentiated aspects, *League of Legends* featured its own art style, their own unique characters, but also a tutorial for new players, and a matchmaking system, features which *Dota* sorely lacked due to the restraints of the design of *Warcraft III: Reign of Chaos*. The game tutorial meant that the learning curve was less steep than the previous MOBA games, and some of *Dota's* more difficult game elements were omitted, which made the 'entry barrier' lower for new players. The matchmaking system made it easier for players to find other people to play with, which not only made the process of starting a game session less tedious, but also faster and ultimately more pleasurable.

Apart from being the first privatized MOBA game, *League of Legends* differentiated from other games in the video game industry as it was based on a fairly new and risky business model: it was free-to-play. Riot Games offered their game free of charge, giving consumers free access to their product, which only required creating an account on *League of Legends'* website. This kind of free

access to games was a fairly new strategy in the industry and had previously only been in form of demo or trial versions, as a marketing practice to get consumers' interest, after which they would have to purchase the full version of the product.

But with *League of Legends,* players had instantly access to a fully functional game with a small roster of free-to-play characters. Riot Games supported their business model with micro-transactions through which players could purchase additional content to add to their game experience, e.g. new playable characters or cosmetic items for as little as €2.50 (League of Legends, 2009).

This was done via *League of Legends'* in-game store, where players could purchase the game's digital currency *Riot Points* (*RP),* which was required to acquire the virtual items from the store.

The store pricing applies what Hooley, et al. (2012) refers to as psychological pricing, by 'rewarding' players with a *higher* amount of *RP* than the amount of money spent on the purchase, e.g., when spending €10, the player will receive 1400 *RP* with an additional 'bonus' amount of 180 *RP* (League of Legends, 2017). This pricing method is aimed to make the offer appear more attractive to the consumer because it evidently seems as if they gain a larger amount than spent, but it also encourages larger orders as the additional bonus increases with every micro-transaction tier.


By making their game free-to-play, Riot Games removed the 'entry-barrier', or, 'paywall', which made it much easier to get consumers to try their product than with the contrasting pay-to-play products in the video game industry.

But the business model also involves a certain degree of risk as the business will not generate any revenue up front, and consumers will only purchase items if they like the game, which ultimately means that the business might end up earning nothing if the in-game shop items, or the game itself, does not meet the consumer demand.

However, *League of Legends* did meet consumer demand for a standalone MOBA game, and the free-to-play business model only made it easier for Riot Games to harvest the demand.

Because the game was launched as free-to-play, it was easy to convince consumers who were currently playing *Dota* to switch to *League of Legends*, where they could now satisfy their need for a matchmaking service, as well as attracting consumers who were interested in trying the genre.

The demand for MOBA's existed prior to *League of Legends,* but as the game was the first privatized title in this genre, Riot Games tapped into a market untainted from competition, which Kim & Mauborgne (2007) refers to as a *blue ocean.*

# 4.2 Creating A Blue Ocean

According to Kim & Mauborgne (2007), a business can create a *blue ocean,* i.e. a market where *"demand is created rather than fought over"* (Kim & Mauborgne, 2007)*,* by creating an uncontested market space, thus making competition irrelevant, and where creation and capture of new demand is done by breaking the *value/cost trade-off* (Kim & Mauborgne, 2007).

Kim & Mauborgne (2007) notes that *blue ocean* strategies rejects the principle of a trade-off between cost and value through *value innovation*, what they refer to as a cornerstone of a *Blue Ocean Strategy* (Kim & Mauborgne, 2007). *Value innovation* is achieved by product or service differentiation, while simultaneously driving down costs, and thus increase value for both consumers and the business as they are able to offer value, or quality, but at a low price (Kim & Mauborgne, 2007).

The *blue ocean* framework states that consumer value can be increased by *"raising and creating elements"* new to an industry (Kim & Mauborgne, 2007), which was what Riot Games did effectively by offering a new product of high quality for free and with enhanced features from the previous MOBA titles.


The next chapter examines Riot Games' *Value Chain* activities and explore how they managed to cut and eliminate the costs necessary to effectively implement a free-to-play business model, such as production, retail, and marketing costs, which the video game industry competes on (Kim & Mauborgne, 2007).

To reduce risk of the free-to-play business model, unnecessary costs are reduced and eliminated, which in itself can be difficult for some businesses if they have already invested in production equipment and marketing. But Kim & Mauborgne (2007) note that companies creating a *blue ocean* often harvest the market unchallenged for years due to both economic and cognitive barriers to imitation (Kim & Mauborgne, 2007).

Because the market was uncontested, *League of Legends* gained several first-mover advantages. As the product did not have a 'paywall', the game rapidly attracted an immense number of players, which had an accelerating effect as the more players the game had, the more attractive it became. This had the effect of a cognitive barrier to imitation, as consumers had increasingly fewer reasons play *Dota,* which still required purchasing *Warcraft III: Reign of Chaos* (Kim & Mauborgne, 2007). Because *League of Legends* achieved rapid growth, Riot Games were able to generate *economies of scale*, i.e., the cost advantage that occurs with increased product output, as the fixed cost per-unit is

reduced by the quantity of goods produced. This meant that it was cheaper to hire game developers to produce in-game store items because of the high demand, as the production costs was spread out over a large number of items (Salvatore, 2007). According to Kim & Mauborgne (2007), adopting a *blue ocean* creator's business model is a difficult task, as the creator's early rapid growth grant them the majority market share, and ultimately enables economies of scale, which put any imitators at an immediate cost disadvantage (Kim & Mauborgne, 2007).

Cognitive barriers are also effective against product or business model imitation. Kim & Mauborgne (2007) notes that being first-mover, often creates a loyal following due to its *value innovation* and the product or service being is one-of-a-kind in the particular market (Kim & Mauborgne, 2007). In addition, there is a possibility that players who have spent money on *League of Legends* become invested in the product, and are therefore arguably less likely to play imitating competitors' products, even if those titles are also offered for free of charge.

Being the first-mover also provides the advantage that a majority of the consumers playing *League of Legends* are likely to play with their friends, which means that they too might invest in the game and develop brand loyalty. Additionally, it will be harder for the individual to 'jump ship' to a competing brand when their friends are playing *League of Legends.*

Competition would enter the MOBA market no more than a year later with the release of *Heroes of Newerth* in May 12, 2010, but *League of Legends* would remain the most popular title in the market, and by July 2012 Forbes Magazine proclaimed *League of Legends* as the most played PC game in Europe and North America with 1.3 billion hours played (Forbes, 2012).

Two years later, in January 2014, Riot Games reported that *League of Legends* had 67 million monthly players and 27 million people playing the game daily (Forbes, 2014), and only two years later, in 2016, it was reported that *League of Legends* now had over 100 million players every month, which is an increase of 33 million players (Riot Games, 2016). Additionally, Riot Games announced an overwhelming revenue of $1.7 billion in micro-transactions the same year, which made *League of Legends* the top grossing title in the MOBA and MMO video game market in 2016 (SuperData, 2016).

# 5. Value Chain

The original draft of the *Value Chain* framework by Porter (1985) incorporates *inbound logistics*, *operations*, *outbound logistics*, *marketing and sales*, and *service*. It is, however, imperative to note the shift in consumer preference from software on material discs purchased at a retailer to digital downloads, which has shaken up the *Value Chain* activities of the gaming industry. Consequently, the original draft of the model cannot be used without alteration, as it is not fully applicable to an online product that is downloaded and exclusively played online.

Finding a blue print for a *Value Chain* for online games has proven to be extraordinarily challenging, as there is no general agreement on how the different layers of the *Value Chain* should be utilised for the gaming industry.

Ultimately, it has to be considered that the *Value Chain* cannot remain unchanged if video games of online genres are examined. As video games are different, so do their *Value Chain* activities differ with every layer of the framework, and some activities might be more emphasized than others, such as service or distribution.


According to Flew & Humphreys (2005), a *Value Chain* for the game industry can be reconfigured as six unique layers: First, *capital and publishing,* describing the firm's investment in development and how it seeks to gain return of investments, such as licensing finished products. Second, *product and talent,* which holds the various types of employees, such as 3D artists, game designers, and software engineers, and describes what talent the business hire to achieve their goals. Third, *production and tools,* where the actual product is developed, or produced, and holds the tools required for the specific project, such as software, game servers, and game engines. Fourth, *distribution layer,* which involves marketing and product distribution through designated channels. Fifth, *hardware/software platform* stating the platform from which the product is accessed by the consumer, e.g. video game consoles, smartphones, or Facebook. Sixth, *end-user,* indicating the user, or player, of the finished product.

This reconfiguration of Porter's *Value Chain* framework gives a good impression of the different *Value Chain* variations that can be developed for video game development and distribution, and can serve as an inspiration for a reconfiguration fit for *League of Legends*.

Jöckel, Will & Schwarzer (2008) also attempted a reconfiguration of the *Value Chain* in their analysis of *participatory media culture* and *digital online distribution* in the computer game industry. Their research incorporates some insightful thoughts on added value in the frameworks' activities, especially with regard to the *end-user* as an active part of the its value creating activities, as they contribute to the community after having purchased the product, and perhaps even actively alter the game experience for several other players by contributing input such as custom made content (Jöckel, Will & Schwarzer, 2008).

Coming back to Porter's *Value Chain* and bearing in mind the additional theory presented, this thesis proposes some fundamental changes regarding the traditional *Value Chain* for Riot Games' *League of Legends*.

# 5.1 League of Legends' Value Chain

The fact that Riot Games are reliant on *inbound logistics* is an immense cost benefit, especially because there is no risk of delayed delivery or late manufacturing. The *inbound logistics* layer can therefore be fully omitted.

The *Value Chain* proposed for *League of Legends* is as follows:

### 5.1.1 Layer 1:  Operations (Development and Talent)

*Operations* remains an important layer of the *Value Chain* activities and is still, as Porter (1985) notes, characterised by the transformation activities that convert raw input to the output sold to customers. However, for *League of Legends*, this layer can be expressed as *talent & development*, as this layer features the actual game designing and development, which is in effect by hiring the right talent to support product development and innovation.

Considering the game design activities, Riot Games never strived for leadership in 3D graphics. As a majority of video games attempt to develop impressive 3D graphics to acquire competitive advantage, Riot Games have placed less emphasis on this, and have not implemented many significant improvements to the game's graphics during its lifetime. However, the simpler 3D graphics make the game more accessible to consumers, as less expensive computer hardware is required to play the game. *League of Legends* players benefit significantly from this, as older computers and slower internet connections are not excluded from the gaming experience. This appears to be a sustainable design strategy for both acquiring and retaining consumers with an easy 'entry' of all computer variations.

## 5.1.2 Layer 2: Outbound Logistics

As *League of Legends* is not a material good, and consequently does not fit the conventional logistics activity of storage and product distribution to the consumer, *outbound logistics* would in this case be the online game servers that enable a 24-hour download service for the customers and hosting, or 'distributing', the game experience when consumers play the game.

As consumers can download the game from the game's website whenever they want, the retailer and its location are made irrelevant, which ultimately cut retailer and distribution costs, and enables spontaneous downloads, e.g., if a new user is visiting friends and they suggest downloading it in order to play together.

Riot Games is furthermore in position where they are able to directly communicate with the customer as there is no middle distributor, and as the customer downloads the game from *League of Legends'* website, where they are simultaneously provided with an overview of game features, news, and announcements, such as championships and new game characters.

This makes it easy for new players to find all the information they desire before deciding whether to download the game or not. However, this information is not required to understand the game, which makes spontaneous downloads easier and the process of learning the game less complicated. In addition, as *League of Legends* is free-to-play, all that is required to play the game besides the download, is registration on the game's website, which provides Riot Games with valuable user data, while at the same time preventing illegal copying of their product.

### 5.1.3 Layer 3: Marketing and Sales

*Marketing & sales* remains the same activity; it is evident, however, that Riot Games have emphasized the low cost of word-of-mouth marketing, such as a social media marketing strategy, and have relied less on the more conventional use of use of advertisement in physical retail stores, due to their digital product.

By not having the game available at physical retailers, some marketing opportunities are lost, such as in-store advertisement, shop-in-shop areas dedicated to *League of Legends,* as well as the physical product design of the game case, which could, if well executed, add significant value by influencing consumers' decision-making.

Game case design is a common advertisement tool in the video game industry, as the consumer might encounter the product unintentionally without any prior knowledge of the game, but find the video game case so interesting that they flip to the back of the case and read the sales pitch, which is also supported and enhanced by screenshots of the game.

Thus, case design can influence the consumer to make a spontaneous decision and purchase the product impulsively.

This lack of representation in retail stores could possibly pose a challenge in acquiring new players, but is a costlier marketing investment than the word-of-mouth strategy that Riot Games opted for.

One of the most interesting value adding activities is the competitive e-Sport scene that *League of Legends* is a significant part of, and which partially surfaced from the game. After Riot Games held the first *League of Legends World Championship* in 2011, it has grown to a massive event that was watched by 43 million people in 2016 (Bradmore & Magus, 2016). With professional sponsored teams competing for $1 million in prize money (lolesports, 2016), the championship finals have managed to sell out large football stadiums within minutes, and due to the novelty of the events, media started reporting on the e-Sport scene, which is immense publicity for the company.

### 5.1.4 Layer 4: The User

The *user* is most certainly one of *League of Legends'* most valuable asset and hence one of the most important layers in the *Value Chain*. Not only does the game build its reputation on being the largest MOBA in the market with more than 100 million players, the players are also behind the thriving community both inside and outside of the game, which creates significant value by adding

to the in-game experience. Inside the game, the number of players ensures a sufficiently large group for forming a team at all times, so that no player loses motivation to play because there are not enough players online in order to form a match.

Outside of the game, the users have the option to talk and exchange information in the forums provided by Riot Games on the game's website. Here, a large number of users are actively engaging in game-related discussions, such as the formation of teams, tournaments, and questions about the game, as well as tips for new players. The community engages the user and if they encounter nice players and a welcoming community, they will be less likely to switch to another game.

In addition, the users are also contributing with an innumerable amount of video content, such as in-game footage, tutorials, and videos of championships, which is shared on popular platforms such as Twitch and YouTube.

Apart from fan created content, users also gather outside the game for social events with *League of Legends* themes.

The representation of the game on social media is especially creating considerable value, as the users of these platforms are subscribing to direct updates from the company and its product. By commenting and sharing content, the users contribute to a word-of-mouth marketing effect by spreading product information and awareness across various social networks, and serves both customer retention and acquiring new players.

Word-of-mouth can be considered free advertising and Riot Games, encourages this by offering small in-game rewards to players who follow them on various social media channels.

This is a small price for an immense and growing social media presence. The social media marketing strategy will be elaborated upon in the next chapter.

## 5.1.5 Layer 5: Service

The *service* layer remains as one of the most significant value layers to maintaining and creating product value. It is implemented through online support, game server maintenance, and supervision inside the game to assure that everyone has a pleasant and fair gaming experience.

When Riot Games released *League of Legends,* they emphasised a mission to be better than the current game developers in the video game industry when it comes to reacting to player feedback and input. This was implemented in multiple ways, e.g. by adding an in-game feedback system

where players can submit various problems that they might experience, as well as the online forums on *League of Legends* website, where users can share or find information and help on known issues. Through these tools, Riot Games add value to their product by easing communication between the user and the product development team, and ultimately make consumers feel like their voices are heard, while simultaneously avoid frustrated players.

In addition, the *service* activity also includes regular game updates, investing in stable online game servers, as well as regular maintenance to ensure the best game experience possible.

# 6. Social Media Marketing

In the previous chapter, the paper gave a short introduction of Riot Games using social media as a marketing tool. As their use of social media is broad and seemingly effective, this chapter will analyse the social media efforts and the effect.

As a subgenre of digital marketing, social media marketing has become more common with the increasing number and popularity of social networks. The benefits of digital marketing are significant, which can be illustrated by applying the definition by the Chartered Institute of Marketing: "*Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.*" (CIM, 1976)

Chaffey & Smith (2008) make a point of supporting these aims for digital marketing as follows:

*Identifying*: social media can be used to do market research to find out what customers need and want (Chaffey & Ellis-Chadwick, 2012*)*. In practice, this could be direct research such as a poll shared on social media or indirect; collecting customer demands shared on the social media pages; or investigate whether there are certain demands that are voiced by a significant amount of customers.

*Anticipating*: Social media provides a channel for customers to access information and make purchases (Chaffey & Ellis-Chadwick, 2012). A company can share links to special offers on social media and make visitors aware of certain products and offers.

*Satisfying*: The electronic channel poses the unique opportunity of being a direct link between customer and company. This is often important when it comes to issues such as server performance, where the company has a medium of directly announcing problems and them getting resolved to customers. This is also applicable to other sorts of announcements.

It is rather evident at this point that the company is required to engage with the customers and to react and engage in conversation. It is not necessarily important that every conversation with the customers is aimed at promotion. On the contrary, that might be seen as irritating by the receivers. The company should aim at engaging users in different conversations, may it be about products, promotions, news from the company or something completely unrelated. The overall aim should be to learn more about the customer and to provide support in order to be perceived in the most favourable way. (Chaffey & Ellis-Chadwick, 2012)

# 6.1 Social Media Strategy

Chaffey & Ellis-Chadwick characterise three different media types; *Paid Media*, *Earned Media* and *Owned Media* (2012). *League of Legends* does not rely on *paid* media such as TV advertising or printed media, but much more on *earned* media, generating awareness by word-of-mouth on social networks. This is achieved by regular updates on the game's social media sites and by encouraging players to engage with the company online. As players receive free in-game material as a reward for engaging with the company online, this might increase the likeliness of them to do so and at the same time sharing this offer with their friends.

Along with that, Riot Games also works with a significant amount of *owned* media, such as their website, their game, including the launcher that the customers see before starting the game, as well as the company's social presence on Facebook, Twitter, YouTube and Twitch.


In order to achieve the goal of a favourable social media presence, a social media strategy needs to be formed. For Riot Games, the first step was to see which social tools and engagement techniques are most effective for target audience Chaffey & Smith (2008). *League of Legends* is represented on all the big social media, such as Facebook, YouTube, Twitter and also at newer social media like Twitch. Apart from that, they are also represented on third-party online forums such as Reddit, which one of the biggest *League of Legends* online forums available to the community.

For the social media strategy, it is furthermore important to review commercial benefits and to define goals. There is a difference between using social media to attract new players or to give existing players an engaging online experience.

For any company engaging on social media, it is important to be aware that with marketing within social networks it is challenging to engage audiences when they are socialising with their contacts and may not wish to interact with brands. Apart from that, it can be challenging to find the right types of content that will engage the audience so much that they share it with their contacts. The biggest risk, however, might be the same as the biggest advantage. Considering how quickly good news are spread across the social media, it has to be taken into account that negative sentiments are spread at the same speed and may require immediate intervention by the company (Chaffey & Ellis-Chadwick, 2012).

It is challenging to assess which strategy Riot Games is following. In order to do so, inside data would be required that the company does not share with the external world. From observing the online presence, however, it appears that the content is aimed at existing players in order to engage them and to enrich their experience. It can thus be seen as a mean of customer retention (Chaffey & Ellis-Chadwick, 2012).

Considering that this paper had no option of gaining insight knowledge of Riot Games' Social Media strategy, the assessment of their social media strategy is based on analysis of their published social media and upon their requirements for applicants for social media management positions that are currently available on the company's website (as of March 2017).

Riot Games is not following an inflexible, clear cut strategy, but keeps adapting to demand. This is also indicated by their goal to track and measure social engagement data to continuously optimize the overall e-Sports social media strategy and gauge the health of social programs (Riot, 2017). With this, the company keeps an overview of current trends and hence has the option to adapt their social media efforts accordingly. The social engagement data is furthermore tracked continuously to monitor whether the strategy is appropriate and the social programmes work according to plan.

Furthermore, social media is used to identify opportunities to develop and implement programs that drive fandom, to maintain relationships with key social media partners and identify trends in the space (Riot Games, 2017). What the exact goals are is not specified. It links back to monitoring key performance indicators by measuring the impact of e.g. social media campaigns.

It also appears, that Riot Games is especially focusing on developing a strategy for their global e-Sports event program. Their goal is to "cement our place as the #1 e-Sports brand in the social space." (Riot Games, 2017). This is apparently not only pursued online, but also offline as they indicate using social media as "plan activities that engage players and social media influencers in our offline events"

This shows that Riot Games is aware of the importance of social media marketing and appears to be using it successfully. Most of their efforts can be summarised as community marketing, as they connect a niche community on their social media sites that are likely to share interests (e.g. user groups, fan clubs or discussion forums). By providing tools, content, and information, Riot Games supports those communities even further (Chaffey & Ellis-Chadwick, 2012). They have understood that they need to create content that the community values and considers worth sharing.

As of March 22, 2017, Riot Games latest posted promotional short video clip consisting of a simple, few-second long animated illustration, gained 2,3 million views, 65 thousand likes and 15,5 thousand shares (League of Legends, 2016).

The company appears to be focussing on content that creates buzz and is likely to be shared with others. Two good examples for this are two marketing videos that can be considered trailers, one advertising the *League of Legends* community (League of Legends, 2013) and the second one a new in-game character (League of Legends, 2013). Both videos are of superior animation and graphic quality to the in-game graphics and offer a cinematic experience to the customer.

Their current most viewed marketing video is a collaboration with the well-known band "Imagine Dragons", who contributed a song to a cinematic music video which is serving as promotion for the *League of Legends* World Championships 2014 (League of Legends, 2014). As of April 2017, the video has more than 76 million views on YouTube. Notable is also the highest voted comment on the video, stating

*"I don't play League of Legends but even I have to admit that this is so badass that I now want to! The music, the visuals, EVERYTHING <3" (Blue Monkey, 2014).*

The comment was supported ("liked") by more than 830 other users.

Apart from offering free rewards for following on social media platforms, Riot Games also launched a refer-a-friend programme in 2010 that seems to have been very successful in convincing new players to play the game, as both the player and the referred friend would receive a reward. With the refer-a-friend programme, Riot Games encountered the problem of fraud with players coding software to exploit the referral programme. As Riot Games stated in a press release, this had a negative influence on perceived fairness and player experience (Riot Games, 2014). Listening to the complaints, they rolled out a change of the programme in order to make it more fair. The information they released regarding the issue and the resolution included not only necessary information; Riot Games also engaged in conversations with players that commented on the news and posted regular updates about the change process. This resonates with Microsoft's rules for social networking: "Advertisers who engage in discussions are more likely to resonate with the audience, but once conversations are started they must be followed through." (Chaffey & Ellis-Chadwick, 2012). This gained them positive resonance of the players (Riot Games, 2014) and probably avoided the potential problem of frustrated players abandoning the game.

## 6.2 The Game Launcher

Another digital marketing tool that Riot Games uses is their Game Launcher. This is an interesting case, as it is challenging to categorize. The launcher is what the player sees when they start the game. The launcher itself is a powerful marketing tool, as it incorporates demonstrations of new gaming inventory, promotions for discounts in the in-game store, an overview of the player's current stats, direct access to contact with their friends in the game and news of the developers (see Appendix 5).

As there is no possibility of starting the game without encountering the launcher, the developers can be assured that every user sees it right before starting their game and might therefore still remember the discounts when coming across the in-game store. This might increase the likelihood of them looking at or even purchasing an item. Chaffey & Ellis-Chadwick do not mention the launchers, but it can be categorised as an example of in-game advertising.

For Riot Games, social media marketing is an essential part of their overall marketing strategy. The advantages of the social media marketing efforts can be summarised as follows:

Riot Games can, with the right content, reach a large audience in a cost-effective way. As consumers appreciate the opinions of peers, family and friends, a Facebook site like the official *League of Legends* site with currently more than 14,5 million likes (March 2017) is the foundation of an immense social network with a potential for highly influential content. Influencers, like famous *League of Legends* players can spread the messages even more widely by sharing them (Chaffey & Ellis-Chadwick, 2012).

# 7. Porter's Five Forces

In 2009, Riot Games created a *blue ocean* market by privatising the MOBA video game genre with *League of Legends,* a demand they would harvest unchallenged for only a year before competition would enter the MOBA market.

As previously established, *League of Legends* gained several first-mover advantages, such as acquiring the majority market share, economies of scale, and cognitive barriers.

The first-mover advantages meant a strong market position and served as entry barriers for competition in what would later become a MOBA industry, as new entrants would not have the initial demand as *League of Legends,* and thus face cost disadvantages with the absence of scale economies, as well as cognitive barriers such as consumers already having invested in *League of Legends*.

By applying the *Porter's Five Forces* framework (Henry, 2008) it is possible to examine the attractiveness of an industry based on the five competitive 'forces', i.e. the threat of new entry, bargaining power of suppliers, bargaining power of buyer, threat of substituting products, and the competitive rivalry within the industry (Henry, 2008)**.** Through the combination of these five aspects, the firm can determine the potential for profit, rate of return of investments, and ultimately, whether investments in the industry should be made. It serves as a strong analytical tool of how to compete effectively inside a given industry for both incumbents and outside firms (Henry, 2008).

## 7.1 Threat of New Entry

Before the MOBA market evolved to a large-scale industry and was still a *blue ocean*, the threat of new entrants was relatively high due to the large demand for the MOBA genre, which was proven popular to investors by *Dota* and *League of Legends*.

The first-mover advantage gave *League of Legends* a strong head start from any competitors that would enter the market, but Riot Games did not have any technology protection, (i.e. they did not have the rights to the MOBA as a video game genre), and the specialist knowledge required to develop a MOBA game, such as software engineering and 3D modelling, is relatively common. The threat of new entrants therefore remained a threat to the *blue ocean* creator.

The cost of entering the general video game industry is a much lower investment than other industries because of low production investments, e.g. computers, software, and the low cost of the

digitalization of marketing and product distribution. The MOBA game genre is easily mimicked as seen with *Aeon of Strife* and *Dota*, but it would require a larger investment in marketing, product quality, and differentiation to acquire some of *League of Legends* market share for new market entrants.

# 7.2 Bargaining Power of Suppliers

Since the resource required by a digital production such as a MOBA game is knowledge and people, and not raw materials as with other industries, the bargaining power of suppliers remains low. However, online video game businesses can be dependent on suppliers of server and website maintenance, but these elements can also be in-house activities, i.e. controlled by the firm itself. As previously stated, the specialist knowledge required to develop a MOBA game is relatively common, which means that the number of suppliers is large and not very unique. Consequently, suppliers, or employees, does not have the power to threaten the MOBA industry and its profitability with measures such as raising prices or reducing the quality of services and goods, as substituting a 'supplier' in this case is hiring another developer.

# 7.3 Threat of Substituting Products

Because *League of Legends* was free-to-play and there was no other privatized MOBA game in the market at the time, the threat of substituting products, i.e. products or services that satisfy the same demand as the industry's product or service (Henry, 2008), was low.

As consumers were required to purchase either *StarCraft* or *Warcraft III: Reign of Chaos* to play other MOBA titles, *League of Legends* had a temporary monopoly in terms of privatized MOBA games in the *blue ocean* market they had created. This evidently meant that there were no substituting titles in the genre that could place a 'ceiling', or maximum on prices in *League of Legends'* in-game store. There are, of course, many other substituting products and services that could satisfy a customer demand for entertainment, such as other video game genres, television, cinema, etc., and Riot Games would risk not earning profits with their free-to-play business model if they exploited their monopoly by charging too much for *League of Legends'* virtual goods.

# 7.4 Bargaining Power of Buyer

As previously stated, the free-to-play business model is a risky strategy. If *League of Legends'* virtual goods do not meet consumer demand, are too expensive, or do not meet the expected level of quality, the consumers will not spend money on the game, and thus the bargaining power of buyers is high. The virtual goods offered in *League of Legends'* in-game store are non-essential for living, and non-essential for playing the game itself, which consequently makes consumers sensitive to price, and the consumers are therefore in a position to decide the maximum they will pay for certain items. This is due to two factors, *product elasticity* and the *law of demand*, i.e. the inverse relation and effect between the price of a product or service and the quantity demanded (Salvatore, 2007). According to the *law of demand*, if the price of a product or service decreases, the quantity demanded of these increases, similarly, if the price of a product or service increases, the quantity demanded decreases (Salvatore, 2007).

It should be noted that there are goods not influenced by this negative relationship such as *inferior goods*, where quantity demand decreases due to an increase in both consumer income and more satisfying costlier substituting goods, and *Veblen goods*, i.e. luxury goods, where the quantity demand increases with an increase in price.

The virtual goods in *League of Legends'* in-game store can in this context be classified as *normal goods* and are influenced by the *law of demand*, which means that the quantity demanded is sensitive to a change in price, thus making the demand *elastic* (Salvatore, 2007).

*Elasticity of demand* refers to the degree of sensitivity, or responsiveness of quantity demanded with a change in price, and can be calculated by the *elasticity of demand coefficient*, which is the percent change in quantity demanded divided by the percent change in price (Salvatore, 2007). If there is a large change in quantity demanded as a result of a small change in price, and the *elasticity coefficient* is greater than *one*, the demand is *elastic,* i.e. responsive to a change in price, which ultimately means that the quantity demanded will decrease with an increase in price, and vice versa. Unfortunately, Riot Games does not give public access to their sales numbers, and a more accurate examination of the *elasticity coefficient* cannot be calculated, nor can an illustration of the demand curve between *quantity demanded* and *price* and be illustrated.

However, the inverse relationship between quantity demanded and price is evident from the daily sales of virtual goods that Riot Games host through *League of Legends*.

In addition, based on the substitution effect, i.e. an increase in price causes a decrease in quantity demanded, as the consumer substitutes the consumption with less expensive products (Salvatore, 2007), and the income effect, which is the inverse relation between price and consumer purchasing power, (Salvatore, 2007), it is possible to determine that the virtual products of *League of Legends* have *elastic* demand. It is important to note the difference between *change in quantity demanded,* which is the change in demand caused by a change in price, and *change in demand,* which is a change in the general demand at the product's current price. *Change in demand* can be influenced by several factors, such as the price of *related goods*, i.e. *substituting goods, compliments*, e.g. computer keyboard and mouse, and consumer income.

By examining the questionnaire, it can be gathered that the majority of the respondents is 18-25 years old, the second biggest group consists of teenagers, and a margin is age 30+ (see Appendix 2.2). Considering the young age, it is possible that many of the underage respondents have a low or limited income. However, the questionnaire did not collect income rates of the respondents, which would have provided a more accurate estimate of purchasing power of buyers.

A limited income means low bargaining power for the consumer, but a high price sensitivity, implying a higher threat of substituting entertainment products, which also increases the level of product elasticity, as the consumers are unable, or unwilling, to pay high prices for *League of Legends'* virtual goods due to their low purchasing power.

Another factor to include is the complimenting products required to play *League of Legends,* such as a computer, keyboard, and mouse, if these are expensive investments, the consumer might have even more limited capital to spend on *League of Legends'* virtual goods. Applying the principles of the *law of demand*, this means that if the price for complimenting products decrease, it becomes cheaper to acquire the necessary compliments for low income consumers, and the quantity of *League of Legends* virtual goods that the individual consumer can afford thus increases. It is thus easier for the buyer to 'enter' the MOBA market with higher purchasing power, or inexpensive complimenting products. Similarly, if the price for complimenting products increases, playing *League of Legends* as well as purchasing their virtual goods becomes less attractive, as the consumer is required to purchase expensive compliments to access the game. However, the micro-transaction feature of *League of Legends'* free-to-play business model made it more attractive for consumers of limited income to purchase virtual goods, as the price for the smallest amount of in-game currency is priced as low as €2.50 (League of Legends, 2017).

# 7.5 Competitive Rivalry

As Riot Games' monthly player numbers would later reveal, the MOBA market would become a vast industry with millions of consumers with a demand for the MOBA genre.

Ultimately, the privatized MOBA market Riot Games had created with *League of Legends* was deemed attractive by numerous future industry competitors, and the market would see new entries every two to three years from the first competitor *Heroes of Newerth* in 2010, to the latest included entry *Heroes of the Storm* in 2015.

With the entry of competitors, the *blue ocean* was now gone and had turned into what Kim & Mauborgne (2007) refers to as a *red ocean*, i.e. a market where the 'water' is 'bloodied' by crowded rivalry for the greater market share of existing market demand (Kim & Mauborgne, 2007). This was now an industry where the demand and market share would be fought over through sustainable competitive advantages, such as quality and price differentiation, and unique market positioning (Henry, 2008).

# 8. Porter's Generic Strategies

By applying Porter's *Generic Strategies* framework, it is possible to examine the competition in the MOBA industry, and the different strategies implemented by the occupants (Henry, 2008). Sustainable competitive advantage concerns strategies where a firm develops a unique position in a given industry, creating a defendable position where it can create consumer value superior to that of its competitors by utilizing the five competitive forces effectively, and thus generate a greater return on investment (ROI) by outperforming industry competition (Henry, 2008).

Porter argues that a sustainable competitive advantage over rivalry firms can be attained by either offering a differentiated product or service perceived as having greater value by consumers compared to those of the competition, and thus being able to charge a 'premium price'; or by offering a product or service at a lower price than the industry competition, while maintaining quality, thus creating more value for money (Henry, 2008).

These approaches can be implemented through three generic strategies: *differentiation,* by producing a high quality product or service at a premium price; *cost leadership*, in outperforming rivalry by having the lowest-cost thus being able to charge lower prices while maintaining a profit; and *focus*. (Henry, 2008). Porter notes that a firm must choose the *focus*, or scope, of its strategy by carefully selecting which segments in the market is most suitable, e.g. if their strategy should be industry wide or only targeting a particular segment (Henry, 2008).

## 8.1 League of Legends

When Riot Games entered the market with *League of Legends* October 27, 2009, the company had come across a blue ocean. This first-mover advantage gave Riot Games a strong market position from the launch, as they instantly dominated the market and attracted a significant player base.

However, as more companies started to focus on the MOBA market and released games of their own which would serve as direct competition, Riot Games could not only rely on a successful implementation of the *Blue Ocean Strategy* if they were targeting long-term success.

As Riot Games in fact only has a single game in one specific gaming genre, it can be assumed that the company shifted from a *Blue Ocean Strategy* towards a differentiation focus strategy. MOBAs are a highly specialised subgenre of the video game market, and the company has made no efforts to satisfy customer demand across other genres. Instead, Riot Games dedicated their efforts into

perfecting *League of Legends* to satisfy the increasingly growing customer demand, to innovate within the game, and to continuously maintain their competitive advantages.

Even though *League of Legends* still benefitted from the first-mover advantage and their player number did form a barrier of entry for competition, the market was not saturated yet and created a lot of potential for competition that focused on differentiation. Riot Games were running the risk that the competition would focus on those players who did not yet make an investment in *League of Legends,* as those players might be easier to convince and more likely to switch.

As the market continuously grew and competitors became bigger and more numerous, Riot Games had to keep differentiating; but not only on a small, unsaturated market, but on a far larger scale, effectively moving away from a focus strategy and towards a differentiation strategy.

In today's MOBA genre, trying to differentiate by reinventing the game would be a risk, as the market is very saturated and switching costs for players are high if they are invested in a game. All MOBAs tend to build upon the same principle, a free game that is simple to learn if the player knows how to play a MOBA. For players, having to get used to a completely new system and to change their habits may not be the most attractive way of convincing them to switch games. Trying to significantly differentiate could therefore be quite risky.

*League of Legends* does differentiate themselves within the genre; by putting stress on listening to their players; and by always putting the players' interest before revenue (Levy, 2014). A differentiating factor for them is their big player base, which gives them the opportunity to use their opinions and feedback in order to cater even better to their needs. *League of Legends* is the biggest and most popular game on the market, a position which Riot Games strive to maintain through their differentiation strategy.

Another effort of the company that also indicates a differentiation strategy is e-Sports, as Riot Games currently appears to be focusing significantly on establishing themselves as the biggest name in e-Sports, which is also reflected in their efforts on social media. Encouraged by streaming services like Twitch, watching MOBA battles online has become popular in the recent years, with more than 20,6 million hours of *League of Legends* competitions watched in July 2016 (Kresse, 2016).

Recognising the market potential early, the first official *League of Legends* championship was held in 2011, the same year the first *Dota 2* championship took place.

Since then, the annual championships have attracted an increasing number of players, teams and visitors. As competition are growing, *League of Legends* had to maintain a differentiating advantage. Today, the game is the only MOBA title in the e-Sports scene that offers professional players a fixed salary in order to avoid exploitation of the mostly young players. Even though Riot Games does not release any numbers regarding their spending on the *League of Legends* world championships, they have previously indicated that this is an investment that the company does not make any money from (Zacny, 2013). In order to further differentiate themselves from competitors, Riot Games puts significant effort into making their championships more spectacular than the competition, by e.g. inviting the world-famous band "Imagine Dragons" to play at the championships (Riot Games, 2014).

Riot Games has changed their strategy according to developments in the market. Starting from a *Blue Ocean Strategy*, the company then continued by focusing on the newly established niche on the market, the MOBA genre, perfecting their game and catering as best as they could to this target group. As growing player numbers and more competitors changed the market, Riot Games could not solely rely on the differentiation focus strategy any longer and switched their effort to maintaining a differentiation strategy in order to stay innovative, competitive and to remain the biggest player on the market.

Even though it does not appear like *League of Legends* is differing from the competition in a significant way, the game does still profit from the fact that they were the first big player on the market. Their large player base alone is likely to be an important factor for many so that they would not switch to other MOBA games.

## 8.2 Heroes of Newerth

Inspired by the success of *League of Legends*, a new MOBA called *Heroes of Newerth*, developed by S2 Games, was released on May 12, 2010. The latest available numbers indicate 30 million online accounts and 120,000 users during peak times (Numbers from May 2015, Wedel).

The game model is the same as *League of Legends*, with the difference that *Heroes of Newerth* had to be purchased, and thus was not free-to-play. The players had full access to all game characters after purchasing the game for approximately €14.

In July 2011, S2 Games announced that the game would be free-to-play from the next release onwards. New players would have access to 15 in-game characters, and could unlock or purchase others as they played. As James Field, director of design and development at S2 Games, stated in an interview, the reason behind this change was that the studio was aiming at lowering the barrier of entry for new players and to attract new audiences (Sullivan, 2011). Fields, as a reaction to rumours and assumptions for the reasoning behind the change, declined that the switch to the free-to-play model was influenced by stronger competing MOBAs like *League of Legends* (Kolan, 2011).

In order to prevent frustrated players from leaving, the developers decided to change the accounts of players who had already purchased the game to premium accounts with full access to all in-game characters. In July 2012, the developers lifted the last payment restrictions on the game and made all 123 in-game characters available for free to all players (Heroes of Newerth, 2012). This effectively gave players free access to more champions than in *League of Legends* and *Dota*.

After removing the initial payment, the game has been in direct competition with *League of Legends* and other MOBAs, as no game on the market could strive after price leadership, considering the games being free and granting full access without asking any money for it. This change did seemingly not account for as many new players as the developers had hoped. It can be assumed that players were already too invested in other MOBAs and hence did not consider switching to *Heroes of Newerth*, even though they would get access to more characters. In 2015, the game was remodelled after being sold off. The majority of the development team split off from S2 and founded Frostbite Studios (Bower, 2015). Ever since, the developers have tried to retain players and to remain innovative. This included custom maps and other direct reactions to player requests. In order to fulfil the player's wish for e-Sports, the game also launched their own championships in 2015 with $700,000 in accumulated price money and 46,000 viewers (Bower, 2015).

Analysing the game, it becomes clear that *Heroes of Newerth* is to some degree trying to differentiate from the competition:

S2 Games emphasizes the difference between basic and verified accounts. All players start with a basic account upon registration. By reaching level five in the game or by purchasing either in-game currency or something from their shop, the player becomes a verified member. This unlocks several extra options, such as reporting other players. The publishers emphasized that the verified accounts would be more acknowledged amongst the player base (Sullivan, 2011), which gives an impression

of a 'premium' user base in the game, which stays well protected from the input of those not fully committed to the game.

Another difference to *League of Legends* is the steeper learning curve as *Heroes of Newerth* is described to have, making clear it is less casual than other MOBAs and requiring more skilled players. While this fact differentiates the game from *League of Legends*, it is also what bears most resemblance to *Dota 2*, where the focus is also on creating a more complex game.

Due to the complexity, the game also put much emphasis on a more relaxed way for players to ease into the game and to learn whatever is required. This was done by overhauling the tutorial system in 2013, which can only be interpreted as a way of making it easier for new players to quickly become invested in the game (Reahard, 2013).

The game used to prevent players from communicating with the opposing team, as an attempt to prevent toxic behavior. This could be seen as an attempt to differentiate the game from *League of Legends*, which is known for its toxic community. However, this chat function was recently changed to include all players in both teams, thus effectively removing this differentiating factor.

*Heroes of Newerth* appears to have missed an important opportunity by not offering the game for free earlier. By the time they did, players were already too invested in other MOBAs. The remodelling in 2015, after which the company appeared to strive to further differentiate was simply too late. Even though efforts like a better tutorial system and a more complex game aimed at skilled players were a notable differentiation effort, it appears as if the game failed to attract the desired player base. The company has not released any numbers in years, so it is not possible to provide details about the size of their player base. However, our research indicates that the player base is decreasing. The official forum of the game reflects this impression in players being vocal about less players and no more regular updates. Furthermore, the perceived similarity between *Heroes of Newerth* and *Dota 2* apparently had the unfortunate effect that players switched to *Dota 2,* as the game has a bigger player base and a more attractive e-Sports scene.

The game currently does not offer enough favourable differentiation or better player base to attract either new players or MOBA players to switch over. Therefore, further growth or development of the game is unlikely.

# 8.3 Dota 2

In 2009, without any previous affiliation to the MOBA genre, Valve Corporation began the development of a modern successor to the original *Dota* custom game mode for *Warcraft III: Reign of Chaos*, and hired its pseudonymous lead designer IceFrog (Internet Archive, 2017). A year later, in 2010, Valve Corporation attempted to trademark the "*Dota*" word and gain its intellectual property. However, in 2011, Blizzard Entertainment, the developer of *Warcraft III: Reign of Chaos,* filed a notice of opposition to United States Patent and Trademark Office's Trial and Appeal Board in an attempt to block Valve Corporation's application of intellectual rights (United States Patent and Trademark Office, 2011). In their notice of opposition, Blizzard Entertainment argued that the term "*Dota*" had been used 'exclusively' by their company and its products for over seven years, and stated that *"the Dota mark has become firmly associated in the mind of consumers with Blizzard"* (United States Patent and Trademark Office, 2011).

Blizzard Entertainment had earlier revealed their own "*Dota*" title called *Blizzard Dota,* at their conference BlizzCon in 2010 (Blizzard Entertainment, 2010), but Blizzard Entertainment now feared that Valve Corporation would claim the positive consumer goodwill towards the *Dota* brand, i.e. brand recognition and reputation, and thus harvest the demand right in front of them.

The question rises as to why it took Blizzard Entertainment seven years, from the release of the original *Defense of the Ancients* in 2003, to start working on their own MOBA title. Their notice of opposition suggests that Blizzard Entertainment had assumed the *Dota* brand to be so strongly affiliated to their own products that they never had anticipated other video game developers would attempt to trademark it. What caused Blizzard Entertainment's sudden interest in privatizing the *Dota* brand is most likely Riot Games' launch of *League of Legends* in 2009, where the indication of a large-scale demand for the MOBA genre was confirmed. The demand for MOBA games might have been bigger than Blizzard Entertainment had initially estimated, a factor that might have distorted those estimations could have been the fact that consumers had to 'climb' the 'paywall' of purchasing *Warcraft III: Reign of Chaos* in order to play *Dota*, which evidently left large quantities of demand untapped.

The dispute was settled in May 2012, where the two parties reached a trademark agreement. Valve received the rights to use the *Dota* brand commercially as well as *Dota 2*, but Blizzard Entertainment maintained the non-commercial rights to use the *Dota* brand with custom game modes for both *Warcraft III: Reign of Chaos* and *StarCraft* (GameInformer, 2012). As a result of the agreement, Blizzard Entertainment would change the name of *Blizzard Dota* to *Blizzard-All-*

*Stars*, but the game would later be renamed once again, to the highly differentiated MOBA game the industry knows today as *Heroes of the Storm* (GameInformer, 2012).

*Dota 2* officially released on Valve Corporation's popular digital video game retail platform *Steam* in July 2013 (Valve Corporation, 2013) where it gained a large following with the *Dota* brand. In March 2017, *Dota 2* held 12 million unique players, and had grossed a revenue of $0.26 billion in 2016, which made it the the second biggest title in the MOBA industry next to *League of Legends.*

As *Dota 2* maintained features that *League of legends* removed from the original *Dota* game design, e.g. excluding more difficult game features and thus making it friendlier to new players, *Dota 2* remained naturally differentiated when it entered the MOBA market.

Valve Corporation's strategy was to maintain all of the original elements of the *Dota 2's* predecessor and target the consumers favouring the original game *Dota* game design. However, because Riot Games had already differentiated *League of Legends* from *Dota,* Valve Corporation's generic strategy was not to be *differentiation*, but *cost leadership.* Valve Corporation would not make the same mistake as *Heroes of Newerth,* that attempted to charge consumers to play, in a market already dominated by *League of Legends'* free-to-play business model, and thus launched *Dota 2* as free-to-play as well.

In 2011, Forbes Magazine estimated that Valve Corporation controlled 50-70% of the market for downloaded PC games through *Steam*, a market which was worth $4 billion at the time (Forbes, 2011). Unfortunately, Valve Corporation does not publish its finances, but it can be assumed that they entered the MOBA market with a budget substantial enough to achieve the low costs required to achieve a *cost-leader* position in the MOBA market.

Even though Riot Games had gained first mover advantages and harvested consumer demand for four years before *Dota 2* entered the market, Valve Corporation had already digitalized their production, distribution, and marketing, steps that enable a successful implementation of the free-to-play business model, and a larger budget meant lower risk when undercutting *League of Legends'* virtual goods. The *cost leadership* strategy is evident through a comparative content analysis of the lowest micro-transactions offered by the most popular and debated titles in the MOBA industry, i.e. *League of Legends, Heroes of Newerth, Dota 2, Infinite Crisis, and Heroes of the Storm*, where *Dota 2* offers much lower micro-transaction options than its competitors, with the lowest being €2.40. Second is *League of Legends* with €2.50. However, *Dota 2* offers a wider range

of range of micro-transactions, with two additional options of €3.80 and €4.70 before *League of Legends'* second option of €5.00 (see Appendix 3).

It should be noted, however, that this comparative content analysis does not compare the purchasing power gained by the consumer when purchasing in-game currency, as *Heroes of the Storm* and *Dota 2* do not use such psychological pricing strategy. In addition, other virtual goods can be purchased in *Heroes of the Storm*, but as characters are the cheapest virtual good in the game, this is the selected determiner for measurement (*Heroes of the Storm, 2017*).

Having a wider price range makes it easier for consumers to find a micro-transaction matching their budget, but another reason for *Dota* 2's wide price range is that they also sell user-created content as an addition to their free-to-play business model.

Valve Corporation allows *Dota 2* consumers to create their own virtual goods which they can then sell in the *Dota 2* in-game store once being voted in by the game's community. Valve Corporation then takes a cut of the sale, and the wide range of different micro-transaction prices makes it easier for the creator to determine the perceived value of the created content. This addition to their business model does not only serve as a secondary income, it also makes *Dota 2* more attractive for creative consumers, as they can earn money through the game. This is also why *Dota 2* holds the highest transaction option in the comparative analysis, as creative consumers can choose their own price tag on the virtual good they have designed.

In addition to offering the lowest micro-transactions in the industry, *Dota 2,* just as *Heroes of Newerth,* offers all its game characters for free.

Valve Corporation has found innovative ways for its players to add value to the game, not only by making the game more attractive by playing it, but having them actively create and add content to the game's store, thus increasing the pace of which virtual goods are being added to the game at no expense, while turning a profit. Additionally, Valve Corporation has enabled their consumers add to the prize pool of *Dota 2*'s world championship *The International* through purchases of the game's *Battle Pass* containing various in-game goods and enable the crowdfunding feature by adding 25% of the *Battle Pass* sales directly to *The International*'s prize pool (Dota 2, 2016). The prize pool of *The International* 2016 accumulated a total of $20,770,460, the largest prize pool in e-Sport history (The Verge, 2016), with *League of Legends* being second with a prize pool of $6.7 million at its world championship in 2016 (LoLesports, 2016).

Ultimately, it is clear that Valve Corporation has achieved a well-defined strategic position as the MOBA industry's *cost leader* with *Dota 2,* and adds value through innovative implementations such as consumer designed goods and crowdfunding.

## 8.4 Heroes of the Storm

With the release of *Dota 2* in 2013, the MOBA industry now had three titles fighting for marketing share, *League of Legends, Heroes of Newerth, and Dota 2.* Even though these games were to some degree differentiated from each other, they were still designed around the same principle: two teams of five players fighting each other in three designated lanes that connect the teams' base structures, which the players defend. But Blizzard Entertainment's *Heroes of the Storm* would be different, a highly differentiated MOBA game that would expand the genre and change the premise of the game experience completely.

All games in the MOBA industry had used the same kind of map design, but *Heroes of the Storm* changed what a MOBA could be by featuring many different maps with their own unique objectives. These maps would be picked at random to offer a more varied experience with a larger emphasis on teamwork (Heroes of the Storm, 2015). A lot of steps were implemented to make the game more approachable for more casual video game players, such as shorter games lasting about twenty minutes, in contrasting to *League of Legends* where games can last up to an hour.

*Heroes of the Storm* was a fresh take on the genre, and featured popular characters from other well-established Blizzard Entertainment franchises, e.g. *Diablo 3* (2012), *World of Warcraft* (2005), and *StarCraft II: Wings of Liberty* (2010), and built on the demand and brand recognition of their previous products.

Blizzard Entertainment is known in the video game industry for high quality products, and the production value for *Heroes of the Storm* was no different. Where *League of Legends* use small drawn icons or images to depict their virtual goods, *Heroes of the Storm* has large and beautifully animated 3D models in its in-game store.

But the differentiation came with a higher price. When examining the most popular titles in the MOBA industry through a comparative content analysis, *Heroes of the Storm* ranks as the third most expensive with the lowest micro-transaction of €3.99 (see Appendix 3). In comparison, this means that *Dota 2* offers three additional micro-transactions, before *Heroes of the Storm's* second option of €6.49 (see Appendix 3).

As with *League of Legends,* an in-game currency can be earned in *Heroes of the Storm* by playing, which in this case is *gold*, but with every new character added to *Heroes of the Storm*, Blizzard Entertainment would charge the premium price of €9.99, and increase the price in the first two weeks after release (Heroes of the Storm, 2015).

Furthermore, *Heroes of the Storm* would only offer new players five unique free-to-play characters from its roster (Heroes of the Storm, 2015), where *League of Legends* offers ten, and *Dota 2* its entire list of over a hundred characters.

*Heroes of the Storm* implements a different psychological pricing strategy than its competitors; it uses the standard psychological barriers of '99 (Hooley, 2012), rather than the fictive in-game currency that *League of Legends, Heroes of Newerth,* and *Infinite Crisis* use. As previously stated, *League of Legends* fictive currency gives the consumer a larger number of units than what they paid, to give a sense of a larger reward when spending money, an effect which *Heroes of the Storm* neglects, which makes its €8.99 seem less like a micro-transaction (see Appendix 3).

*Heroes of the Storm* received mixed reviews from critics and consumers alike; video game and media news site *IGN Entertainment* rated the game 6.5/10 based on *"poor maps and objectives, [and] unnecessary restrictions"* (IGN, 2015), but the magazine *PC GAMER* rated it 84/100, stating *"the most any studio has done to open up a complex genre to a new audience"* (PC GAMER, 2015).

Unfortunately, Blizzard Entertainment does not give public access to their business numbers, and have never publicly announced the official revenue or player per month numbers of *Heroes of the Storm*, which suggests that the game is not living up to their initial estimates, as high numbers are often used for boasting and marketing in the video game industry.

Ultimately, *Heroes of the Storm* can be labelled as a *differentiated* product with a *narrow focus* (Henry, 2008). It is targeted at the particular segment that is familiar with or fans of Blizzard Entertainment's other well-established franchises, e.g. *Diablo 3* (2012) and *Word of Warcraft* (2005). By hosting already popular characters, plus offering a differentiated and innovative version of the genre, Blizzard Entertainment is able to charge a premium price for the game's virtual goods. The narrow focus, however, might have caused the game's mixed reviews, as it is targeted as an industrywide differentiation, i.e., not for every MOBA consumer. Of course, it could be argued that a differentiated version of the genre alone could have an industry wide appeal, but it might require

brand recognition of Blizzard Entertainment's other titles to get consumers to pay the premium price for *Heroes of the Storm's* characters.

The question rises as to why Blizzard Entertainment executed on the risky strategy of *differentiated focus* in an industry that is already a niche within the overall video game industry. Having lost the Dota trademark dispute, and with the release of *Dota 2* just a year after having settled the trademark agreement with Valve Corporation*,* it is most likely that Blizzard Entertainment considered the MOBA industry to be too saturated, and deemed it necessary to differentiate to harvest what demand was left in the popular industry.

# 8.5 Infinite Crisis

Warner Bros. Interactive Entertainment published the MOBA *Infinite Crisis* via the digital retail video game platform *Steam* on March 26, 2015. The game was based on the fictional universe of DC comics and the comic book series of the same name, and was based on the same principle as other MOBAs, but aimed to differentiate itself by offering a unique setting and well-known comic book characters. The game lasted less than half a year, with the publisher announcing the shutdown of the game servers on June 2, 2015. The shutdown came into effect on August 14th of the same year. Players who had purchased a starter or elite pack before launch were refunded (Steam, 2015).

The company did not give official reasons for shutting down the servers. However, taking a look at the way the game was introduced, several significant errors in development and launch show. Considering the lack of communication from the developers and the low media buzz the game caused, the errors listed here are based on observation and analysis.

One of the first errors was that developers seem to have overestimated the potential of the game. The game had been in beta since 2013, but had not managed to attract a large player base during this time. It appears, that developers just assumed that the differentiating focus on the DC universe and super heroes would be enough to attract a large player base after the official game launch. This, however, was not the case. The most likely reason is that the significance of pre-release marketing efforts appears to have been underestimated. The public was simply not aware of the game's existence. This shows i.e. in the comments on the announcement on IGN's website (Porter, 2015):

*"And they did a [...] poor job marketing the thing. They spent a year in open Beta and not many people noticed. LoL [League of Legends] and Dota ran circles around them and now HotS [Heroes*

*of the Storm] is out and ready to scoop up as much market share as it can. Seems like they're getting out before they get bulldozed by the competition. […]"* (Dimebag, 2015).

Other players blamed the lack of differentiation for the failure. A reaction on Steam describes it as follows: *"The game was a blunt copy of LoL [League of Legends] only with a DC [DC Comics] "twist". Played enough in the closed and open beta and the signs were more than obvious."* (Briggs, 2015). Another player commenting on IGN's article stated: *"This is what happens when you're trying to enter a saturated market. So hard to lure the same demographic away from LoL [League of Legends] and Dota."* (Medea0verl0ad, 2015).

Despite being only on experience and observation, all those reactions sum up what appears to be the fundamentals of the failure. The company made no effort marketing the game, which is of significant importance when entering a market as saturated as the MOBA market in 2015. The developers had failed to follow the right kind of strategy for releasing the game. *Infinite Crisis* did not offer anything that would indicate a greater value for money, no significant innovation and, compared to existing MOBAs, no higher number of arenas to play. Furthermore, the minimum micro-transaction in order to purchase in-game currency was, compared to competitors, rather high, at €8.50. For this price, players might have expected more than one single arena like the one available at launch, which probably effectively discouraged in-game purchases.

It appears that the developers tried to use a differentiation focus strategy within the MOBA niche. Their idea was to penetrate the market and to attract superhero and DC universe fans. However, having the game play in a different universe with well-known superheroes was not enough to draw players away from MOBAs they were already playing, as their prior investment in the other game would require a more significant benefit than purely the new experience of something they know in a different outfit.

It seems like the developers did not reach a required player base within the first months that would justify further investment in the game and hence decided to close it before the game's failure could cause any more financial damage.

# 9. Growth Strategies - League of Legends

With Valve Corporation's release of *Dota 2* in 2013, Riot Games launched countermeasures to compete against the successor of the popular original *Dota,* by heavily investing in *Leagues of Legends'* competitive scene. In order to retain and generate market share, Riot Games opted for *market penetration* as their growth strategy, i.e., accumulating market share in present markets through existing products (Henry, 2008). As Henry (2008) notes, *market penetration* is a growth strategy utilizing current resources and capabilities, thus implying a relative low risk, in contrast to new product development, as the demand for *League of Legends* has already been identified (Henry, 2008).

With the increasing popularity of *League of Legends*, Riot Games began to feature the game's top players in the game's launcher, i.e. the interface from which players can access the in-game store, chat with friends, and sign up for new games.

To accomplish market penetration, Riot Games improved the quality of their product by creating their own tournament series called *League of Legends Championship Series* (LCS) in 2012 which would function as two professional e-Sport leagues where European and North American teams compete to qualify for spots in the annual *League of Legends World Championship* (Riot Games, 2012). *League of Legends* had its first world championship in 2011, prior to the implementation of LCS; Riot Games would now take full in-house control over the championship series to ensure high quality and offer free HD broadcasting of the events through online streaming services (Riot Games, 2012).

The first World Championship was held at the Swedish digital festival *DreamHack* in Jönköping, Sweden, with a prize pool of $100,000 (PC Gamer, 2011), and over 1.6 million viewers watching the streamed broadcast with an estimated peak of over 210,000 concurrent viewers during the final playoffs (Escapist Magazine, 2011).

*League of Legends'* tournaments would see a massive increase in popularity over the years as its player base grew, and held its sixth world championship in 2016 with an accumulated prize pool of $6.7 million with a peak of 14.7 million in concurrent viewership and 43 million unique viewers during the event. The final playoffs were held at the Staples Center in Los Angeles and assembled a crowd of 20,000 spectators (lolesports, 2016).

But the world championships do not only feature gameplay, in 2014 during the fourth iteration of the world championship held in South Korea at the Seoul World Cup Stadium, American rock band

Imagine Dragons performed live on stage during the grand finals where over 40,000 people attended (Riot Games, 2014). In addition, to keep the audience entertained in between playoffs, Riot Games employees handed out free *League of Legends* merchandise by throwing it from the stage down to the audience, which not only makes the tournaments more eventful but also more attractive for consumers.

The massive tournaments and a constant focus and highlighting of professional sponsored teams made the game stand out from competitors in the industry, and increased the skill bar in the game.

In addition, Riot Games also implemented a system so that individual players could 'climb' the game's ranking system where they could be eligible for participating in tournaments if they achieved a high enough rank, which means that individual players did not have to be a part of a team to compete on a professional level.

These implementations of both product quality and service proved to be a successful market penetration strategy as *League of Legends* now had another immense feature next to its massive player base, and its tournaments and the media coverage around it quickly made *League of Legends* one of the most popular competitive online games in the overall video game industry (SuperData, 2016).

# 10. Culture

## 10.1 Defining Culture

As this paper has shown, community is an essential part of the online gaming world. For a more in-depth analysis however, it is possible to establish online communities as cultures through Ting-Toomey's characterization of culture (Ting-Toomey, 9, 1999):

*"A complex frame of reference that consists of patterns of traditions, beliefs, values, norms, symbols, and meanings that are shared to varying degrees by interacting members of a community."*

Ting-Toomey describes culture as an *iceberg*, with visible upper layers of cultural artefacts, e.g. fashion, trends, music, as well as verbal and non-verbal symbols, and deeper fundamental layers, such as *traditions, beliefs and values* which are hidden from view (Ting-Toomey, 1999).

In order to understand a culture with depth, underlying values have to be accurately matched with the respective *norms*, *meanings* and *symbols*. It is the underlying set of beliefs that drives people's thinking, reacting and behaviour (Ting-Toomey, 1999).

Ting-Toomey's characterisation of culture has several layers that can be applied to *League of Legends,* in order to reflect how the online game community can pass as a culture by definition.

Culturally *shared traditions*, e.g. ceremonies and rituals passed on via oral or written medium (Ting-Toomey, 1999), do exist in *League of Legends* and become especially obvious for the new player, who is usually unaware of them. When starting a game, players often claim one of the three available lanes beforehand, e.g. by typing "I call mid-lane!". Without any prior knowledge of this tradition and the game's layout, a new player might not know what to do or act in a way that violates this tradition. The player then usually quickly learns that this violation might result in anger among team members, and they learn to accept the rule and act accordingly the next time they try.

Culturally *shared beliefs* refer to a set of fundamental assumptions that people hold dearly without ever questioning them (Ting-Toomey, 1999). This can be seen in *League of Legends* by the general shared belief that all players want to win the game. Another shared belief could be that all players actively playing the game are convinced that it is the best in its genre.

Apart from that, people also differ in what values they consider important in their culture. *Cultural values* refer to a set of priorities that guide "good" or "bad" behaviours, "desirable" or "undesirable" practices, and "fair" or "unfair" actions (Ting-Toomey, 1999). In *League of Legends,* these priorities are embedded in the game's rules, and unfair or bad behaviour is frowned upon and penalised by the community. If a player keeps misbehaving, other players will report them to moderators.

Other overlying cultural values such as individual competitiveness vs. group harmony can further serve as the motivational base for action. On an *individual level*, members of the culture can attach different degrees of importance to the range of norms, beliefs, traditions and values. This is known as the *subjective culture* of an individual (Ting-Toomey, 1999) and explains why some players act in an overly competitive way, exhibiting behaviour that is deemed undesirable by most other players.

*Cultural norms* refer to the collective expectations of what constitutes proper behaviour in given situations (Ting-Toomey, 1999). These norms guide the scripts individuals and others should follow in particular situations. An in-game example is how some game characters are designed to have a supporting role; it follows that the expected behavior for the players of support characters is to help other characters achieve in-game goals. If they refuse to adopt this playstyle, they are considered a bad team member. Furthermore, one of the most improper behaviours a player can exhibit is leaving the computer during a game, or even disconnecting in the middle of a battle.

While *cultural beliefs* and *values* are usually deep seated and invisible, *norms* can be readily inferred and observed through player behaviour. These norms are shaped by the interplay of *traditions, beliefs* and *values* (Ting-Toomey, 1999).

People tend to experience bewilderment when they unintentionally violate other people's cultural norms, and as Ting-Toomey notes, while our own culture builds an invisible boundary around us, it also delimits our thoughts and our visions (Ting-Toomey, 1999).


Another culture-defining behaviour, the in-group and out-group, can be observed among players of *League of Legends*. This will be discussed in detail in the next chapter. It can briefly be described by the in-group identity that people feel as players of the game, considering other players of the game as in-group. This can be explained by members of a group assuming that fellow in-group members are more similar to them than out-group members (Tajfel, 1970).

Ting-Toomey also categorised the following cultural indicators:

*Stereotypes***:** *League of Legends* players are regularly being stereotyped as being hostile and unfriendly towards each other and out-group members.

*Linguistic Categories:* These linguistic categories are creating boundaries between players, examples being *"newbie"* and *"pro"*, indicating players of low and high skill, respectively. This categorised thinking helps reduce anxiety by avoiding grey areas.

*Social Comparison:* The ranking system within *League of Legends* (bronze, silver, gold) gives a clear indication of social status among the community.


Applying Ting-Toomey's detailed definition of what constitutes a culture, it can be concluded that it can in fact be spoken of an in-game culture. The *League of Legends* community shows *norms, values, traditions* and *beliefs*; a complex interplay, which is not always easy to learn for a new player and might result in conflict. A new member of the culture has to go through the process of learning these underlying values and norms in order to become a valuable member of the culture.



# 10.2 Influence of Culture

Having established that online communities can be considered cultures, it is possible to determine to which extent such culture affect the *League of Legends'* consumers by applying culture and social identity theory.

This chapter will elaborate on the framework of in-group and out-group briefly introduced in the previous chapter, and will and examine how it might influence the individual consumer's social identity within the context of the game's online community and culture.

According to Ting-Toomey (1999), *culture* has several functions such as identity meaning, group inclusion, and intergroup boundary regulation (Ting-Toomey, 1999). The identity meaning function acts as the frame of reference and provide answers to questions the individual might have concerning one's personal identity, e.g. "who am I?" (Ting-Toomey, 1999). Ting-Toomey notes, as stated in the previous section, that culture is manifested in shared beliefs, norms, and values, that provides guidelines or parameters to the *"meaning and significance"* of the individual's personal identity as evident with *League of Legends'* ranking system that divide players in different leagues

based on their skill and progress with the game, thus labelling the significance of their identity within the game's context (Ting-Toomey, 1999).


## 10.2.1 Group Inclusion Function

The *group inclusion function* is the individual's sense of belonging, a function that establishes a comfort zone based on self-perception and the similarity of others, through which the individual experiences in-group inclusion and out-group distancing based on the differences of the two groups (Tajfel, 1970).

It is the *intergroup boundary regulation function* that shapes the boundary between the perceived in-group and out-group; an attitude derived from a specific culture where the dissimilar, i.e. out-group, is distinguished from the in-group of that culture (Ting-Toomey, 1970). In this regard, Riot Games can be perceived as the founders of the *League of Legends'* culture. Measurements such as the games' ranking system serve as a natural boundary regulation of how good players are, which clearly divides players up in its different groups, labelled as *Bronze, Silver, Gold, Platinum, Diamond, Master,* and *Challenger.* As the system is built for players to 'climb' the ranks to achieve a higher standing in the game, the different titles, or ranks, creates respective in-group and out-group relations between the people of that rank and those of different ranks. Ting-Toomey notes that individuals usually favour in-group relations while having unfavourable, or even a hostile attitude toward out-group members (Tajfel, 1970). Given the game's natural competitive nature and its implemented player labels, consumers are most likely to experience a sense of distancing to players who are less skilled than they are, and a sense of belonging with those who are as skilled as themselves, thus experiencing the in-group and out-group effect. By dividing players into different groups in the ranking system, players are put in an already established system of how they should perceive themselves and others, meaning a player labelled as a *Gold* player have more in common with other players in that league than with *Silver* players. This serves as a measurement of all players who play *League of Legend's* ranked mode. As the different groups denotes a player's skill, other players from a higher league might distance themselves from the individual, or even have an offensive attitude towards how they are playing the game, as seen often seen in sports.

## 10.2.2 In-group & Out-group Perspective

The in-group and out-group perspective can be applied to different layers of the game. As previously stated, consumers playing *League of Legends* might perceive each other as in-group, who share the same values and opinions on what their favourite MOBA game is. On a second layer, inside the game, are the different ranked groups. A third layer is friends versus strangers, a group of friends will perceive each other as in-group when facing strangers in the game, which in this context act as out-group members as they do not share the traits of the friends' in-group. The final and most basic layer is the distinction between a 'good' and a 'bad' player; two labels that are used within almost all games, and function as categories that can be distinguished as in-group or out-group. An individual who plays a game of *League of Legends* might perceive him or herself as a 'good' player. This individual will have a frame of reference of what a good player is, given the game's culture and the set of rules, and will label other players based on those measurements when determining if other players belong in the 'good' or 'bad' player group. If the other player fits the frame of reference of a 'good' player, that individual is likely to be perceived as in-group by the analysing player.

This internal analysis of other players is common with most games and sports, where players and audience constantly analyse whether a specific player did something 'good' or 'bad' in the context of the activity. Of course, the frame of reference changes with every league, as the level of skills increases, as Jenkins (2008) notes *"individuals experience life as a series of different sets or stages, [...] while each individual may have different understandings of these settings, and of what's happening within them, the shared frame creates enough consistency and mutuality for interaction to proceed"* (Jenkins, 92, 2008). This directly applies to a game of *League of Legends*. Jenkins' 'shared frame' in this context is the game itself, but every league (*Bronze, Silver, Gold,* etc.)*,* will have their own opinions on what the correct behaviour or way to play the game is during certain stages of a game. This can lead to disagreement between team members, as *League of Legends'* match-making system will often team individuals from different leagues together (League of Legends, 2017).

Ting-Toomey (1999) adds that individuals often *"experience strong reactions when cultural norms are violated or ignored"* (Ting-Toomey, 1999), which might cause the distancing between in-group and out-group members and lead to frustration towards out-groups that do not share the same norms as the group of the individual (see Appendix 4)

Different shared values, norms, and opinions towards how *League of Legends* should be played across the different ranked leagues means that leagues can be perceived as sub-cultures within overall community culture. Ting-Toomey (1999) notes that individuals tend to value one's own cultural ways higher than those of other cultures, thus deeming their own way as more *"correct"* (Ting-Toomey, 1999).

The different leagues in *League of Legends'* ranking system provide individuals with a structure of social categorization, which Tajfel (1974) refers to as a *system of orientation,* and what Ting-Toomey (1999) describes as a *fundamental quality of cognition* where the individual is able to manage a hectic situation by establishing predictions of the behaviour of others (Ting-Toomey, 1999).

These predictions are manifested as stereotypes; in this case, extensive generalizations of groups of players, based on some trait or quality of some of its members (Ting-Toomey, 1999). They help individuals with what to expect when teamed up with players from different groups. Such predictions and generalizations might lead to slander by uttering statements based on stereotypical assumptions, such as claiming a player being unskilled or bad because they are currently placed in the *Bronze* league. Such claim might be proven true or false, but will possibly upset certain players and lead to hostility, a trait which the *League of Legends* community is well known for.

## 10.2.3 Upward, Lateral, & Downward Comparison

According to Tajfel & Turner (1979), individuals constantly compare the rating of their in-group with that of others to strengthen one's positive social identity. This evaluation depends on the given context and have three relative layers: *upward*, *lateral*, and *downward comparison* (Ting-Toomey, 1999). *Upward comparison* is when individuals compare their in-group with a group perceived to be more dominant or attractive, thus being 'higher' than one's own, as with the different leagues in *League of Legends* ranking system where *Gold* players are generally perceived as being a part of a more attractive group than *Silver* players (Ting-Toomey, 1999). Individuals in lesser groups will compare and assess their current group's quality and how far they are from the groups deemed more attractive, e.g. how close they are to being paced in the next ranked division.

With *lateral comparison,* individuals compare their group with groups that are considered equivalent in quality (Ting-Toomey, 1999), such as when two professional teams in *League of Legends'* top division compare each other's performance. Lastly, *downward comparison* is individuals comparing their own groups with those considered less dominant or attractive, as with

players that stereotype those from a lower division to distance themselves and strengthen their own social identity within their superior group (Ting-Toomey, 1999). However, in cases where individuals are unhappy with their current identity group, and are unable to penetrate its boundaries and leave the group, they are likely to experience frustration and anger towards other group members (Ting-Toomey, 1999), which is often seen with players who are frustrated being stuck in the same division and blame the lack of progression on team mates.

## 10.2.4 Boosting Identity

According to Ting-Toomey (1999), the individual is able to enhance one's personal identity by associating with others from superior groups, such as high-ranking players, or friends who have progressed further than oneself (Ting-Toomey, 1999). In addition, *League of Legends* provides several ways of boosting one's social identity, such as purchasing popular characters, and various cosmetic items for the ones that players already own. The most popular cosmetic items are *skins* which is simply a re-skin, or visual overhaul, of a playable character.

Teams who win the *League of Legends* world championship receive customized skins for the characters they played as at the championship, which is designed to resemble their team and can be purchased by fans in the game's in-game store. Thus, by purchasing these skins, players can associate themselves with a high-ranking group that is perceived as superior in the game's culture, and thus boost one's social identity.

Wearing a skin is often associated with having a certain degree of skill with the character that the player has purchased a cosmetic item for, simply based on the logic of why else one would spend money on a character if they do not know how to play it 'properly'. Hence a disconnect between expectations and reality occurs when a player who purchased a skin suddenly plays in a manner that is perceived as undesirable by the group of people surrounding the individual. Similarly, some skins denote an individual's progression and skill; all *Gold* players and above receive a special skin at the end of each ranking season as a trophy. This trophy has strong significance within *League of Legends'* culture, as all sub-groups within it have expectations towards the skill of the individuals wearing these special rewards, and as with other skins, disconnects between expectations and reality are bound to occur when these rewarded individuals do not perform as well as others had expected them to.

The competitive nature of the game's culture, along with the labels provided by its ranking system, and the individual's need for positive social identity, are all factors that influence the consumer to

strive for boosting their identity to some degree, whether it is improving their gameplay, ranking up in the game's divisions, or associating with superior groups. Ultimately, it is evident that these elements, such as purchasing a skin for a character and wearing a division label, are likely to be the cause for frustration across groups and potentially lead to verbal abuse and 'toxic' behaviour, which the *League of Legends* community is well-known for.

# 11. Results

The questionnaire was distributed in order to collect data and gain valuable insights into players' identity, the game community and spending behaviour. The results of the questionnaire can be summarised as follows.

Of the recorded 548 answers, 547 were valid while a technical error accounted for one questionnaire not being recorded entirely.

## 11.1 Demographic Questions

The first question about the age of the participants indicates that 267 (48.7%) of the respondents are 18 – 25 years old; 131 (23.9%) 15-18 years; 84 (15.3%) 25 – 30 years; 44 (8%) 11 – 15 years; and 22 (45) above 30 years old (See Appendix 2.1).

488 (89.1%) of respondents were male; 52 (9.5%) were female; and 8 (1.5%) of the respondents indicated "other". This confirms the impression of a largely male player base. (See Appendix 2.2)

The majority of respondents (65%) were from Denmark; 26.1% from Germany; 2.4% from the USA; and the remaining participants were from England, the Netherlands, Belgium, France, Italy, Portugal, Poland, Hungary, Bulgaria, Sweden, Switzerland, Austria, Slovenia, Faroe Islands, Czech Republic, Scotland, Egypt, or did not specify a country. (See Appendix 2.3)

### 11.1.1 MOBA Playing Habits

Question 4, about why the respondents started playing the game, could be answered by indicating the level of agreeing on a 5-point Likert scale ranging from 1 "Not at all" to 5 "Absolutely" on five pre-set answers.

With the answer *"Because friends are playing",* 73 (13.3%) respondents agreed "Not at all"; 50 (9.1%) indicated "Somewhat disagree"; 74 (13.5%) answered "Neither disagree nor agree"; 110 (20.1%) indicated "Somewhat Agree"; and the majority of the respondents, 240 (43.3%), agreed "Absolutely" on point 5. (See Appendix 2.4)

With the answer *"The game is free-to-play"* 59 (10.8%) respondents agreed "Not at all"; 42 (7.7%) indicated "Somewhat disagree"; 92 (16.8%) answered "Neither disagree nor agree"; 161 (29.4%) indicated "Somewhat agree" and the majority of the respondents, 193 (35.3%), agreed "Absolutely" on point 5. (See Appendix 2.5)

The results for the answer *"I heard a lot and I wanted to check it out"* were not as clear and rather equally distributed across all 5 points. The majority of 130 (23.8%) of respondents agreed "Not at all"; 101 (18.5%) indicated "Somewhat disagree"; 109 (19.9%) answered "Neither disagree nor agree"; 103 (18.8%) indicated "Somewhat agree"; and 104 (19%) of the respondents agreed "Absolutely". (See Appendix 2.6)

The results for the answer *"Because of an attractive/competitive e-Sport Scene"* were very clear. The absolute majority of respondents, 336 (61.4%), agreed "Not at all"; 81 (14.8%) indicated "Somewhat disagree"; 54 (9.9%) answered "Neither disagree nor agree"; 43 (7.9%) indicated "Somewhat agree"; and 33 (6%) of the respondents agreed "Absolutely". (See Appendix 2.7).

A total 66 respondents answered "Other", and the majority mentioned that they had heard about the game from friends, which overlapped with the next question.

The open answers to the question *"How did you hear about the game"* were recoded into the categories "Friends", "Family", "Video on YouTube/Twitch", "Internet", "Online Advertising", "Other Online Game" and "Other/Unspecified" in order to be able to quantify the results.
Of the 547 respondents, the clear majority of 373 (68.2%) indicated hearing about the game from "Friends"; 70 respondents (12.8%) indicated to have heard about the game from "Family"; 26 respondents (4.8%) claimed to have heard about it on the "Internet"; while 20 (3.7%) had heard about it in a "Video on YouTube/Twitch". 7 respondents (1.3%) had heard about the game in an "Other Online Game" and the same amount (1.3%) had seen an "Online Advertisement". 53 (9.7%) indicated unusable answers in the provided field. (See Appendix 2.8)

To the question "Are *you playing any other MOBAs beside League of Legends"*, the majority of the respondents answered with "No" (375 − 68.6%); 102 (18.6%) indicated playing "Heroes of the

Storm"; 44 (8%) played "Dota 2"; and 21 (3.8%) played "Heroes of Newerth". 65 (11.9%) indicated playing other MOBAS than listed. (See Appendix 2.9)

## 11.1.2 Game on Social Media

The question *"Have you used the League of Legends Refer-A-Friend Programme?"* was answered with "No" by 332 (60.7%) of the respondents and with "Yes" by 215 (39.3%), indicating that the majority of the players did not make use of it. (See Appendix 2.10)

The question *"Have you redeemed your free Garen and Dreadknight Garen skin by following League of Legends on Twitter?"* was answered with "No" by 303 (55.4%) of the respondents and with "Yes" by 244 (44.6%), indicating that the majority of the players did not make use of the offer. (See Appendix 2.11)

However, the question *"Have you redeemed your free Tristana and Riot Girl Tristana skin by like League of Legends on Facebook?"* was answered with "Yes" by 387 (77.7%) of the respondents and "No" by 160 (29.3%), indicating that the majority of the players did in fact use the Facebook offer. (See Appendix 2.12)

The question *"Have you redeemed your free Alistar and Unchained Alistar skin by subscribing to League of Legends on YouTube?"* was answered with "Yes" by 333 (60.9%) of the respondents and "No" by 214 (39.1%), indicating that the majority of the players used the YouTube offer. (See Appendix 2.13)

The distribution of answers to the question *"Do you follow Riot Games on Twitch?"* was rather evenly distributed, with 283 (51.7%) respondents answering "Yes" and 264 (48.3%) answering "No". (See Appendix 2.14)

## 11.1.3 Game Community

The question *"Do you think the League of Legends community is welcoming to new players?"* 153 (28%) respondents answered with "Not at all"; 180 (32.9%) indicated "Somewhat disagree"; 135

(24.7%) answered "Neither disagree nor agree"; 56 (10.2%) indicated "Somewhat agree"; and only 23 (4.2%) of the respondents agreed "Absolutely. (See Appendix 2.15)

The question *"How would you describe League of Legends" community using only three words?"* showed rather clear results. In order to analyse the open question, the input by respondents was recoded into "positive", "negative" and "neutral" words. The category "neutral" also included missing values, in the cases where respondents had only filled in one word. Furthermore, some words like "competitive", "serious", "different", "elaborative", "tough" were also labelled "neutral" as outside of context it was not possible to establish whether the respondent had meant this in a positive or negative manner.

Out of a total of 1644 words, 558 could be excluded as neutral, 223 words were positive and 853 words were negative. This means, that of the total words, 33.94% could be excluded, 13.56% were positive and 51.89% were negative. Excluding the neutral words from the total amount, 78.55% were negative and 21.45% were positive. This shows, that the majority of words describing the League of Legends community were negative. (See Appendix 2.16.2 to 2.16.4)

The question *"Do you consider the League of Legends community as being competitive?"* only 18 (3.3%) respondents answered with "Not at all"; 31 (5.7%) indicated "Somewhat disagree"; 159 (29.1%) answered "Neither disagree nor agree"; 180 (32.9%) indicated "Somewhat agree"; and 159 (29.1%) of the respondents agreed "Absolutely". (See Appendix 2.17)

The question *"Do you consider the League of Legends community to be toxic/unfriendly?"* only 9 (3.3%) respondents answered with "Not at all"; 30 (5.5%) indicated "Somewhat disagree"; 91 (16.6%) answered "Neither disagree nor agree"; 194 (35.5%) indicated "Somewhat agree"; and 223 (40.8%) of the respondents agreed "Absolutely". (See Appendix 2.18)

The question *"Do you think the League of Legends community has a bad reputation, compared to other MOBA games?"* 82 (15%) respondents answered with "Not at all"; 82 (15%) indicated "Somewhat disagree"; 172 (31.4%) answered "Neither disagree nor agree"; 128 (23.4%) indicated "Somewhat agree"; and 83 (15.2%) of the respondents agreed "Absolutely". (See Appendix 2.19)

The question *"Do you think feedback from friends is more valuable than that of a random player?"* 69 (12.6%) respondents answered with "Not at all"; 51 (9.3%) indicated "Somewhat disagree"; 131 (23.9%) answered "Neither disagree nor agree"; 131 (23.9%) indicated "Somewhat agree"; and 165 (30.2%) of the respondents agreed "Absolutely. (See Appendix 2.20)

## 11.1.4 Player Identity

The results for the question *"To which degree do you consider the ranking system an important determinant of player skill"* show only 25 (4.6%) of the respondents answering "Not at all"; 55 (10.1%) indicated "Somewhat disagree"; 136 (24.9%) "Neither disagree nor agree"; 222 (40.6%), the majority of respondents, answered "Somewhat agree"; and finally, 109 (19.9%) indicated "Absolutely". (See Appendix 2.21)

The results for the question *"Do you think the League of Legends* community considers the ranking system an important determinant of player skill?" were very clear with only 13 (2.4%) respondents indicating "Not at all"; 22 (4%) "Somewhat disagree"; 92 (16.8%) "Neither disagree or agree"; 168 (30.7%) "Somewhat agree"; and 252 (46.1%) "Absolutely". (See Appendix 2.22)

The results for the question *"When playing, how important is it for you to reach a higher rank*?" show that 69 (12.6%) respondents indicated "Not at all"; 56 (10.2%) "Somewhat disagree"; 106 (19.4%) "Neither disagree or agree"; 165 (30.2%) "Somewhat agree"; and 151 (27.6%) "Absolutely". (See Appendix 2.23)

The results for the question *"Do you think that with your current skill you could be playing in a higher rank*?" show that 53 (9.7%) indicated "Not at all"; 57 (10.4%) "Somewhat disagree"; 151 (27.6%) "Neither disagree or agree"; 167 (30.5%) "Somewhat agree"; and 119 (21.8%) "Absolutely". (See Appendix 2.24)

The results for the question *"Do you think that kill/death ratio reflects a player's skill?"* show that 149 (27.2%) respondents indicated "Not at all"; 126 (23%) "Somewhat disagree"; 134 (24.5%) "Neither disagree or agree"; 98 (17.9%) "Somewhat agree"; and 40 (7.3%) "Absolutely". (See Appendix 2.25)

The results for the question *"Have you ever flamed because of another player?"* are very clear with 420 (76.8%) of the respondents indicating "Yes", and 127 (23.2%) "No". (See Appendix 2.26)

## 11.1.5 Flaming

The results for the question *"If you ever flamed because of another player, was it because of: (Multiple answers possible)?"* show that 194 (46.2%) respondents indicated "An unskilled player"; 264 (62.9%) "A player being AFK"; 242 (57.6%) "A player leaving the game"; 350 (83.3%) "Another player flaming/being provocative"; and 78 (18.6%) "Other". (See Appendix 2.27)

## 11.1.6 Spending Money

The results for the question *"Are you more inclined to play free-to-play video games than pay-to-play?"* show that 117 (21.4%) correspondents indicated "Not at all"; 49 (9%) "Somewhat disagree"; 132 (24.1%) "Neither disagree or agree"; 107 (19.6%) "Somewhat agree"; and 142 (26.8%) "Absolutely". (See Appendix 2.28)

The results for the question *"How likely are you to spend money on the game?"* show that 51 (9.3%) correspondents indicated "Not at all"; 79 (14.4%) "Somewhat disagree"; 133 (24.3%) "Neither disagree or agree"; 150 (27.4%) "Somewhat agree"; and 134 (24.5%) "Absolutely". (See Appendix 2.29)

The results for the question *"Have you spent any money on the game?"* are very clear with 494 (90.3%) of the respondents indicating "Yes", and 53 (9.7%) "No". (See Appendix 2.30)

In order to analyse the open answers to the question *"How much have you spent approximately on the game? (Please also indicate currency)"*, the question had to be recoded into categories and recalculated into one common currency. According to the most frequent answers, the chosen categories were "0-100€", "100-500€", "500-1000€", "1000€ and more" and "Unspecified" for answers without currency indication or phrases like "too much".

119 (25.1%) of the respondents indicated having spent "0-100€" on the game; 193 (40.7%) of the respondents indicated having spent "100-500€" on the game; 61 (12.9%) of the respondents indicated having spent "500-1000€" on the game; 43 (9.1%) of the respondents indicated having

spent "1000€ and more" on the game; and 57 (12%) of the respondents gave an "Unspecified" answer. (See Appendix 2.31)

The results for the question *"Do you feel like you can spend money on the game, because you didn't have to pay for it?"* show that 48% of the respondents indicated "Yes", and 52% "No". (See Appendix 2.32)

The results for the question *"When you started playing League of Legends, did you expect to ever spend money on the game?"* show that 181 (36.6%) correspondents indicated "Not at all"; 95 (19.2%) "Somewhat disagree"; 132 (26.7%) "Neither disagree or agree"; 64 (13%) "Somewhat agree"; and 22 (4.5%) "Absolutely". (See Appendix 2.33)

In order to analyse the open answers to the question *"What made you purchase something in the game?"* in the used statistics software SPSS, the question had to be recoded into categories. According to the most frequent answers, the chosen categories were "*Skins*", "*Champs*" [champions], "*Rune Pages*", "*Support Riot Games*", "*Gifts for Friends*", "*Customise favourite Champion*", "*Sale*", "*Value for Money*", "*Belonging to Group*", "*Look Better than Others*", "*Impatience*" (it takes too much time earning in game currency) and "*Other*" for reasons that were infrequent and did not fit a category.

264 (53.5%) of the respondents indicated "*Skins*" as a motivation to spend money on the game; 40 (8.1%) of the respondents indicated "*Champs*" as a motivation; 13 (2.6%) of the respondents indicated "*Rune Pages*" as a motivation; 41 (8.3%) of the respondents indicated "*Support Riot Games*" as a motivation; 12 (2.4%) of the respondents indicated "*Gifts for Friends*" as a motivation; 39 (7.9%) of the respondents indicated "*Customise Favourite Champion*" as a motivation; 21 (4.3%) of the respondents indicated "*Sales*" as a motivation; 5 (1%) of the respondents indicated "*Value for Money*" as a motivation; 15 (3%) of the respondents indicated "*Belonging to group*" as a motivation; 25 (5.1%) of the respondents indicated "*Look Better*" as a motivation; 16 (3.2%) of the respondents indicated "*Impatience*" as a motivation; and 109 (22.1%) of the respondents indicated "*Other*" reasons. (See Appendix 2.34)

In order to statistically analyse the open answers to the question *"Do you purchase skins, if yes, why?"*, the question was recoded into categories. According to the most frequent answers, the

chosen categories were "*Look Better/Unique*", "*It was on Offer*", "*Change Experience*", "*It was a Present*", "*Customise Favourite Champion*", "*Support Riot Games*", "*Show Skill/Prestige*", "*No*" and "*Other*".

235 (47.6%) of the respondents indicated "*Look Better/Unique*" as a motivation to purchase skins; 9 (1.8%) of the respondents indicated "*It was on Offer*" as a motivation; 62 (12.6%) of the respondents indicated "*Change Experience*" as a motivation; 2 (0.4%) of the respondents indicated "*It was a Present*" as a motivation; 77 (15.6%) of the respondents indicated "*Customise Favourite Champion*" as a motivation; 22 (4.5%) of the respondents indicated "*Support Riot Games*" as a motivation; 35 (7.1%) of the respondents indicated "*Show Skill/Prestige*" as a motivation; 21 (4.3%) of the respondents indicated "*No*", they hadn't bought skins; and 91 (18.4%) of the respondents indicated "*Other*" reasons. (See Appendix 2.35)

The results for the question *"Do you expect to spend more money on the game?"* show that 103 (20.9%) correspondents indicated "Not at all"; 80 (16.2%) "Somewhat disagree"; 120 (24.3%) "Neither disagree or agree"; 91 (18.4%) "Somewhat agree"; and 100 (20.2%) "Absolutely". (See Appendix 2.36)

## 11.2 Unexpected Results

Considering a large number of respondents characterised the in-game community as being toxic, hostile and unwelcoming, it would have been a logical conclusion that the players who complain about this would themselves not exhibit this negative behaviour. However, 76.8% of the players admitted that they had previously been verbally abusive on the in-game chat, hence actively contributed to the negative communication style. 83% of those claimed they did it as a response to another player being provocative or flaming. Such a high number of respondents engaging in negative behaviour was unexpected.

Furthermore, the number of respondents who agreed "Absolutely" with the statement that the *League of Legends* community is welcoming was surprisingly low, at 4.2%. This leads to the assumption that the perceived hostility of the game is not only something that outsiders see this way: even the players agree.

Another surprising factor that is related to this was the amount of people who used the word *"toxic"* or the sentence *"toxic as fuck"* as an answer to the question of describing the community in three words. Considering that no examples were given so that respondents had no inspiration or biased answer at all, the amount of similar answers was unexpected. A possible explanation for this could be the fact, that "toxic" appears to be a commonly used word for describing the community and has hence become a present and directly available assimilation when asked about an opinion about it. Also, considering a total of 417 (76.3%) of the 547 respondents agreed "to some degree" (35.5%) and "absolutely" (40.8%) with the fact that the *League of Legends* community is toxic/unfriendly, it was surprising that far less respondents had the impression that the *League of Legends* community has a bad reputation, compared to other MOBA games. It could have been interesting to ask respondents for a detailed answer here, in order to find a reason behind this difference.

The number of respondents that had in fact spent money on the game was also unexpectedly high. Considering that many had already claimed free skins as a reward for following on social media and considering that spending money is not required at all, the fact that 90.3% of respondents had in fact spent money on the game was surprising. Additionally, the amount of money spent per person was higher than expected for individual respondents. At least four respondents had spent €400, four €700, nine €1000, and two even €1200. The three respondents with the highest amount of money spent indicated spending in the range of €3,100-3,400.

From these numbers, it was unexpected to see that at least 36.6% of the respondents indicated "Not at all" and 19.2% "somewhat disagree" when asked whether they expected to ever spend money on the game. It is unclear what caused these players to purchase something inside the game. However, it is possible that something inside the game has convinced them to make a purchase. Researching this ultimate factor could be suggested for future research.

# 11.3 Explorative Analysis of SPSS Results for Correlation

## 11.3.1 Significant Results of Correlation Analysis

As this paper follows an explorative approach, the collected dataset was analysed for correlations between the different variables. This was achieved by doing a bivariate correlation analysis, using Pearson's correlation coefficient and a two-tailed test of significance. Considering the inductive approach of the study, no hypotheses were formed. The data analysis is of purely explorative nature and serves as suggestion for future research.

In to not extend the length of this chapter, only medium to strong positive and negative correlations are reported, which exhibit significance at the 0.01 level (2-tailed). The full overview over the correlations can be found in Appendix 7.

The correlation analysis revealed some correlations that were to be expected. There was a moderate positive correlation between stating that the game was free as a motivation to start playing and the inclination to play free-to-play games more than pay-to-play games ($r = 0.353$, $n = 547$, $p = 0.000$), indicating that players who play the game because it is free also are more inclined to play free-to-play games than pay-to-play ones.

There was a medium to strong negative correlation between players who consider the game's community as toxic/unfriendly and not considering the same community as friendly and welcoming ($r = -0.429$, $n = 547$, $p = 0.000$).

Other significant measures were that players who consider the community to be unfriendly also are more inclined to think that the community has a bad reputation, compared to other MOBA games ($r = 0.350$, $n = 547$, $p = 0.000$). Furthermore, players who considered the community to have a bad reputation were less likely to see the community as welcoming to new players ($r = -0.310$, $n = 547$, $p = 0.000$)

Players who considered rank to be a determinant of skill in the game also considered it important for themselves to reach a higher rank ($r = 0.377$, $n = 547$, $p = 0.000$).

Players who indicated a high likelihood in spending money on the game also exhibited an increasing likelihood to spend money on the game in the future ($r = -0.449$, $n = 547$, $p = 0.000$).

Strong, positive correlations were found for the likelihood to spend money on the game and the question about whether players had already spent money on the game (r = 0.530, n = 547, p = 0.000).

More strong correlations were found for the social media use.

Players who had redeemed the free skin for following the game on Twitter exhibited a high likelihood to also having redeemed the free skin for following the game on Facebook (r = 0.520, n = 0.547, p = 0.000) and for having redeemed the free skin for following the game on YouTube (r = 0.508, n = 547, p = 0.000).

Furthermore, players who had redeemed the free skin for following the game on Facebook exhibited a strong likelihood to also having redeemed the free skin for following the game on YouTube (r = 0.596, n = 547, p = 0.000).

This could serve as an interesting base for follow up research with regard to the social media use for online games. Finding an answer to the question about what developers can do in order to encourage social media use across different platforms could help companies in developing more successful social media strategies.

## 11.3.2 Noteworthy other correlations

Most interesting results in this explorative analysis were weak correlations between variables where no correlation was expected.

A weak correlation was found between gender and the likelihood to flame (r = 0.166, n = 547, p = 0.000). Considering the variable for flaming was coded so that a higher number indicated a lower likelihood of flaming and 'gender' was coded so that 1 indicated "male", 2 "female" and 3 "other", this weak correlation indicated that there is an indication that female players are less likely to exhibit negative behaviour in the game.

Another interesting negative correlation was found between the age of the respondents and the perceived importance of reaching a higher rank (r = -0.193, n = 542, p = 0.000), indicating that the older respondents are, the less likely they might be to strive for a higher rank.

Furthermore, a weak negative correlation was found between the age of the respondents and the perceived skill level, indicated by respondents stating that with the current skill level, they could be

playing at a higher rank (r = -0.118, n = 542, p = 0.000), indicating that the older respondents are, the less likely they seem to be to overestimate their own skill.

Especially with regard to the earlier research presented in the literature review, the indications for correlations concerning flaming could be used for follow up research. This research could be aimed at finding reasons behind players exhibiting this sort of unfriendly and hostile behaviour. The research at hand cannot make any definite statements, due to weak correlations that only serve as an indicator and the absence of a hypothesis.

For the following results, note that "yes" is 1, and "no" is 2.

An interesting correlation was found between whether players had spent money on the game and whether they ever had flamed (r = 0.186, n = 547, p = 0.000). This indicating that players who had spent money on the game were slightly more unlikely to having flamed on the game.

Furthermore, players exhibited less likelihood to flame the older they were (r = 0.199, n = 542, p = 0.000).

Other results indicated that considering rank an important indicator of skill (r = -0.122, n = 547, p = 0.004) and considering it important to reach a higher rank (r = -0.229, n = 547, p = 0.000) showed a weak correlation with flaming on the game.

Curiously enough, redeeming a free skin for following the game on Facebook (r = 0.122, n = 547, p = 0.004) and spending money on the game (r = 0.186, n = 547, p = 0.000) appeared to show a slight negative correlation with flaming, indicating that those players were less likely to flame.

For future research, it would be recommended to develop a questionnaire that is more focused on the player behaviour. This could likely create more significant and stronger correlations for the different values. The results that are presented here can only be presented in brief and not related to any kinds of hypotheses, as this would tilt the research towards a deductive research method, which is not fitting for an explorative approach.

However, it is likely that a more thorough analysis of the dataset could generate more interesting and detailed insights into correlations and other potential statistical matters, which could be used to prove or falsify numerous hypotheses that could be developed with regard to the dataset.

# 11.4 Limitations

## 11.4.1 Limitations of the Questionnaire

A problem that was discovered after the results had been collected involved the labels for the 5-point Likert scale. Two different labels were used for the highest point on the scale (point 5) in different parts of the questionnaire. In sections 1 to 3, the label was "Absolutely", while in section 4 to 7, the label was "Extremely". This different is not expected to have influenced the results of the as a direct comparison between questions is not necessary for this explorative research.

It appeared that some parts of the questionnaire were unclear. For the question "Are you playing other MOBAs beside *League of Legends*?" it was apparently not clear for all respondents that the question was only with regard to games they currently play. This was judged by the number of respondents, that chose the "Other" option in order to elaborate on their gaming history. This may have been caused by an unclear formulation of the question or the fact that the clear majority of respondents did not have English as native language and might have misunderstood the question.

The question "How would you describe *League of Legends'* community using only three words?" aimed at collecting three adjectives. This, however, was misunderstood by many respondents, who either tried formulating a three-word sentence or just exceeded the word count. A clearer layout with e.g. three short word boxes could have helped and was considered, but was technically impossible with the chosen questionnaire provider.

Another issue appeared to have been the two questions, "What made you purchase something in the game?" and "Do you purchase skins, if yes, why?". The first question was asked with the intention of getting an insight into players' intrinsic or extrinsic motivation for purchase, e.g. an advertisement they had seen or encouragement by friends. While the majority understood this correctly, a number of respondents interpreted the question as to what exactly they purchased and hence considered the second question as a repetition. Giving the questionnaire to a test group and collecting feedback before distributing it could have avoided this. This was considered and rejected due to the limited time frame of the research.

As for the question involving how much money players had approximately spent on the game, it would have been insightful to get the specific amounts in a specific currency for convenient analysis. However, as Crawford (1997) stresses with regard to questionnaire design, it is important to keep it easy and convenient in order not to lose respondents during the process. It was decided

that looking for a specific amount in the game itself and having the respondents recalculating it into e.g. Euros had the potential of being inconvenient enough that respondents would close the questionnaire, as there also was no option of skipping the question. Therefore, it was decided to keep it to an approximate number indicated in the respondent's own currency.

The questionnaire results indicate that 90.3% of the respondents have spent money on the game, and 76.8% have 'flamed' i.e. uttered verbal abuse because of another player, and it is possible that this shared perception and the culture's emphasis on skill influence consumers to purchase *League of Legends'* virtual goods. However, this was unfortunately not tested through the questionnaire; raising the question whether the individual respondent associates wearing a *skin* with skill, would have made for a stronger analysis of the extent to which the game's culture affects its consumers.

In addition, it is evident that a majority of the questionnaire respondents perceive *League of Legends'* culture as being 'toxic' and unfriendly. However, the questionnaire missed an opportunity to examine whether respondents feel that the game's culture makes them feel more or less like playing the game and if this can be related to customer retention; how well they receive verbal abuse, and how often it occurs; and if they would have liked a feature to turn off the game's chat window to avoid slander, a feature *League of Legends'* competitor *Heroes of the Storm* have implemented as a counter measure for the same issue.

Furthermore, 34.8% of the questionnaire respondents indicated that they are playing another MOBA game besides *League of Legends,* which highlights the oversight of not raising the question of how the individual perceive those cultures compared to that of *League of Legends* for a comparative analysis.

## 11.4.2 Limitations of the Statistical Analysis

After the data analysis, it was discovered that SPSS had, presumably due to a technical error, deleted five of the answers in the dataset for the variable "Age of Respondents". The missing variables were added and the corrected graphic for the variable can be found in Appendix 2.37. The original results for the variable were kept in the analysis, as all statistical analyses were executed with the first dataset. Considering the amount of missing values for the variable only was less than 1%, the impact on the results is minimal.

# 12. Discussion

This chapter examines the results of the previous chapters and the thesis' relevance in context of the research community and the video game industry.

## 12.1 Findings on Marketing

As Riot Games does not give public access to their business numbers, it unfortunately makes analysis more difficult and less accurate, however, by applying relevant marketing and strategy theory e.g. *Porter's Five Forces* framework (Henry, 2008) and the *Value Chain Analysis* (Hooley, et al., 2012), it was possible to determine the strategic steps necessary to successfully implement a business model like *League of Legends' free-to-play* model, and which factors that influenced the game's success such as *Blue Ocean Strategy* (Kim & Mauborgne, 2007) and *first-mover advantage* (Henry, 2008). Drawing upon such theories and frameworks, it was ultimately possible to determine why *League of Legends* were able to attain a majority market share, and thus generating much more revenue than the competition.

### 12.1.1 Social Media Marketing

As mentioned in the chapter about social media marketing, Chaffey & Ellis-Chadwick (2012) see social media as an important tool for digital marketing, with which a company can identify, anticipate and satisfy customer demand. Riot Games appears not to make much use of their social media channel for identifying said demand, no polls or links to questionnaires are shared. However, with regards to anticipation and satisfaction, they are making extensive use of the large social network they build up. This seems to having been built with offering players certain incentives for following them on social media. Results of this papers questionnaires show that the majority of respondents had claimed a free in-game reward for following the company on various social media platforms.

Assuming that not every player claimed the free *skins* and may still follow them on social media, the number of active players who are also directly connected to the company via diverse social media channels is quite significant. This gives Riot Games a powerful tool for direct marketing. Furthermore, since 43.3% of all respondents agreed "Absolutely" with the statement that they started playing because of friends, a large social media network can serve as an incredibly relevant

tool to attract new players by having the followers share content with their network and spreading awareness.

However, considering the fact that the questionnaire was also spread via social media, it cannot be ruled out that the answers of respondents may be biased and therefore challenging to be applied to the general public.

An interesting observation is, that from the analysis of Riot Games social media strategy for the game it appeared, that the company is putting strong focus on establishing themselves as an even bigger name in the e-Sports scene. However, in this papers research only 6% of the respondents indicated that they "Absolutely" started to play the game because of the attractive e-Sports scene, while 61.4% indicated that this was "Not at all" a motivation. The question resulting from this observation is whether Riot Games is making an effort of attracting new players into the e-Sport scene, whether their e-Sport efforts are focused on existing players or whether players still consider the e-Sports important, but do not intend to participate themselves. This would be an interesting suggestion for future research and could help Riot Games identify specific target groups and to research how to attract them best.

## 12.1.2 Influence on The Value Chain

Analysing the Social Media marketing strategy of *League of Legends,* it becomes apparent that the social media efforts of Riot Games are an essential part of the game's *Value Chain* layers "Marketing and Sales" and "The User".

### 12.1.2.1 Marketing & Sales Layer

As the numbers show, users of the game make active use of the social media offers and follow the developer's updates. The results of the questionnaire furthermore confirm the assessment that Riot Games relies heavily on word-of-mouth marketing. As 68.2% of the respondents indicated having about the game from friends and 12.8% from family, word-of-mouth appears to have been the by far most successful method for attaining new players for *League of Legends*. As only 1.3% of all respondents indicated having seen an advertisement for the game, this confirms the impression that the company does not make much use of advertisement.

For the Marketing layer, the Social Media Marketing strategy of Riot Games appears to have been exceptionally successful, resulting in effective word-of-mouth marketing and a large number of players being directly connected with the company and each other via the media.

### 12.1.2.2 User layer

For the user layer, the results from the cultural analysis in this paper are of importance. As will be elaborated further upon in the course of the discussion, the game's community clearly exhibits traits that make it eligible for being defined as a culture (Ting-Toomey, 1999). Within the culture, the members of a community are interacting with each other and hence are an important influence on behaviour.

It is visible from the results of the questionnaires that users influence each other's purchasing behaviour. This appears to happen in terms of in-group and out-group theory elaborated on in the cultural analysis of the thesis, with players purchasing skins due to wanting to either belong to a group or giving gifts to friends.

Interestingly, an effect of a large amount of players is perceived lack of uniqueness. Therefore, purchasing a cosmetic upgrade in order to look unique appears to be the most common reason. Furthermore, more experienced players like to show prestige and their skill with a cosmetic upgrade.

For this layer, the results confirm the importance of the in-game community, as players appear to be very invested in the culture by showing group memberships, assessing and judging other player's behaviour according to expectations and desired behaviour, expressing skill and individualism. Players make the decision of buying something in the game based on their perception of themselves or others presumed perception of the player. Without the users, a game like *League of Legends* cannot and will not function. It is the players and the created culture that keeps individuals invested in the game and hence serves as the layer that potentially adds the most value.

### 12.1.2.3 Service Layer

An interesting finding was that several respondents indicated wanting to thank the game's developers by making purchases within the game. Several of the respondents indicated this as a

motivation for spending money on the game specifically purchasing *skins* within the game. Considering that this answer was given to an open question and not suggested by the questionnaire, it appears many players are satisfied with the service the developers offer. This can thus be seen as an indication that the company so far has been providing good service in the form of a free, yet good game, which is regularly updated and run on a reliable server infrastructure.

Overall, all combined marketing efforts of Riot Games play into the *Value Chain*, as they are adding value on the "Marketing & Sales" layer. Furthermore, the cultural analysis and the questionnaire data have had the potential of providing supporting evidence for the assumptions made with regard to the additions to other layers, as the "User" layer and the "Service" Layer.

## 12.1.3 Porter's Five Forces

As the application of Porter's Five Forces in the analysis of the MOBA market indicated the majority of the respondents to be age 18-25 years old, the second largest group being in their teens, and a margin of 4.1% the age of 30+, it is a possibility that a majority of the questionnaire respondents have a low or limited income due to young age, and are therefore likely to be sensitive to a change in product price. It would be easy to believe that the game's free-to-play business model would influence consumers to be more inclined to spend money because they did not initially purchase the game, however, only half of the respondents agreed with this statement. Yet almost all of the respondents have spent money on the game, with a majority spending €100-500, which is striking as no pay-to-play video game cost that much at retail price, but what is even more remarkable is that 9.1% have spent €1000 or more on *League of Legends,* which emphasises the strength of the free-to-play business model and its micro-transactions. In comparison, the premium video game *Grand Theft Auto V* (Rockstar North, 2013) which is priced at €59.99 on the digital video game retail website *Steam,* could be purchased 16.6 times with the amount of €1000, and thus the effectiveness of *League of Legends* business model and its psychological pricing strategy becomes apparent.

### 12.1.4 Limitations to Bargaining Power of Buyers

It proved problematic, to estimate the bargaining power of *buyers* when applying the *Porter's Five Forces* framework (Henry, 2008) to analyse the attractiveness of the MOBA industry due to missing financial data of *League of Legends'* consumers. In hindsight, it is evident that such data should have been collected through the questionnaire, which would have established a much more precise analysis, and ultimately means that the *bargaining power of buyer* aspect of Porter's framework and the questionnaire itself is somewhat lacking.

In contrast, it *was* possible to determine the type of product that is the virtual goods of the game, which combined with the consumer age groups gathered from the questionnaire, indicated *League of Legends'* virtual goods as being sensitive to change in price, i.e. having an inverse relation and effect between the product price and the quantity demanded by the consumer (Salvatore, 2007). This was based on the game's virtual goods being non-necessities and 80.6% of the questionnaire respondents ranging below the age of 26, from which a lower consumer income can be estimated, and thus a lower purchasing power. It would have been interesting to have the consumer income data and sales numbers from Riot Games required to calculate both *price elasticity of demand,* to determine how much quantity demanded would increase or decrease with a change in price, and *income elasticity of demand*, to calculate the relation between a change in quantity demanded as a result of a change in consumer income (Salvatore, 2007). This would clearly strengthen the analysis as it would, perhaps, be possible to pin point why the free-to-play business model, and the micro-transactions it builds upon, is so successful with *League of Legends'* target audience, which may motivate more research on this subject with exact measurements.

## 12.2 Relevance to The Game Development Industry

The results of this thesis help answer why *League of Legends* has such a strong claim on market share in the MOBA industry, and through the application of marketing and strategy theory, and aid future competitors, by underlining which strategic implementations are necessary to compete in a free-to-play market, such as reconfiguration of *Value Chain* activities. Furthermore, as this thesis examines, how consumers perceive the *League of Legends'* culture, the findings might motivate developers to discover measures to prevent toxic behaviour in online video game communities, and thus make their product more attractive to consumers with the demand for MOBA games with less hostility than *League of Legends*.

# 12.3 Findings on Culture

## 12.3.1 Definition of Culture

By deconstructing Ting-Toomey's (1999) definition of culture; *"a complex frame of reference that consists of patterns of traditions, beliefs, values, norms, symbols, and meanings that are shared to varying degrees by interacting members of a community"*, it is evident that each of these cultural traits applies to different aspects of *League of Legends*, which ultimately made this definition a stepping stone in the analysis of the culture of the game. For the definition of *League of Legends'* culture, the results of the questionnaire add some relevant data to the analysis.

For *shared tradition*, the research does not provide data beside the observations in the analysis. However, for *shared beliefs*, it can be concluded that most players are agreeing on certain mind-sets about the game itself and the community, as 60.9% of the players agreed on the *League of Legends'* community being very or slightly unwelcoming to new players, and 62% of the respondents agreed on the community as being slightly or extremely competitive. 76.3% of the players agreed on the community being unfriendly to some or a high degree. 76.8% of the players considered the community to consider the game's ranking system to be an important determinant of player skill.

These results are interesting, as they aim not at collecting results about the individual player, but the individual's perception of the game community itself. The results are clearly indicating that, as characterised by Ting-Toomey (1999), members of the community are indeed holding some shared beliefs about the game, in this case as being competitive, the community being harsh and unwelcoming and categorising players according to rank.

This is directly related to the shared cultural *values*, as it appears that an important value within the game is that desirable behaviours such as ambition and skill are exhibited. An interesting point here is that even though behaviour such as being friendly, reasonable, and welcoming serves as "good behaviour", it is not perceived as being exhibited by the community. Community members themselves find rather harsh words when characterising their own in-game culture, as shown in Graphic 1. Respondents were asked to describe the community in three words, where an impressive 78.55% of the words described the community negatively. In addition, another indicator of this was that 40.8% of all respondents characterised the community as extremely unfriendly.

*Graphic 1: Word cloud of answers to the question: „How would you describe League of Legends' community using only three words?"*

It is evident that *League of Legends'* culture is heavily influenced by the its ranking system by offering various *symbols* with the system's different ranked divisions, e.g. *bronze, silver, and gold,* which denote player skill and give identity to the individual player. Together with cosmetic items such as *skins*, these symbols signal a certain degree of investment in the game and can cause disconnect between the individual player's expectations toward others 'wearing' these labels and the reality their actions pose, such as playing worse than is expected from their current rank in the game. By applying the questionnaire data to these observations, it is clear that *League of Legends'* ranked system has a strong influence its culture and its consumers, as 60.5% of the respondents perceive the ranking system an important determinant of player skill, while 76.8% indicated that the general *League of Legends* community considers this system as the most important determinant.

Another reason for hostility between players can be explored through Jenkins (2008) argument of *shared frame*, which states that individuals experience a phenomenon, e.g. *League of Legends,* differently, but are able to interact due to the shared frame of reference of the game. In this regard, it is clear from the analysis that individuals have different understandings of the game across the various identity groups provided by the game's ranked system, and thus creates different norms, traditions, and beliefs, and ultimately sub-cultures within the general *League of Legends* culture.

Consequently, it is the violation of the values and *norms* of these sub-cultures that can cause frustration and verbal abuse between players from different in-groups and out-groups. By applying the questionnaire data, it is clear that 76.8% of the respondents have been verbally abusive towards other players because of their actions; furthermore, 83% of these respondents indicated that their verbally aggressive behaviour has been due to other players being provocative.

## 12.3.2 Influence on Culture

From the culture analysis, it was evident that *League of Legends* holds an extremely competitive culture that emphasises and values player skill, which is partially due to the competitive nature of the game's genre itself that *values* winning, and the ranked system and the social identity features that Riot Games implemented in the game. It was clear that the ranked system strongly emphasises the group inclusion and intergroup boundary regulation culture functions (Tajfel, 1970) which creates a shared system from which players can gain a frame of reference (Jenkins, 2008) of their social identity within the context of the game, and establish in-group inclusion and out-group distancing (Tajfel, 1979).

Each division in the ranked system denotes a certain degree of skill and knowledge of the game, and serves as natural groupings of players with designated labels, which then become in-group and out-groups for the individual, as they engage with the system and interact with players from lower and higher identity groups (Tajfel & Turner, 1979). By applying Jenkins' (2008) argument of *frame of reference,* that individuals experiencing life as a series of different sets or stages, organized either formally or informally, with each individual having different understandings of these settings, it was possible to uncover the disconnect that occurs when different identity groups encounter each other, as different understandings lead to different beliefs, norms, and opinions on what the correct way of playing the game is, thus creating multiple disconnected behaviours.

From the examination it was clear that *League of Legends'* consumers compare the culture's various identity groups (Tajfel & Turner, 1979), from which they strengthen, or boost, their social identity within the culture (Ting-Toomey, 1999), e.g. by purchasing popular characters, and various cosmetic items such as *skins,* which when 'wearing' one, is often associated higher-ranking identity groups, and having a certain degree of skill with a game character.

## 12.4 Findings on Correlation Analysis

The correlation analysis yielded several logical correlations, such as respondents indicating negative sentiments about the game community also attributed other negative characteristics. An example is that players who consider the community as being unfriendly, also appear to be considering the community less welcoming to new players, and players who consider ranking in the game important, also indicated that they consider it important to reach a higher rank themselves.

This can be considered fitting to the earlier definition of the community as a culture, even though people share beliefs and values to some extent, the individual might still perceive the community in a certain subjective way that is likely to be consistent across the questions, and it is evident that respondents see the community in either consistently positive or consistently negative ways.

The correlations also show among the use of social media, as respondents who have redeemed a free *skin* on one social media platforms are likely to have done the same on another platform as well. This observation confirms the assessment of the promotional campaign of a free *skin* in exchange for social media connection, as being a successful social media marketing campaign of Riot Games.

The remaining significant correlations of the analysis, however weaker than the previously mentioned, provide further insights into the results of the questionnaire.

The gender of respondents appeared to indicate a difference in the likelihood of verbal abuse, with female respondents appearing less likely to be verbally abusive, and could provide for an interesting discussion about gender in online video gaming.

Furthermore, a weak negative correlation indicated a connection between the age of the respondents and the perceived importance of reaching a higher rank, skill level, and the exhibiting of verbal abuse in the game. The correlations indicated that older players deemed reaching a higher rank less important, were less likely to consider their skill level higher than their rank and also showed a lower likelihood of exhibiting verbally abusive behaviour. This indicates that the older players are, the more likely they are to behave better within the *League of Legends* community. These results resonate with several respondents' answers on the open question of describing the game in three words, where several respondents' answers included complaints about young players misbehaving online.

With regard to the previous research by Lee (2016) and Kou & Nardi (2013) with regard to verbal abuse, it was noteworthy that there were several weak correlations to be observed. As mentioned, a correlation existed between age and the exhibition of negative verbal communication. Furthermore, having spent money on the game correlated negatively with verbal abuse, while considering rank an important indicator of skill and considering it important to reach a higher rank correlated with a higher likelihood to be verbally abusive positively correlated with it. Interestingly, but more likely by chance, having claimed a free *skin* on Facebook correlated negatively with verbal abuse.

Considering their significance, these results could serve as an indication of reasons for exhibiting negative behaviour online. While a lower age, considering ranks within the game as important indicators for skill and the perceived importance of reaching a higher rank, which could be summarised as ambitious behaviour appeared to increase the likelihood of players having exhibited negative behaviour, players who did in fact spend money on the game and players who did claim a free *skin* on Facebook showed less occurrences of said negative behaviour. As these results can serve as interesting observations, they do, however, not have the potential of serving as a foundation of analytical research conclusions and will therefore serve as suggestions for future research.

## 12.5 Suggestions for Future Research

Further research could adopt a deductive approach, with theories and hypotheses that could result in some insightful findings. For example, if the questionnaire had also included income of the respondents, hypotheses could be made with regard to the correlations of income and spending.

By examining the questionnaire results through the statistics software SPSS (IBM, 1968), there were indications of dissimilarities in negative online behaviour between age groups and gender. It appears that female respondents were less inclined to engage in this negative behaviour, however, due to the large difference in the number of male and female participants, it was not possible to arrive at a significant result that is generalizable, and was therefore not included. This could be achieved with a repetition of the research, where empathy is put on finding a research corpus where there is an equal spread between male and female respondents.

A more generous time frame would have also allowed for some more in-depth statistical analysis, where other theories could have been tested, e.g. whether individual respondents were likely to follow not only on one, but all three social media platforms. Furthermore, earlier mentioned shortcomings of the questionnaire can be improved upon by reformulating questions or by adapting a slightly different research design, as well as increasing the number of questionnaire respondents to improve the generalizability of the findings.

The research would also have benefited from some qualitative data. For future research, it can be recommended to include focus group interviews, in order to get a more in-depth individual picture of a *League of Legends* player. However, it might require some preparation in order to establish a blueprint of the 'representative player' as it is close to impossible to find anyone who can represent a player body of 100 million players. Results from said interviews could therefore in no way be generalizable, however, they could be a valuable addition to quantitative research and were considered for the paper at hand. Due to the limit time frame, however, this was not possible.

Another idea for future research would be an analysis of the fact, whether online in-game behaviour and the general tone in the online chat has an influence on player retention. In the literature review of this paper research with focus on toxicity of online community was introduced, due to the limited frame a more thorough analysis of this topic was neglected, as it would have needed another research approach, e.g. another questionnaire. Future research could compare online communication across the games and try to find an answer to the question, how much influence it has on the individual and their loyalty to a game. As results showed, several players describe *League of Legends'* community as being very hostile, but they themselves reacting to negativity with more negativity, potentially actively worsening the problem themselves by being part of it. As the analysis of the different games showed, other games have previously taken measures in order to prevent a toxic environment by e.g. only allowing chatting with the own team, preventing exchange with the other team. It would be insightful to see, whether these measures have a positive effect on player satisfaction and retention.

Another recommendation for a more thorough analysis of the research question is, to include more marketing theory. This paper includes several marketing theories, however, not all of them, as the number and purpose is too varied. The research at hand collected mainly answers from European

respondents. *League of Legends* is incredibly popular in Asia, and since the Asian market accounts for most of the revenue. As mentioned in an earlier chapter, the online video game revenue is not equally distributed amongst the different continents. Therefore, an interesting topic of future research would be a comparison of the European and Asian market, in order to find reasons for the differences in revenue, e.g. whether it could be a cultural phenomenon. This research would crave some other marketing theories, with more focus on comparing markets (e.g. The PEST model, Marketing Mix in the different countries, country specific growth strategies and also a comparison of the social media marketing efforts in different countries) and could give an interesting insight in not only the differences across the market, but also the differences across cultures with regard to online gaming.

It may motivate further examination of external culture, i.e. culture external to the game itself, such as the geographical culture of the individual player, and perhaps explore to which extent it affects player in-game behaviour, competitiveness, and purchasing power. Or, if the different game servers dedicated to players from Russia, Japan, North America, and Europe have different variations of the *League of Legends* culture, and if these are influenced by the national culture of the individual player. Furthermore, one could examine which geographical regions spends more on *League of Legends*, the nationality of the questionnaire respondents of this project is influenced by the authors' social network and have a majority of respondents from Denmark and Germany, which, unfortunately, makes it impossible to compare results across countries.

Such cultural research could be done by examining the political, economic, social and technological factors of games' external environment through the PEST analysis framework (Henry, 2008), where one might uncover social factors such as consumer buying patterns, or economic factors that influence consumers purchasing power and preferences towards *League of Legends'* virtual goods.

The results of this thesis may also motivate more research on the effect of psychological pricing of *League of Legends* virtual goods and if the game's *Riot Points* currency prove more effective in sales than free-to-play titles displaying real currency such as US Dollars or Euros, which could be examined through qualitative data methods such as interviews and focus groups.

# 12.6 Contributions to Research Field

## 12.6.1 Findings and Prior Research

The results of this thesis are not intended to confirm or falsify the findings of previous ludology studies, i.e. the study of play and games that have been introduced in the literature review. However, some impressions strengthen earlier results. The dearth of female players that has been discussed by Ratan et al. (2015) was visible in the results of this thesis' questionnaire, with only 9.5% of the respondents being female. However, no gender specific analysis of the results was executed, since the likelihood of reliable results upon a direct comparison between male and female players could not be achieved with only 52 female respondents.

With regard to Perez (2015) list of features for a prospering gaming community, the research of this thesis suggests that players see teamwork and communication as a fundamental part of *League of Legends*. However, results also show, that the description of "healthy communication" can be debatable, as most respondents described the community in negative terms. This could also pose as a conflicting finding with Adachi et al. (2016) who found that intergroup cooperation diminishes negative attitudes towards outgroups. This would lead to the belief, that cooperation leads to a more positive tone in the online communication, which was not commonly reported in the research. Since the respondents' group structure while playing is unknown, a direct comparison to Adachi's work cannot be made, but makes for an interesting topic for future research.

Regarding the hostility of the game's culture, Lee (2016) raised the same issue and proposed the theory that this hostility could be a result from threats to the constructs of game identity. As this paper also concludes a significant amount of reported verbal abuse, the results can be seen as extending Lee's research.

The results of the questionnaire verify the findings of Kou & Nardi (2013) in their paper *"Regulating anti-social behaviour on the Internet: The example of League of Legends"*, who note that verbal abuse occurs most frequently when individuals realize that they might lose a game, and thus start accusing other players whom they perceive as being the cause of their defeat (Kou & Nardi, 2013). They also note that individuals whom are victims of slander and blame tend to retaliate (Kou & Nardi, 2013), which is strongly emphasized by the findings of this thesis, as 83.3%

of the respondents indicated that provocation by other players was the main reason for engaging in verbal abuse.

The marketing research that was reported in the literature review can be extended by the results from this papers research and marketing analysis. Considering that there are no fixed marketing theories that are proposed in any of the prior research, none of these can be confirmed or falsified. Furthermore, as many of the insights cannot be based on exact data, several questions regarding market strategy remain unresolved and are analysed based on own findings that cannot necessarily be reproduced.

## 12.6.2 Contribution to Research Field

In the research field of ludology, the available research body concerning the in-game culture of online video games has focused extensively on psychological research. However, it appears that there is far less research on how strongly online communities in video games are tied to culture and social identity theory, and the effect this has on the game experience of the individual player.

This thesis provides the research field with a new perspective in the analysis of online video game communities by establishing that an online community such as *League of Legends'* can be defined as a culture based on Ting-Toomey's definition of culture (1999), and thus enabling the application of culture and social identity theory in examinations online video games wherein communities reside.

It is consequently possible to determine the traits of cultures in online video games and how they might influence their consumers. From the analysis of *League of Legends,* it is evident that the developer Riot Games have produced several of the game's cultural traits, as the game is about winning and will ultimately have a winning and losing team, the game deign is competitive in its nature, and thus influences its consumers to adopt this value as they play to win. Furthermore, the ranking system that Riot Games designed for *League of Legends* enforces both *group inclusion function* and *intergroup boundary regulation* which shapes the perceived in-group and out-group perspective of the individual consumer (Tajfel, 1970). These identity groups not only give identity to consumers, but also make social comparison possible across the various group labels.

This ultimately means that video game developers can have a major impact on the traits of the online culture in their games, as a result of the game design itself and the systems implemented in their products.

In addition, culture and social identity theory can also be applied to examine why certain online communities in video games are hostile and verbally abusive.

As with *League of Legends,* this thesis identified the several causes to hostility between players: discrimination of out-group members, different frames of reference based in various understandings of the game across identity groups, stereotyping and generalization caused by the identity labels provided by the game's ranked system, the disconnect between the individual's expectation and reality when confronted with what one perceives as a 'bad' player, as well as the game's emphasis on competitive play and skill.

Ultimately, this thesis serves as an addition to the research field of ludology, by applying culture and social identity theory in the examination of the online video game *League of Legends* and the extent of which its consumers are affected by the game's culture.

# 13. Conclusion

In this examination of the global success of the video game *League of Legends,* it is evident that game's success is influenced by several marketing and strategic elements.

The success is rooted in the uncontested market space, or *Blue Ocean,* created by Riot Games by privatizing the MOBA video game genre with the release of *League of Legends* in 2009. Through *value innovation,* Riot Games were able to reject the principle of value and cost trade-off, by offering their product as free-to-play with differentiated quality.

The free-to-play business model was achieved through cost cutting in several links of Riot Games' *Value Chain* activities*,* and was made possible with the digitalization of both *operations, outbound logistics,* and *marketing & sales.*

Due to such massive execution of digitalization in their activities, Riot Games were able to reconfigure their *Value Chain* and fully omit the traditional *inbound logistics* activity, and had have no production costs of physical game discs, and no distribution, storage, or retailer costs, as *League of Legends* was made available for digital download with a 24-hour service from the game's own website.

Maintaining low costs, Riot Games executed word of mouth marketing strategies and utilized the low cost of social media marketing, where players were rewarded with virtual goods in the game by following *League of Legends* on social media platforms. Furthermore, Riot Games created a refer-a-friend programme where consumers could unlock game rewards at different tiers by inviting their friends by email. In addition, Riot Games gained publicity through viral marketing by creating impressive and inspiring 3D cinematics uploaded to YouTube, as well as collaborating with popular musicians such as the American rock band Imagine Dragons.

By implementing the free-to-play business model, the *League of Legends'* financial 'entry barrier' for consumers was non-existent, and quickly accumulated market share and created several *barriers to imitation,* such as economy of scale and cognitive barriers due to Riot Games' first-mover advantage in the MOBA industry.

By determining the type of goods offered in the game's store as being *normal goods*, it is clear that the *quantity demanded* for *League of Legends'* virtual goods is sensitive to a change in price and consumer income. The free-to-play business model therefore involves a certain degree of risk, due to high bargaining power of the buyer, as Riot Games could end up not generating any revenue if

the game's virtual goods does not meet consumer demand, which in itself served as a barrier of market entry and imitation for competition.

In addition, before competition entered the market, the threat of substituting products in the market *League of Legends* had created was low, as the game held a temporary monopoly on privatized MOBA games, meaning no other MOBA titles could place a ceiling on prices of the virtual goods offered in the game.

In order to attain sustainable competitive advantage and generate a superior return of investment as competition crowded the MOBA industry, Riot Games adopted a *differentiated focus* strategy with a narrow and significant focus on tournaments and establishing themselves as the biggest name in e-Sport.

Furthermore, Riot Games opted for the low risk growth strategy of *market penetration*, accumulating market share in its present market through its existing product, by improving the quality of their product by establishing their own professional tournament series called *League of Legends Championship Series,* where teams could qualify for spots in the annual *League of Legends World Championship,* a feature which proved to be extremely popular in the game's community.


Through Ting-Toomey's (1999) characterization of culture, it was possible to determine the traits of the *League of Legends* community which its members share to varying degrees. *League of Legends* stands out as a very competitive and hostile culture emphasizing player skill, and provides several social identity groups through its ranking system, all of which denotes the degree of their occupants' skill by using different labels, e.g. *silver* and *gold*, which are manifested as stereotypes and extensive generalizations. These groups provide *group inclusion function,* i.e. the individual's sense of belonging based on self-perception and the similarity of others, through which individuals experience in-group inclusion and out-group distancing based on the dissimilarities of the two groups.

The game's ranked system serves as a natural *intergroup boundary regulation function,* shaping the boundaries between these social identity groups, and guides how the game's consumers should perceive themselves and others. The in-group and out-group perspective applies to multiple layers of the game; 1) consumers playing *League of Legends*; 2) the different identity groups in the game's ranked system; 3) a group of friends playing against a group of strangers; 4) the individual's distinction between a 'good' and 'bad' player. It is clear that the game's consumers constantly compare the rating of their own in-group with those of others; reinforcing their positive social

identity by evaluating the identity groups perceived as superior, equal, and inferior, through *upward, lateral,* and *downward comparisons.*

*League of Legends'* culture provides multiple ways its consumers can enhance their social identity; 1) by acquiring a cosmetic item such as a *skin* for a specific game character, which is often associated with a certain degree of skill as the player is perceived as being invested in the character; 2) purchasing popular game characters; 3) associating themselves with members of superior identity groups by obtaining cosmetic items related to the *League of Legends* world championship.

Disconnects between a group's expectation towards the individual wearing a *skin* and reality, however, often cause frustration and hostility between consumers.

By applying Jenkins (2008), it is evident that the game's consumers and have different understandings of the game, and what is happening during a play session, which based on the individual's skill and experience. These understandings will vary between the different ranked identity groups, and thus create different norms and traditions which means that these can be perceived as sub-cultures within the overall culture of the game's community.

Perceiving their own cultural values as more correct, it is evident that consumer's experience strong emotional reactions when these cultural norms and traditions are violated by others, and this often leads to hostility and verbal abuse.


When examining the results from the 547 questionnaire respondents, clear patterns emerge as a majority of the respondents fell into the demographic group of 18-25-year-old males. When exploring the reason as to why consumers started playing *League of Legends,* it can be concluded that word-of-mouth and the free-to-play business model have been strong factors in game's success, as a majority of the respondents indicated it being because friends were playing the game and it being free-to-play. Notably, however, when examining whether *League of Legends'* competitive e-Sport scene made the respondents play the game, the majority indicated "not at all", which interestingly contradicts Riot Games growth strategy of market penetration emphasizing competitive play.

There is a clear pattern of Facebook and YouTube as being the platforms that were most successful with Riot Games social media strategy as 70.7% respondents have liked *League of Legends* on Facebook, and 60.9% have subscribed to the game on YouTube. The game's refer-a-friend programme falls as the least favourite word-of-mouth platform with a majority indicating never having used it.

In relation to the game's culture, a majority of 60.9% disagrees to some extent with the community being welcoming to new players.

When exploring the respondent's attitude/opinion towards the game's culture, 62% indicated the community as being competitive, 76.3% indicated the community to be toxic and unfriendly, and when asked to describe the community using only three words, 78,55% where negative. In the examination of player identity, 60.5% of the questionnaire respondents indicated the ranking system as an important determinant of player skill, and 76.8% argued that the *League of Legends* community considers the ranking system an important determiner of skill. When asking the respondents if they have ever been verbally abusive because of another player 78.8% agreed, of which 83.3% indicated it being because of another player being provocative.

When examining consumer buying behaviour, the effectiveness of *League of Legends* business model becomes apparent, as a strong pattern emerged indicating that nearly all of the respondents have spent money on the game.

This thesis ultimately adds a new perspective in the analysis of online video game communities to the research field of ludology, by establishing that online communities like that of *League of Legends* can be defined as a culture, thus allowing for the application of culture and social identity theory in the research of online video games wherein communities reside.

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# Appendix

## Appendix 1: League of Legends Questionnaire

**A.1.1 *How old are you?***

1. 11 – 15

2. 15 – 18

3. 18 - 25

4. 25 - 30

5. 30 +

**A.1.2 *What is your Gender?***

1. Female

2. Male

3. Other

**A.1.3 *Where are you from?***

_____

**A.1.4 *Why did you start playing League of Legends?***

Scale: 1= Not at all, 2 = Somewhat disagree, 3= Neither disagree nor agree 4= Somewhat agree 5= Absolutely

**A.1.4.1 *Because friends are playing***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely

**A.1.4.2 *The game is free-to-play***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely

### A.1.4.3 *I heard a lot about it and wanted to check it out*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely

### A.1.4.4 *Because of an attractive/competitive e-Sport Scene*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely

### A.1.4.5 *Other (please elaborate)*

_____

### A.1.5 *How did you hear about League of Legends?*

_____

### A.1.6 *Are you playing other MOBAs beside League of Legends?*

1. Dota 2

2. Heroes of the Storm

3. Heroes of Newerth

4. No

5. Other

**A.1.7** *Have you used the League of Legends Refer-A-Friend Programme?*

1. Yes

2. No

**A.1.8** *Have you redeemed your free Garen and Dreadknight Garen skin by following League of Legends on Twitter?*

1. Yes

2. No

**A.1.9** *Have you redeemed your free Tristana and Riot Girl Tristana skin by like League of Legends on Facebook?*

1. Yes

2. No

**A.1.10** *Have you redeemed your free Alistar and Unchained Alistar skin by subscribing to League of Legends on YouTube?*

1. Yes

2. No

**A.1.11** *Do you follow Riot Games on Twitch?*

1. Yes

2. No

## Community

**A.1.12** *Do you think the League of Legends community is welcoming to new players?*

1. Very hostile

2.

3.

4.

5. Very welcoming

**A.1.13 *How would you describe League of Legends' community using only three words?***

_____


**A.1.14 *Do you consider the League of Legends community as being competitive?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely


**A.1.15 *Do you consider the League of Legends community to be toxic/unfriendly?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely


**A.1.16 *Do you think the League of Legends community has a bad reputation, compared to other MOBA games?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely


**A.1.17 *Do you think feedback from friends is more valuable than that of a random player?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Absolutely

## Player Identity

**A.1.18** *To which degree do you consider the ranking system an important determinant of player skill?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.19** *Do you think the League of Legends community considers the ranking system an important determinant of player skill?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.20** *When playing, how important is it for you to reach a higher rank?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.21** *Do you think that with your current skill you could be playing in a higher rank?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.22 *Do you think that kill/death ratio reflects a player's skill?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.23 *Have you ever flamed because of another player?***

1. Yes

2. No

## Flaming

**A.1.24 *If you ever flamed because of another player, was it because of: (Multiple answers possible)***

1. An unskilled player

2. A player being AFK

3. A player leaving the game

4. Another player flaming/being provocative

5. Other: _____

## Spending Money

**A.1.25 *Are you more inclined to play free-to-play video games than pay-to-play?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.26** *How likely are you to spend money on the game?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.27** *Have you spent any money on the game?*

1. Yes

2. No

## Spending Money

**A.1.28** *How much have you approximately spent on the game? (Please also indicate currency)*

_____

**A.1.29** *Do you feel like you can spend money on the game, because you didn't have to pay for it?*

1. Yes

2. No

**A.1.30** *When you started playing League of Legends, did you expect to ever spend money on the game?*

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

**A.1.31** *What made you purchase something in the game?*

_____

**A.1.32 *Do you purchase skins, if yes, why?***

_____

**A.1.33 *Do you expect to spend more money on the game?***

1. Not at all

2. Somewhat disagree

3. Neither disagree nor agree

4. Somewhat agree

5. Extremely

# Appendix 2: SPSS Output

## A.2.1 Gender of the respondents

**ngender**

8.10% ... (pie chart)

Male
Female
Other

1.46%

9.49%

89.05%

Frequency: 548
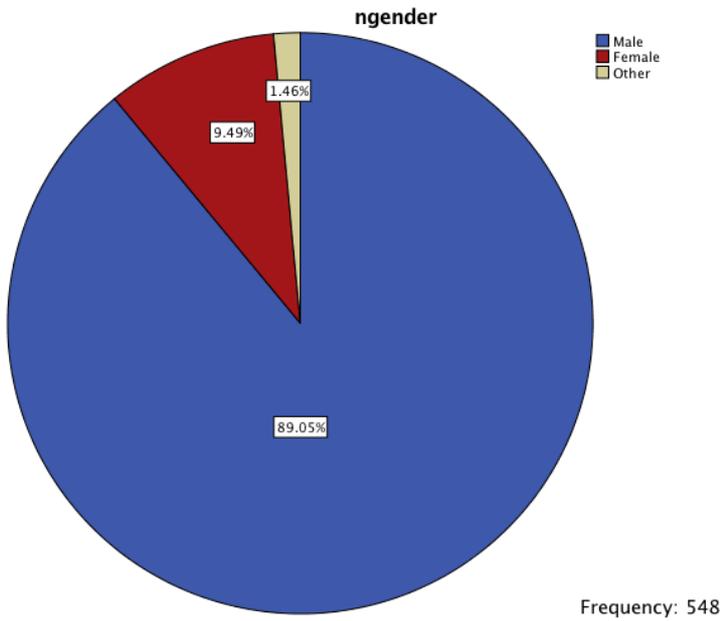
*Graphic: Pie Chart "Gender of the respondents"*

## A.2.2 Age of the respondents

**n_Age**

11 – 15
15 – 18
18 – 25
25 – 30
30+

8.10%

3.13%

15.47%

24.13%

49.17%

Frequency: 543
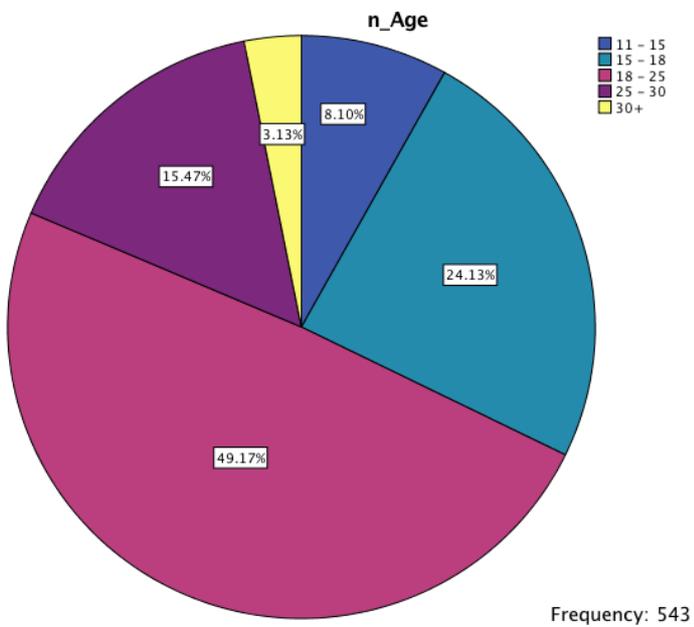
*Graphic: Pie Chart "Age of the respondents"*

## A.2.3 Origin of the respondents
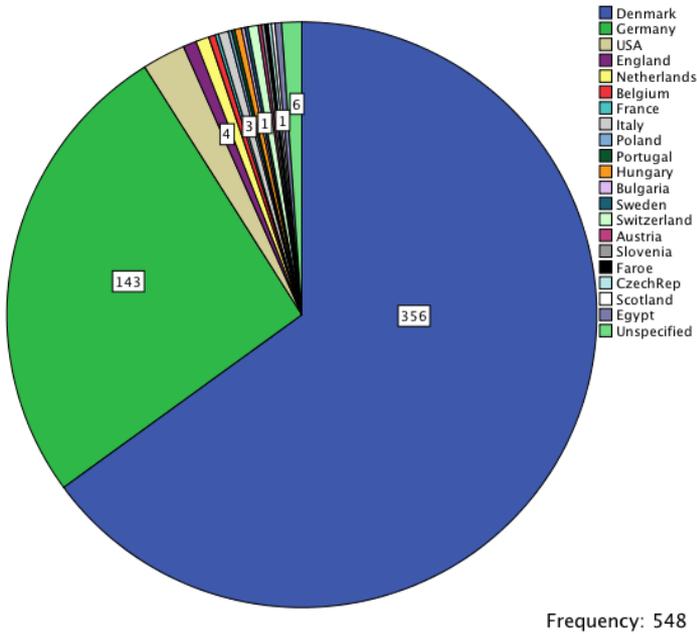


*Graphic: Pie Chart "Origin of the respondents"*

## A.2.4 Response "Because friends are playing" to question: "Why did you start playing League of Legends?"
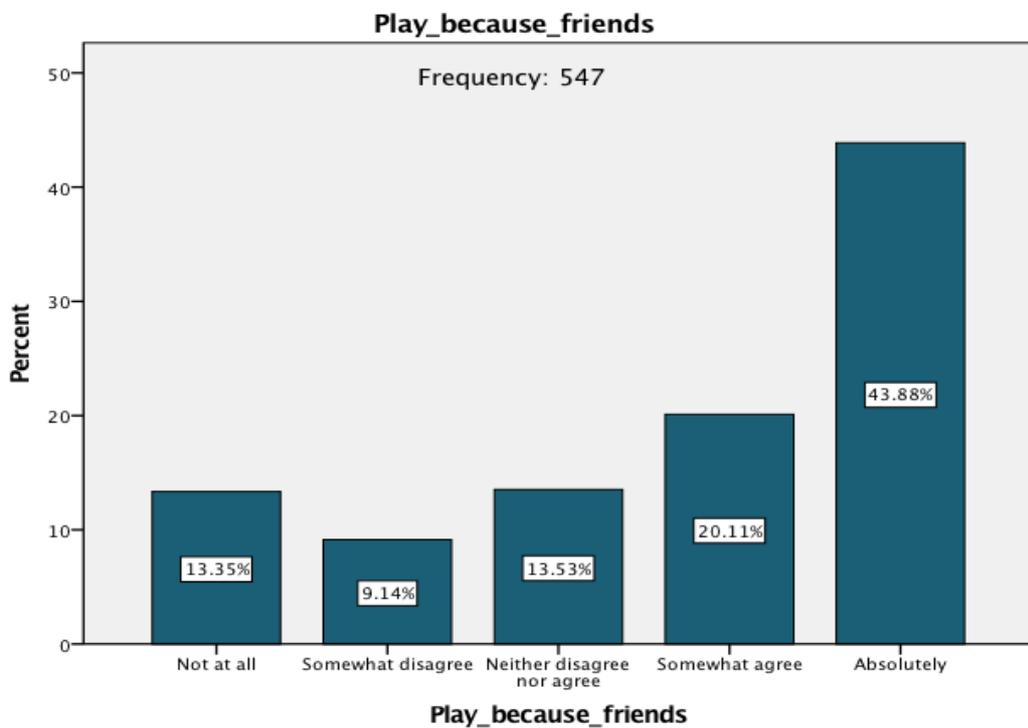


*Graphic: Bar chart for response "Because friends are playing" to question: "Why did you start playing League of Legends?"*

**A.2.5 Response "The game is free-to-play" to question: "Why did you start playing League of Legends?"**
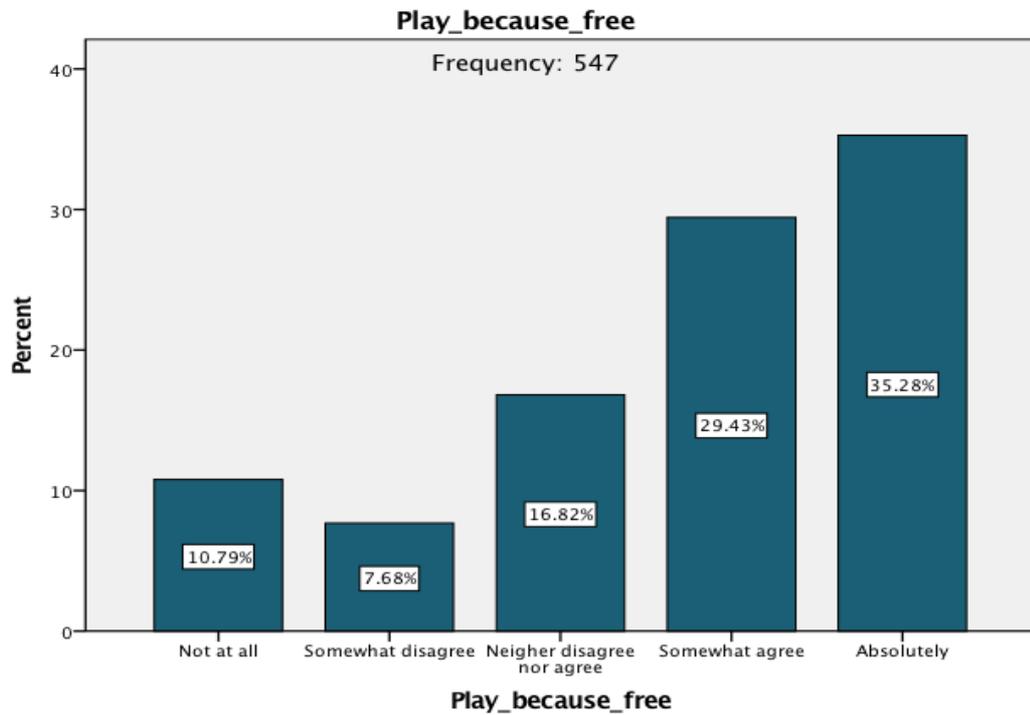


*Graphic: Bar chart for response "The game is free-to-play" to question: "Why did you start playing League of Legends?"*

**A.2.6 Response "I heard a lot about it and wanted to check it out" to question: "Why did you start playing League of Legends?"**
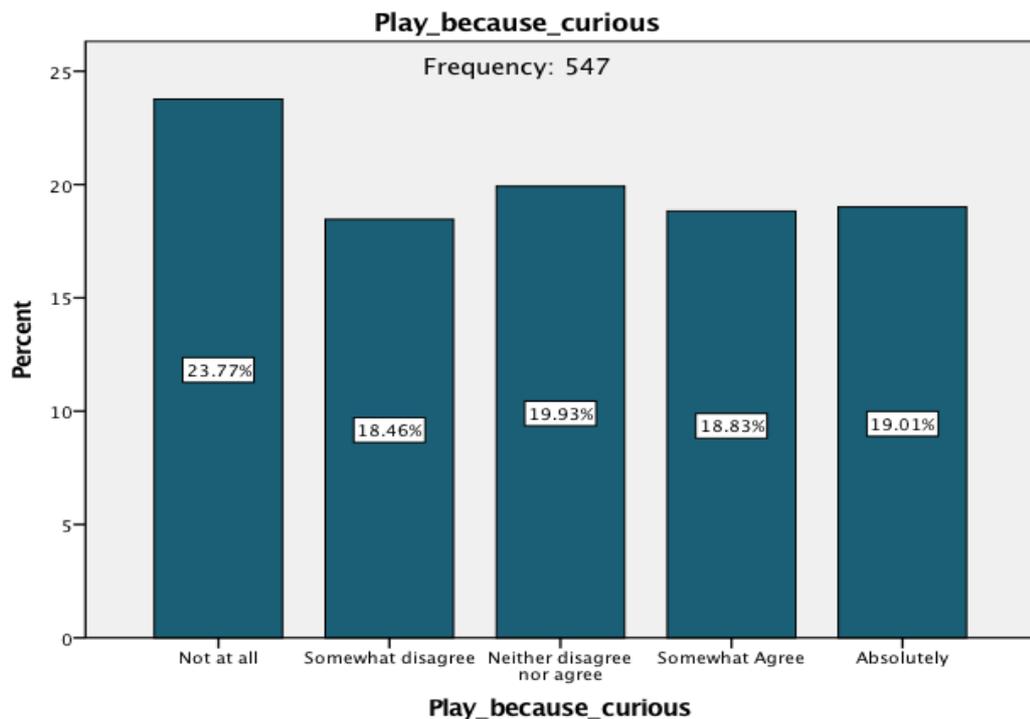


*Graphic: Bar chart for response "I heard a lot about it and wanted to check it out" to question: "Why did you start playing League of Legends?"*

**A.2.7 "Because of an attractive/competitive E-Sport Scene" to question: "Why did you start playing League of Legends?"**
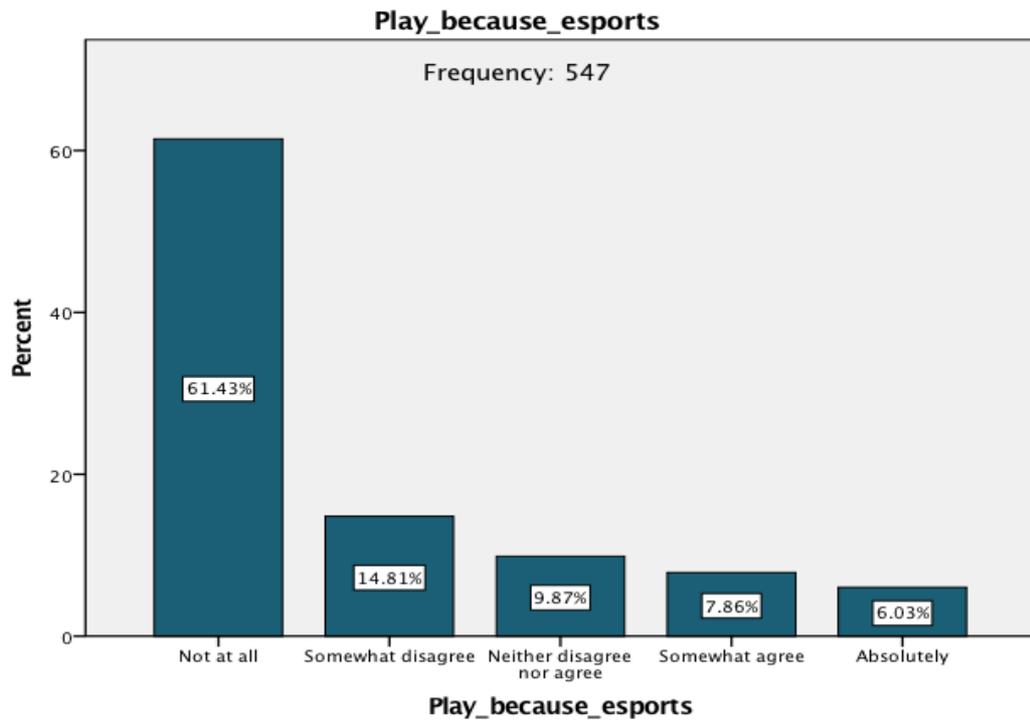


*Graphic: Bar chart for response "Because of an attractive/competitive E-Sport Scene" to question: "Why did you start playing League of Legends?"*

**A.2.8 "How did you hear about League of Legends?"**
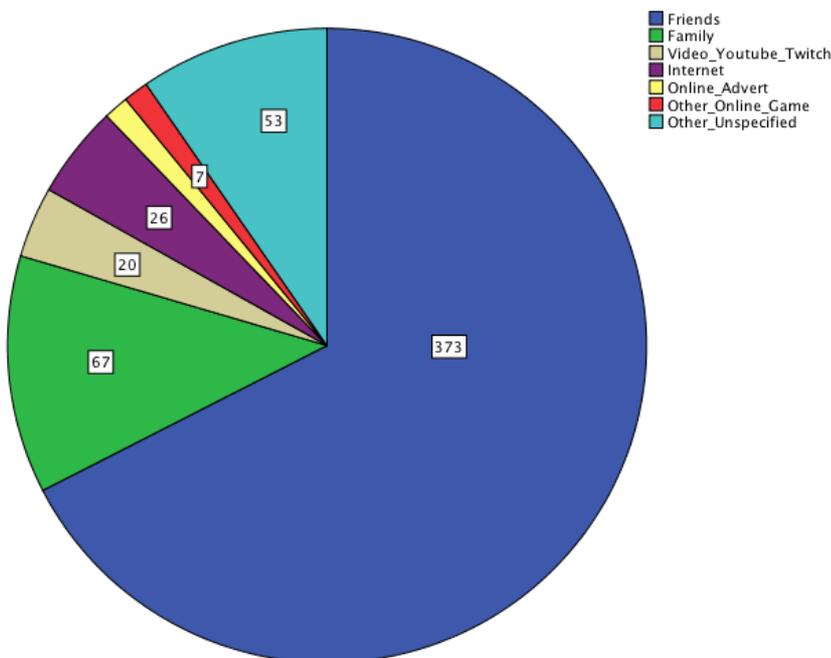


*Graphic: Pie chart for answers to the question "How did you hear about League of Legends?"*

**A.2.9 "Are you playing other MOBAs beside League of Legends?"**
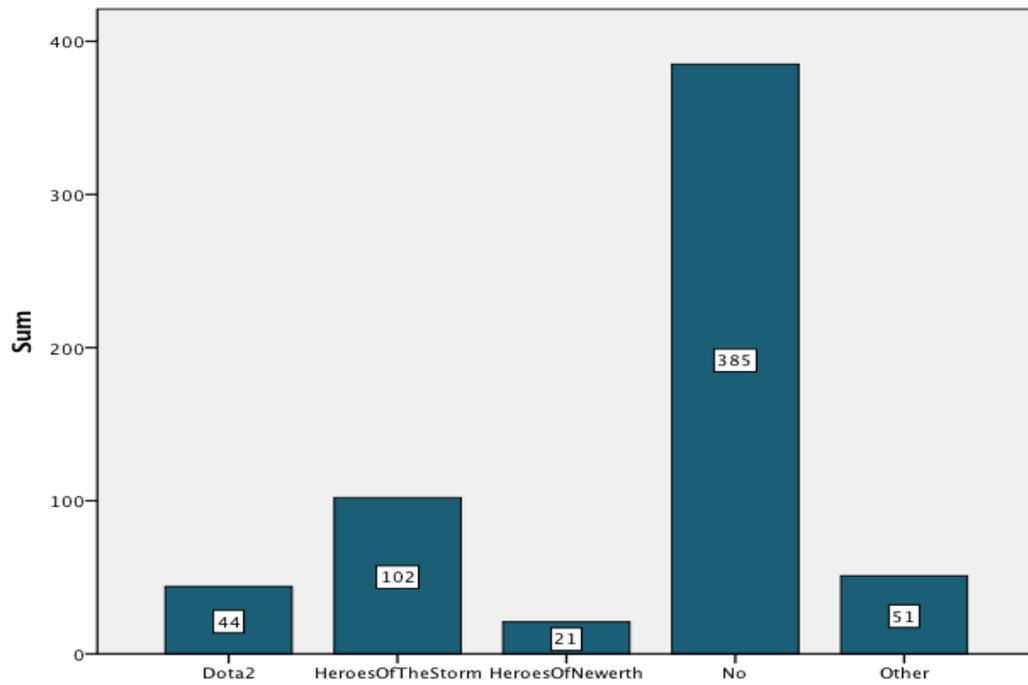


*Graphic: Bar chart for responses to question: "Are you playing other MOBAs beside League of Legends?"*

**A.2.10 "Have you used the League of Legends Refer-A-Friend Programme?"**
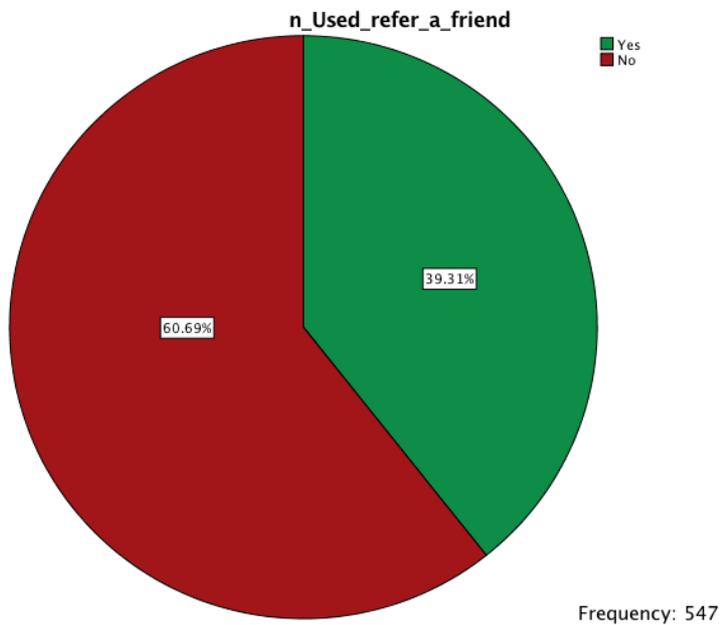


*Graphic: Pie chart for responses to question: „Have you used the League of Legends Refer-A-Friend Programme?"*

**A.2.11 "Have you redeemed your free Garen and Dreadknight Garen skin by following League of Legends on Twitter?"**
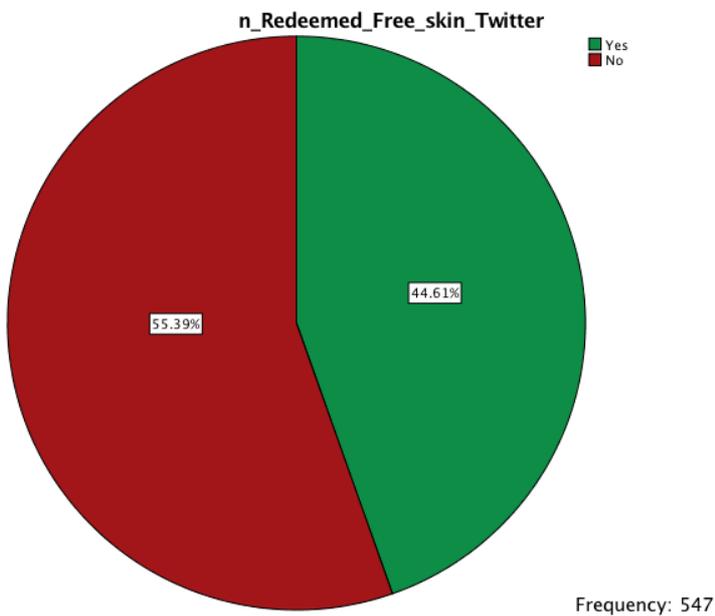


*Graphic: Pie chart for responses to question: „Have you redeemed your free Garen and Dreadknight Garen skin by following League of Legends on Twitter?"*

**A.2.12 "Have you redeemed your free Tristana and Riot Girl Tristana skin by like League of Legends on Facebook?"**
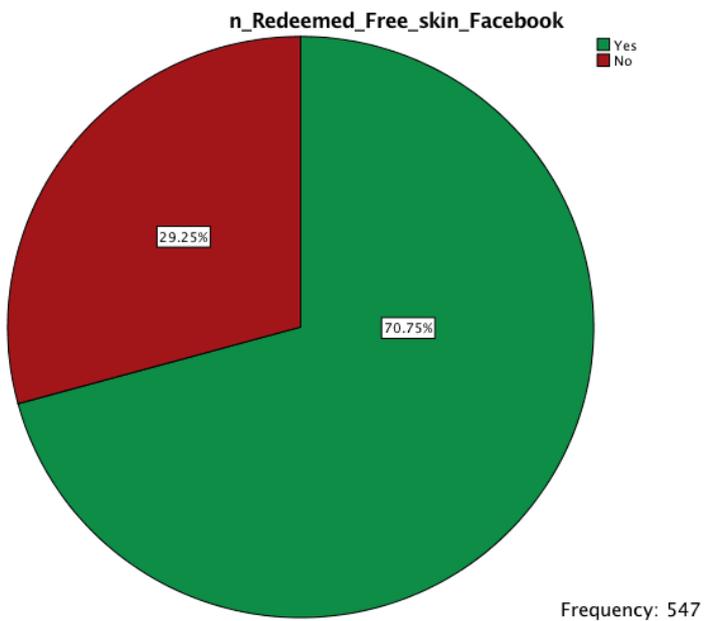


*Graphic: Pie chart for responses to question: „Have you redeemed your free Tristana and Riot Girl Tristana skin by like League of Legends on Facebook?"*

**A.2.13 "Have you redeemed your free Alistar and Unchained Alistar skin by subscribing to League of Legends on YouTube?"**
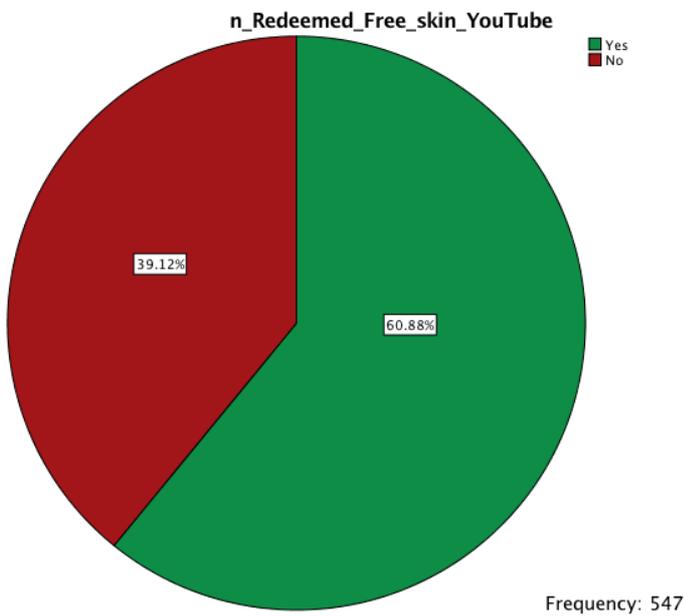


*Graphic: Pie chart for responses to question: „Have you redeemed your free Alistar and Unchained Alistar skin by subscribing to League of Legends on YouTube?"*

**A.2.14 "Do you follow Riot Games on Twitch?"**
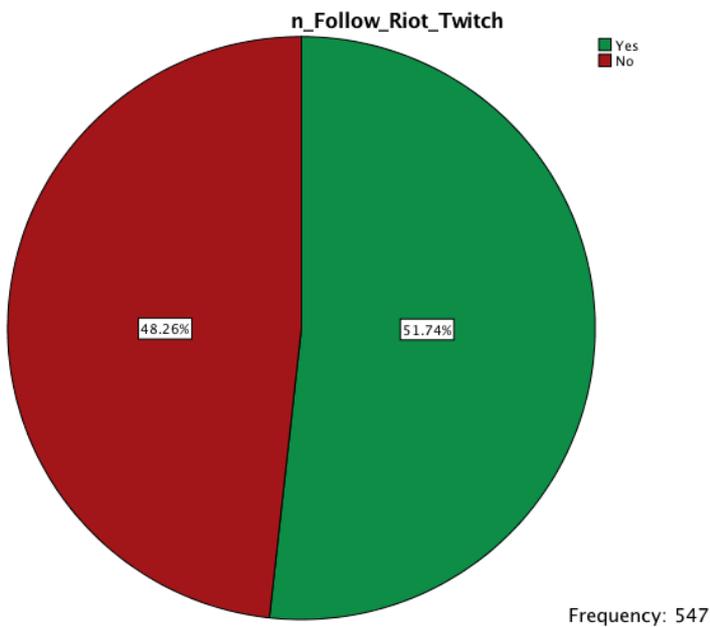


*Graphic: Pie chart for responses to question: „Do you follow Riot Games on Twitch?"*

**A.2.15 "Do you think the League of Legends community is welcoming to new players?**
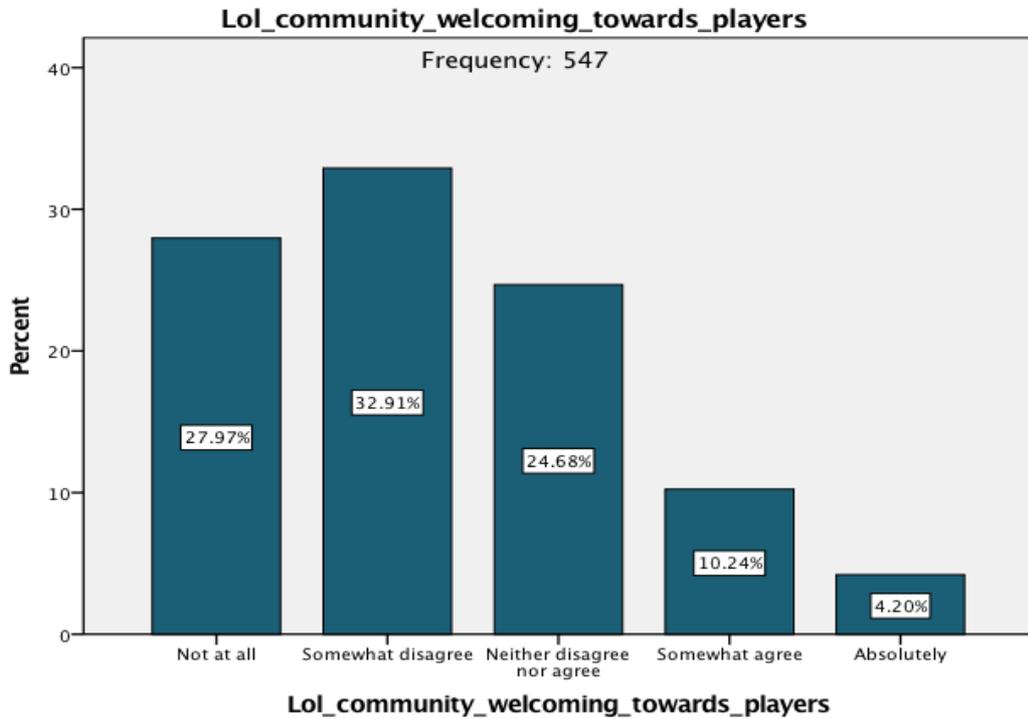


*Graphic: Bar chart for responses to question: "Do you think the League of Legends community is welcoming to new players?*

**A.2.16.1 "How would you describe League of Legends' community using only three words?**

**Word1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 166 | 30.3 | 30.3 | 30.3 |
| | Positive | 74 | 13.5 | 13.5 | 43.8 |
| | Negative | 308 | 56.2 | 56.2 | 100.0 |
| | Total | 548 | 100.0 | 100.0 | |

*Graphic: How would you describe League of Legends' community using only three words? – Frequency positive and negative words Word 1*

**A.2.16.2 "How would you describe League of Legends' community using only three words?"**

**Word2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 248 | 45.3 | 45.3 | 45.3 |
| | Positive | 69 | 12.6 | 12.6 | 57.8 |
| | Negative | 231 | 42.2 | 42.2 | 100.0 |
| | Total | 548 | 100.0 | 100.0 | |

*Graphic: How would you describe League of Legends' community using only three words? – Frequency positive and negative words Word 2*

**A.2.16.3 How would you describe League of Legends' community using only three words?**

**Word3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 144 | 26.3 | 26.3 | 26.3 |
| | Positive | 90 | 16.4 | 16.4 | 42.7 |
| | Negative | 314 | 57.3 | 57.3 | 100.0 |
| | Total | 548 | 100.0 | 100.0 | |

*Graphic: How would you describe League of Legends' community using only three words? – Frequency positive and negative words Word 3*

**A.2.17 "Do you consider the League of Legends community as being competitive?"**
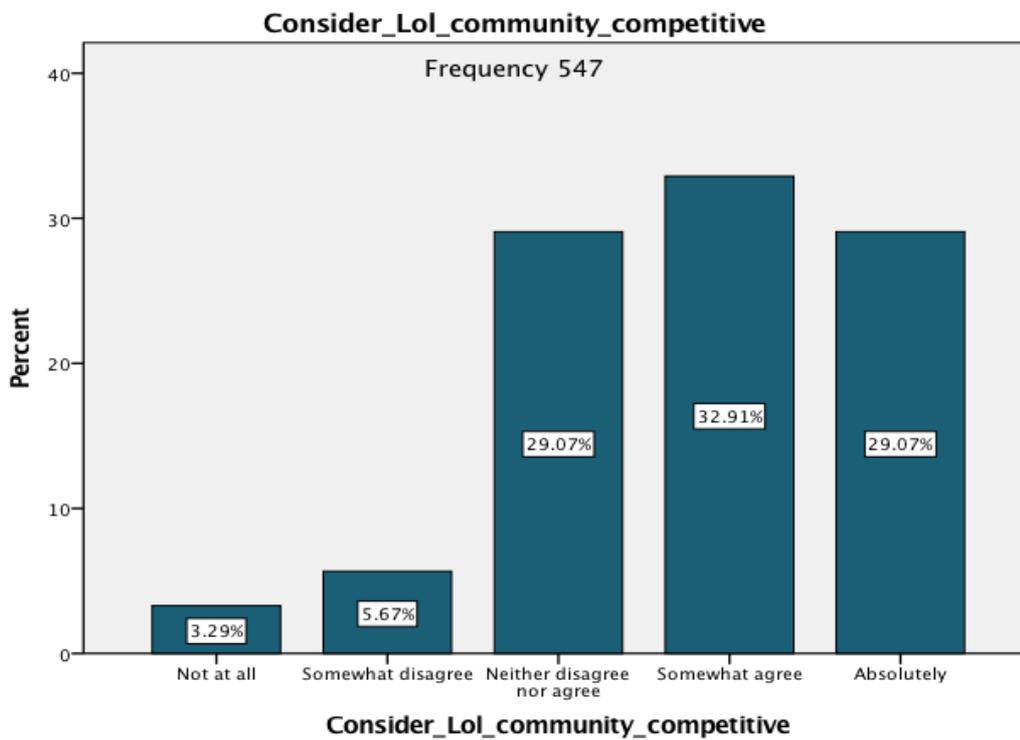


*Graphic: Bar chart for responses to question: "Do you consider the League of Legends community as being competitive?"*

**A.2.18 "Do you consider the League of Legends community to be toxic/unfriendly?"**
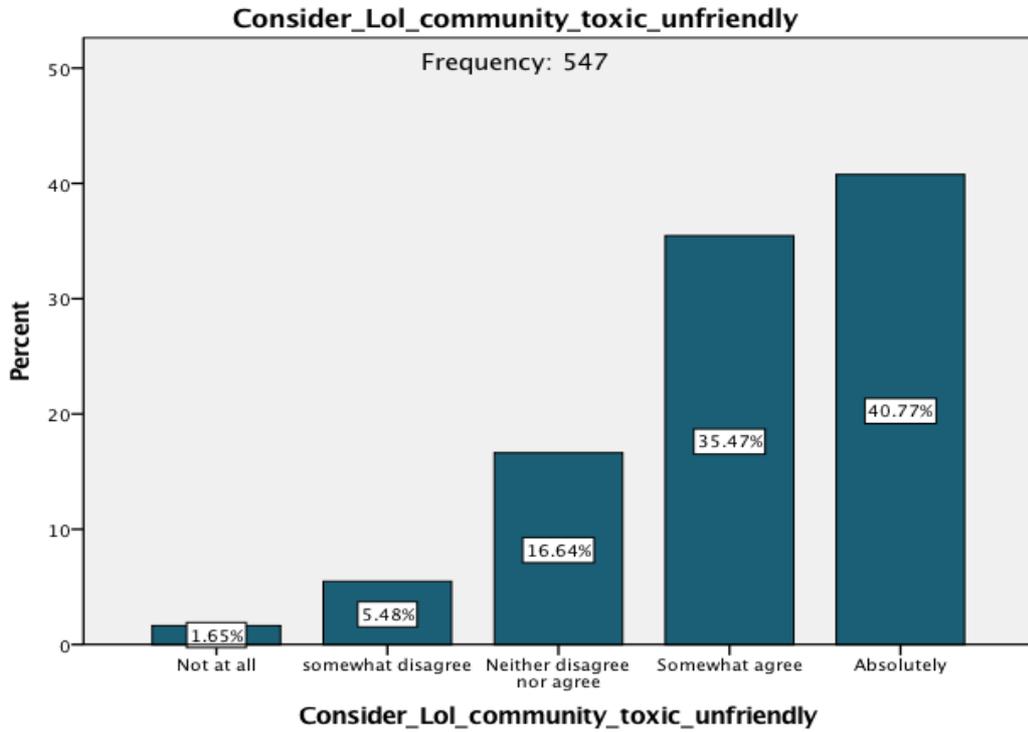
**Consider_Lol_community_toxic_unfriendly**

Frequency: 547

*Graphic: Bar chart for responses to question: "Do you consider the League of Legends community to be toxic/unfriendly?"*

**A.2.19 "Do you think the League of Legends community has a bad reputation, compared to other MOBA games?"**

**LoL_Community_bad_rep**

Frequency: 547
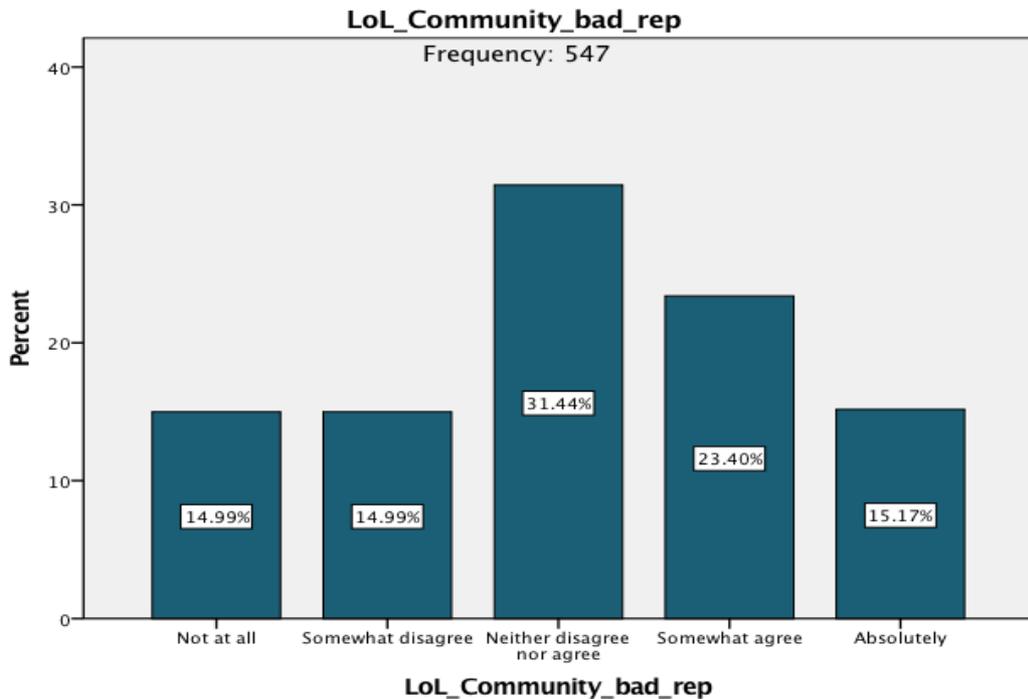
*Graphic: Bar chart for responses to question: "Do you think the League of Legends community has a bad reputation, compared to other MOBA games?"*

**A.2.20 "Do you think feedback from friends is more valuable than that of a random player?"**
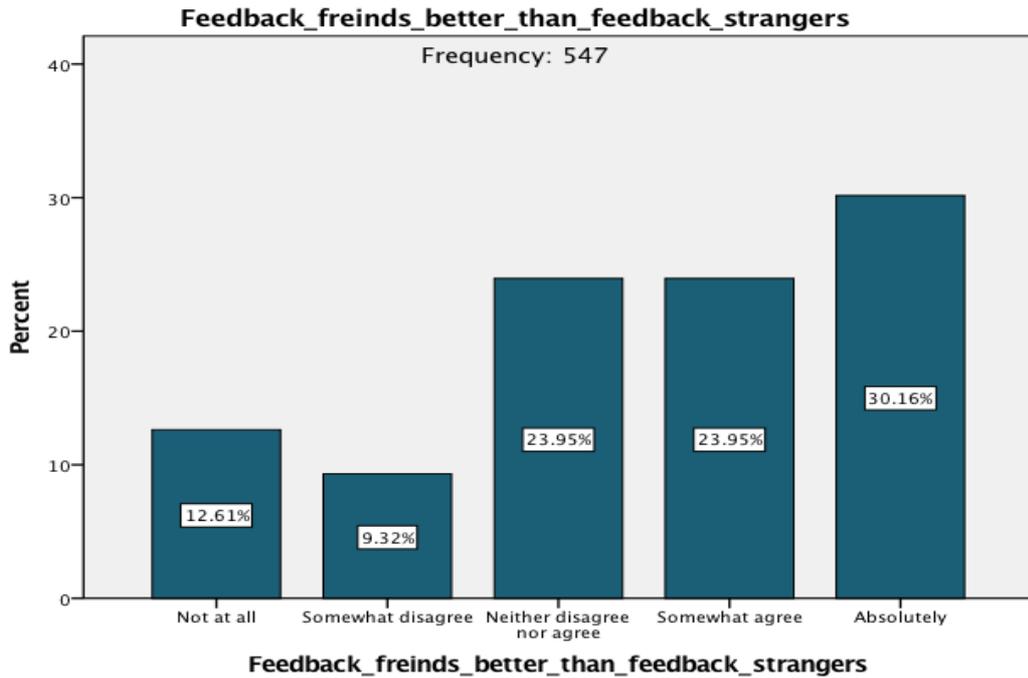


*Graphic: Bar chart for responses to question: "Do you think feedback from friends is more valuable than that of a random player?"*

**A.2.21 "To which degree do you consider the ranking system an important determinant of player skill?"**
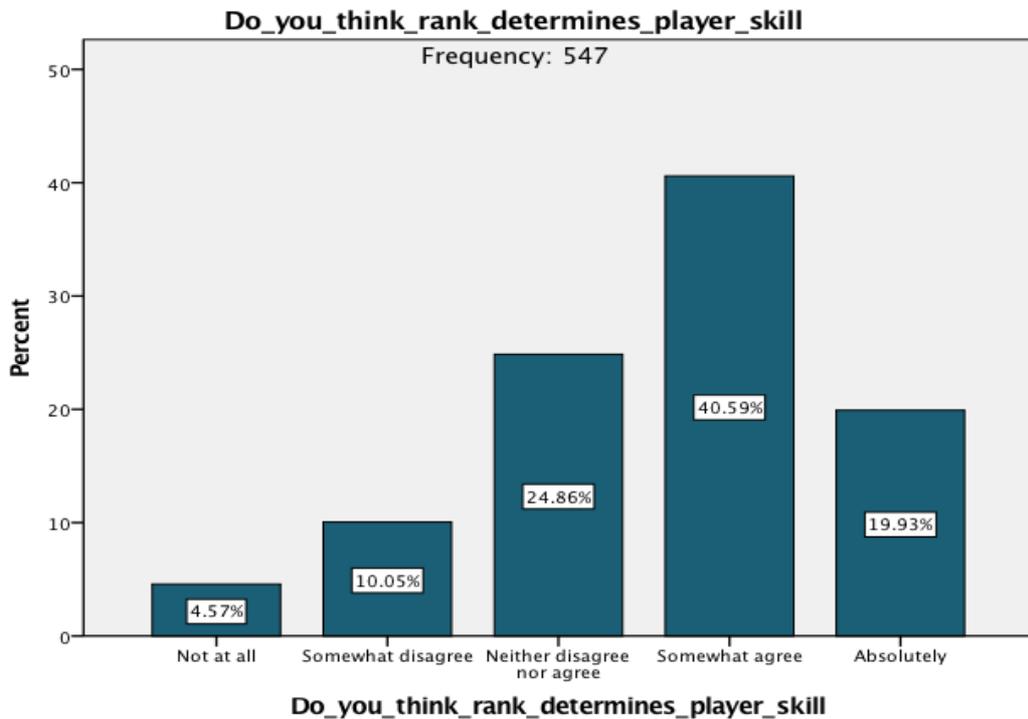


*Graphic: Bar chart for responses to question: "To which degree do you consider the ranking system an important determinant of player skill?"*

**A.2.22 "Do you think the League of Legends community considers the ranking system an important determinant of player skill?"**
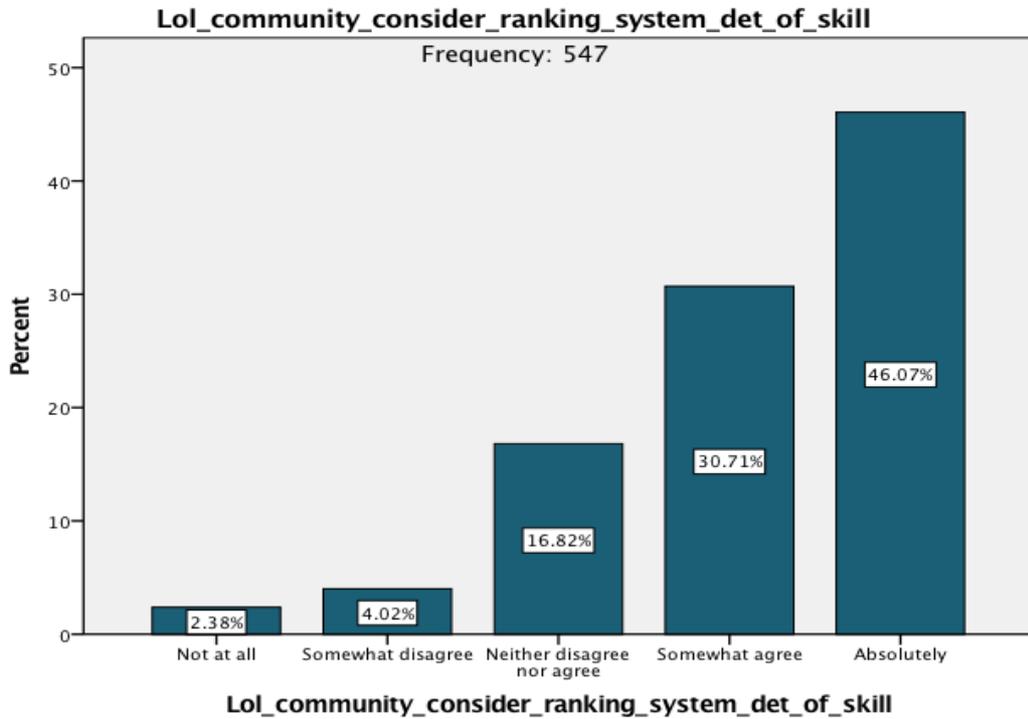


*Graphic: Bar chart for responses to question: "Do you think the League of Legends community considers the ranking system an important determinant of player skill?"*

**A.2.23 "When playing, how important is it for you to reach a higher rank?"**
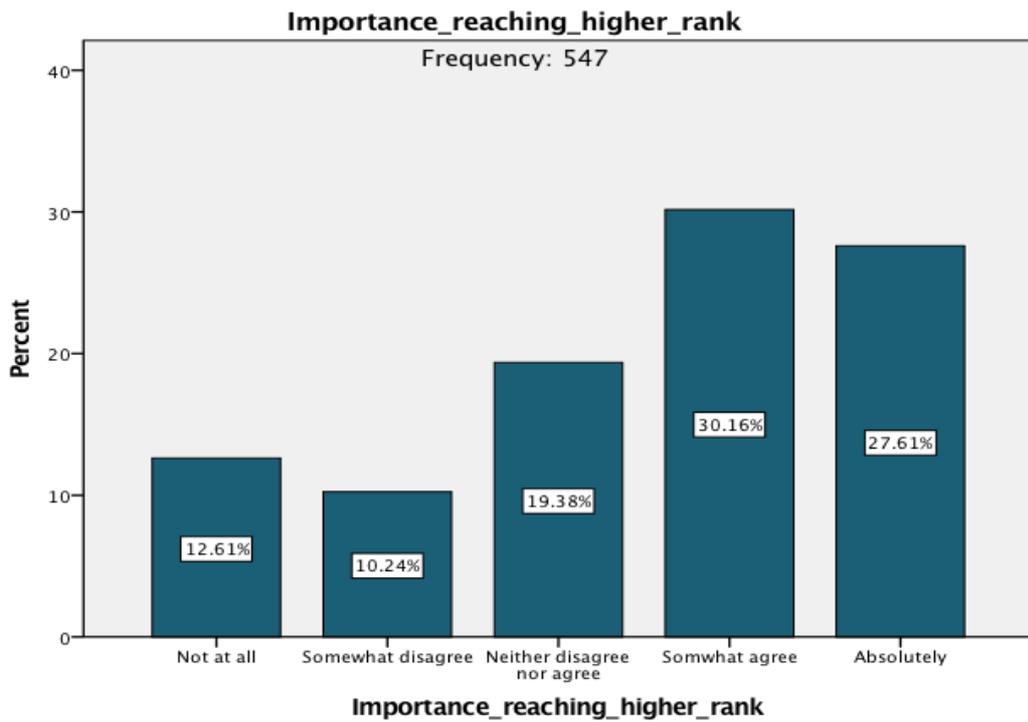


*Graphic: Bar chart for responses to question: "When playing, how important is it for you to reach a higher rank?"*

**A.2.24 "Do you think that with your current skill you could be playing in a higher rank?"**
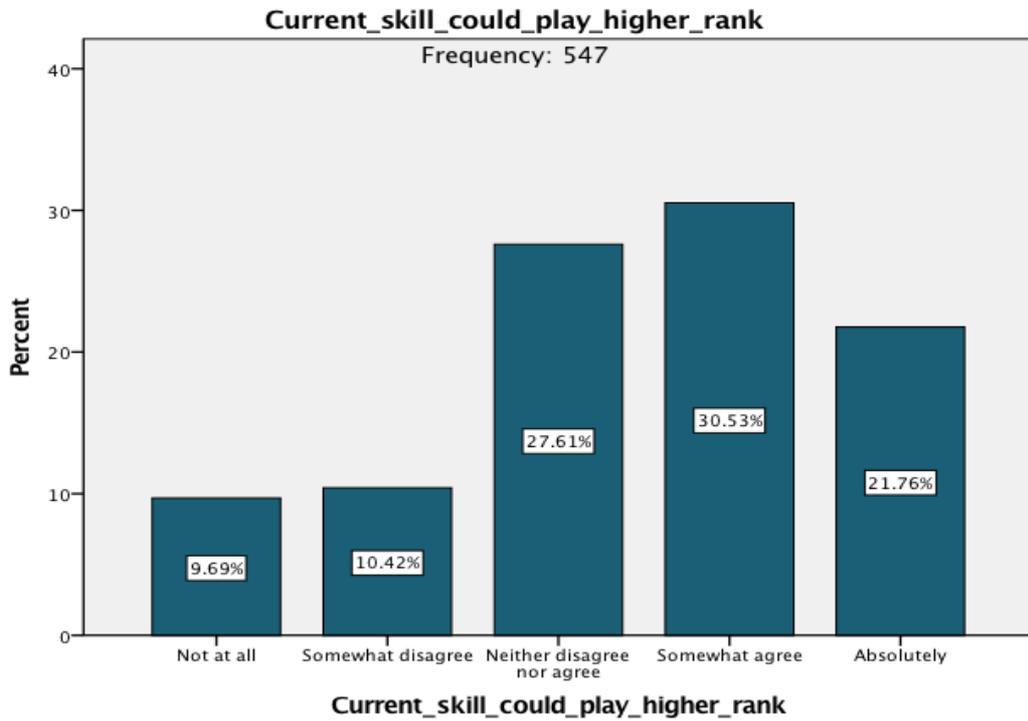


*Graphic: Bar chart for responses to question: "Do you think that with your current skill you could be playing in a higher rank?"*

**A.2.25 "Do you think that kill/death ratio reflects a player's skill?"**
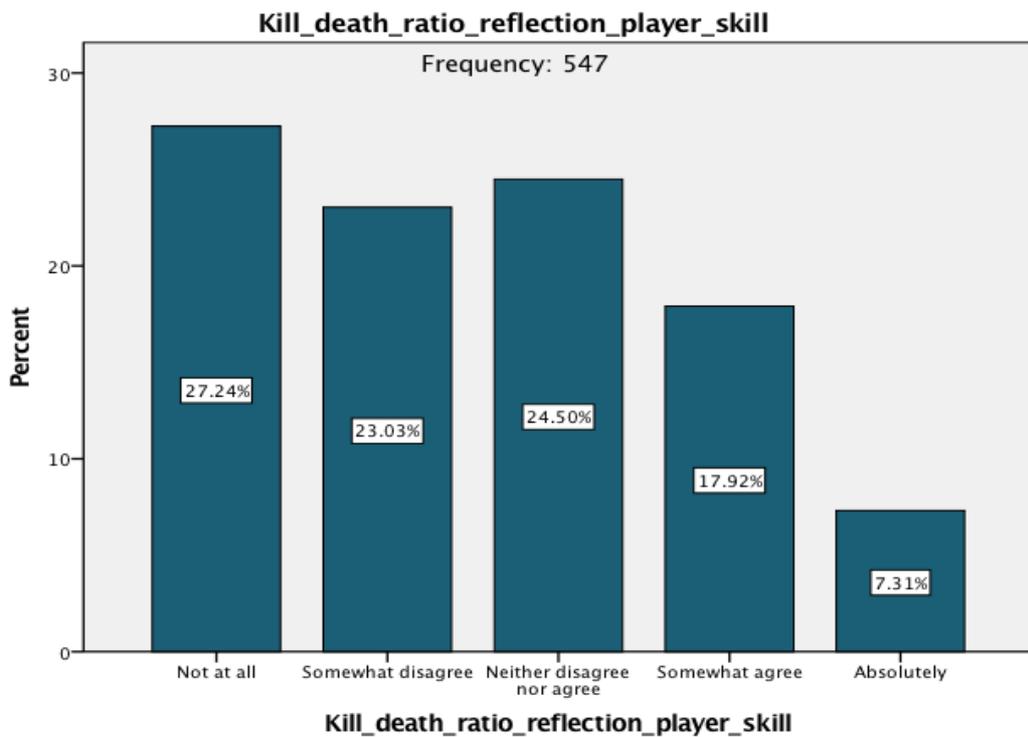


*Graphic: Bar chart for responses to question: "Do you think that kill/death ratio reflects a player's skill?"*

**A.2.26 "Have you ever flamed because of another player?"**
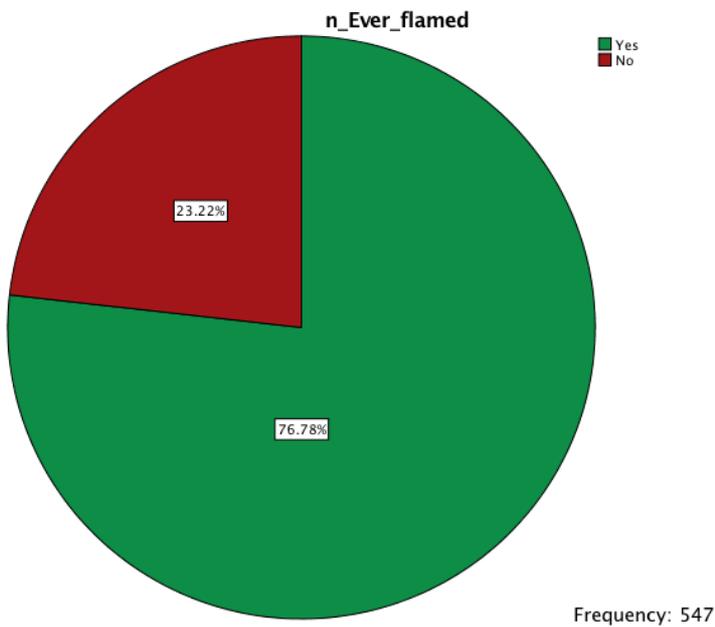


*Graphic: Pie chart for responses to question: "Have you ever flamed because of another player?"*

**A.2.27 "If you ever flamed because of another player"**
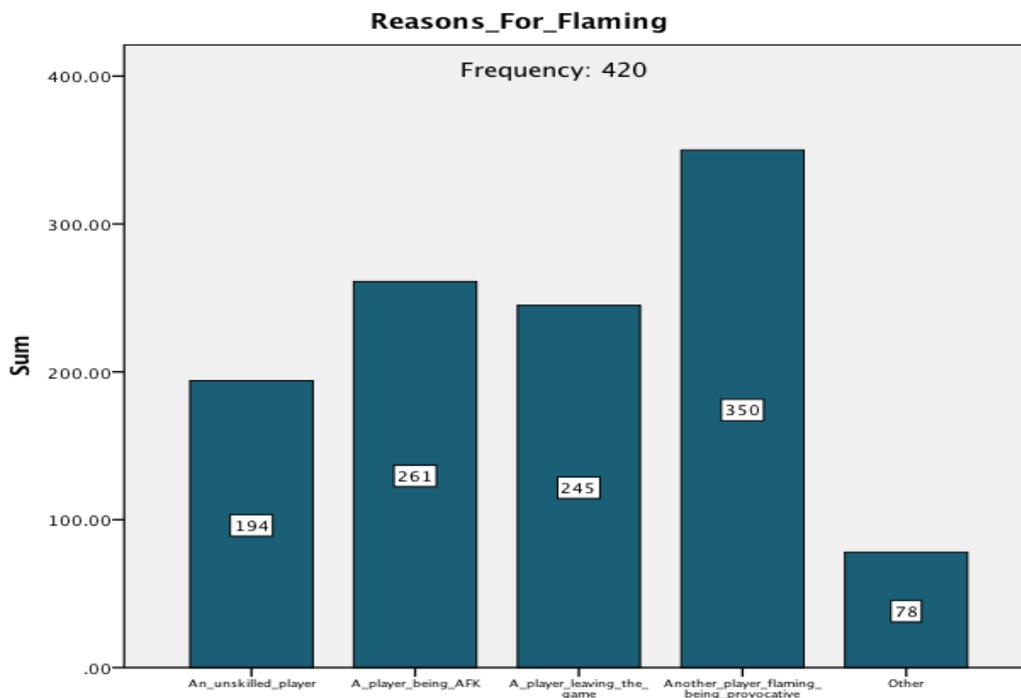


*Graphic: Bar chart for responses to question: "If you ever flamed because of another player, was it because of: (Multiple answers possible)".*

**A.2.28 "Are you more inclined to play free-to-play video games than pay-to-play?"**
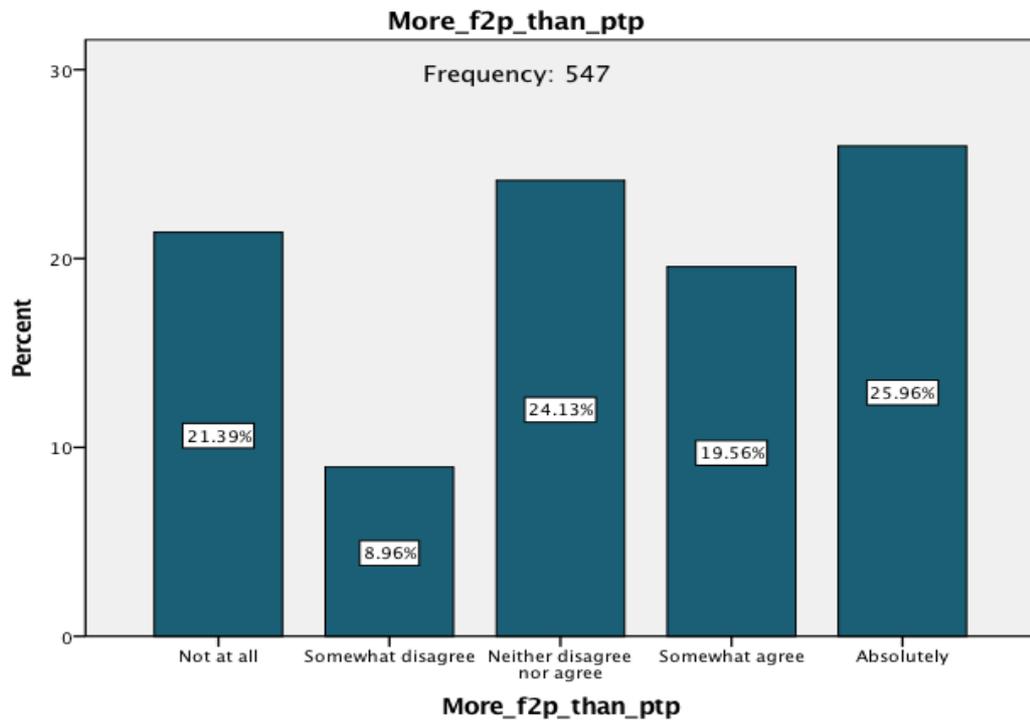


*Graphic: Bar chart for responses to question: "Are you more inclined to play free-to-play video games than pay-to-play?"*

**A.2.29 "How likely are you to spend money on the game?"**
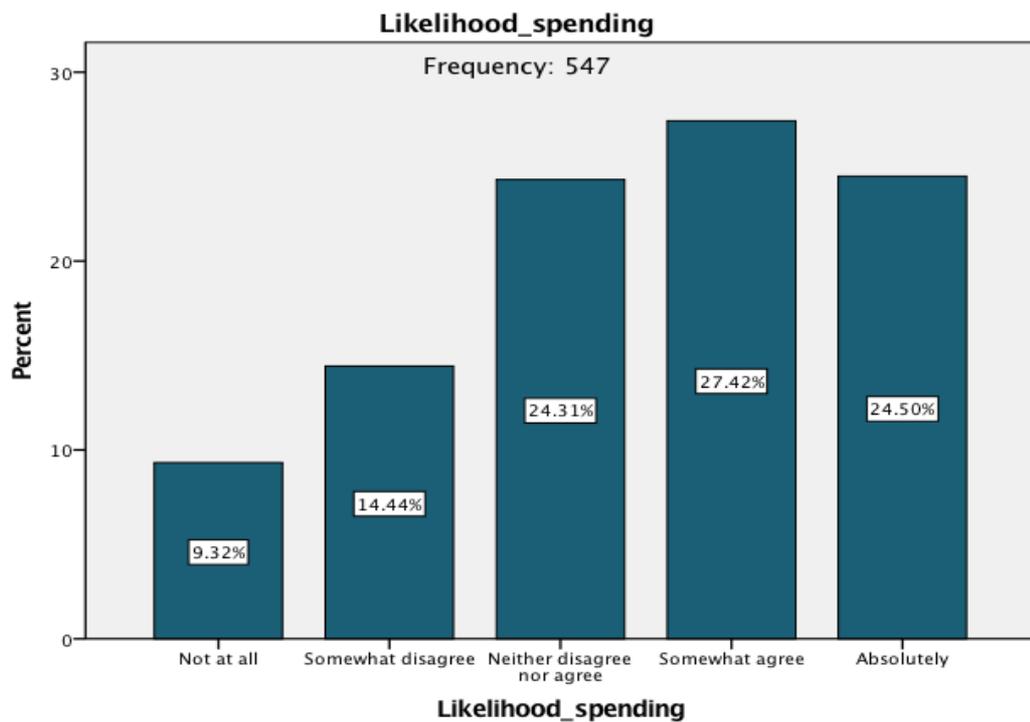


*Graphic: Bar chart for responses to question: "How likely are you to spend money on the game?"*

**A.2.30 "Have you spent any money on the game?"**



n_Spent_money_in_game

Yes
No

9.69%

90.31%

Frequency: 547
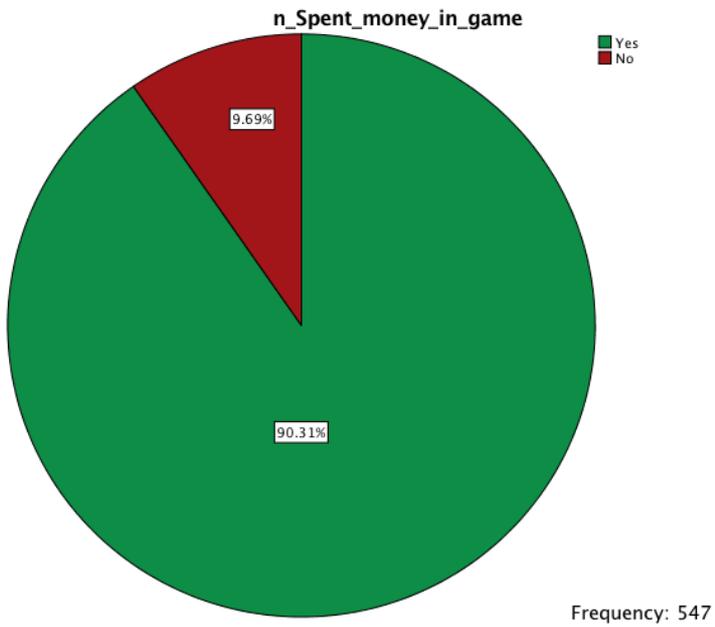
*A.2.30 Graphic: Pie chart for responses to question: "Have you spent any money on the game?"*

**A.2.31 "How much have you approximately spent on the game?"**



EUR_0_100
EUR_100_500
EUR_500_1k
EUR_1k_X
Unspecified

57

43

119

61

193

Frequency: 474
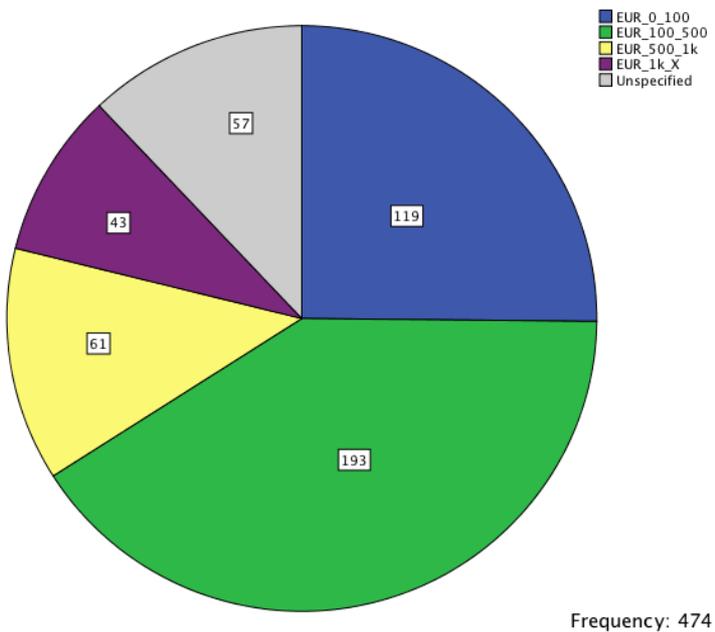
*Graphic: Pie chart for responses to question: "How much have you approximately spent on the game?"*

**A.2.32 "Do you feel like you can spend money on the game, because you didn't have to pay for it?"**

**n_Feel_spend_because_free_game**

Legend:
- ■ Yes
- ■ No

52.02%  47.98%

Frequency: 494
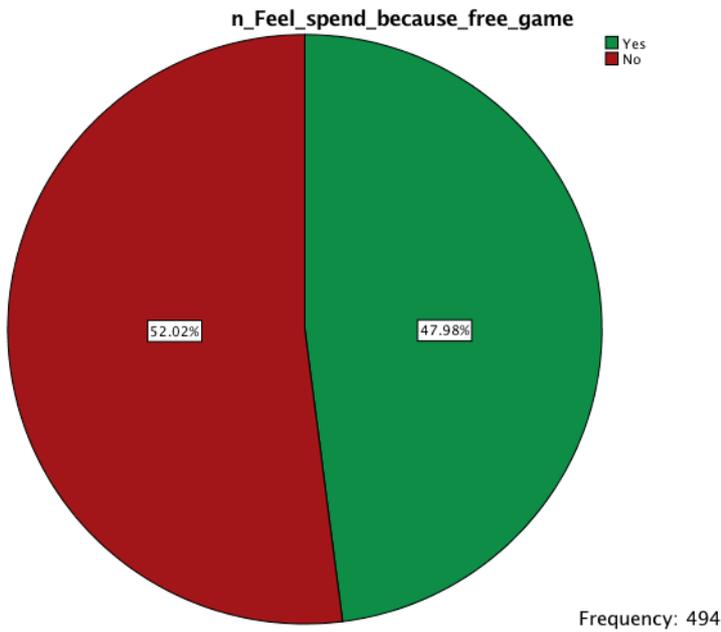
*Graphic: Pie chart for responses to question: "Do you feel like you can spend money on the game, because you didn't have to pay for it?"*

**A.2.33 "When you started playing League of Legends, did you expect to ever spend money on the game?"**

**Expect_spending_when_started**

Frequency: 494

- Not at all: 36.64%
- Somewhat disagree: 19.23%
- Neither disagree nor agree: 26.72%
- Somewhat agree: 12.96%
- Absolutely: 4.45%

**Expect_spending_when_started**
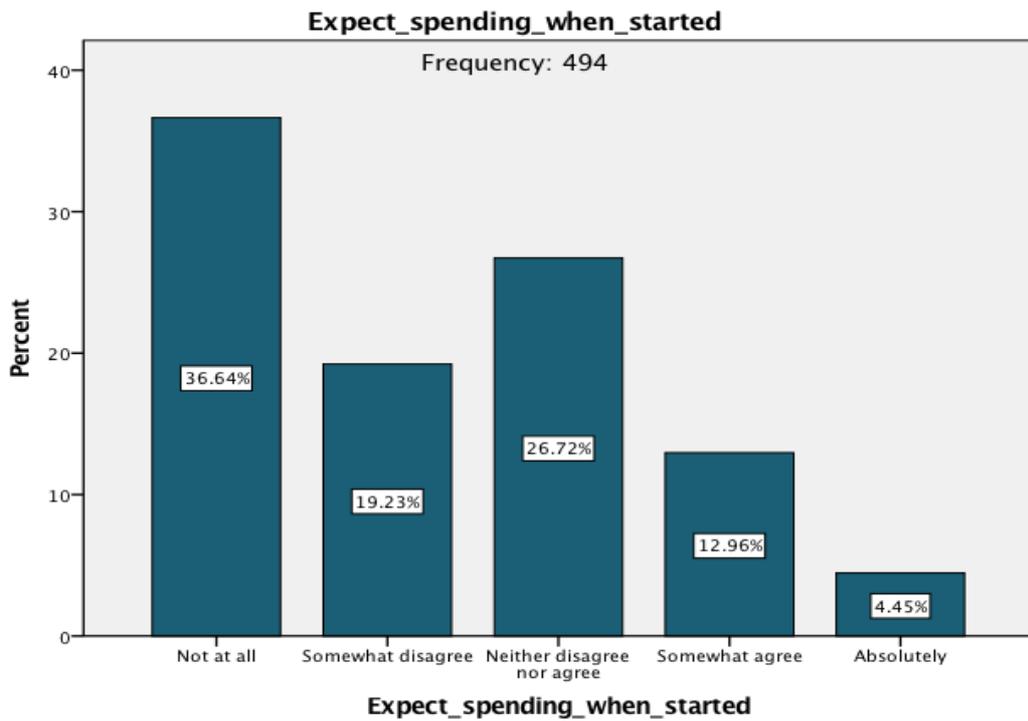
*Graphic: Bar chart for responses to question: "When you started playing League of Legends, did you expect to ever spend money on the game?"*

**A.2.34 "What made you purchase something in the game?"**
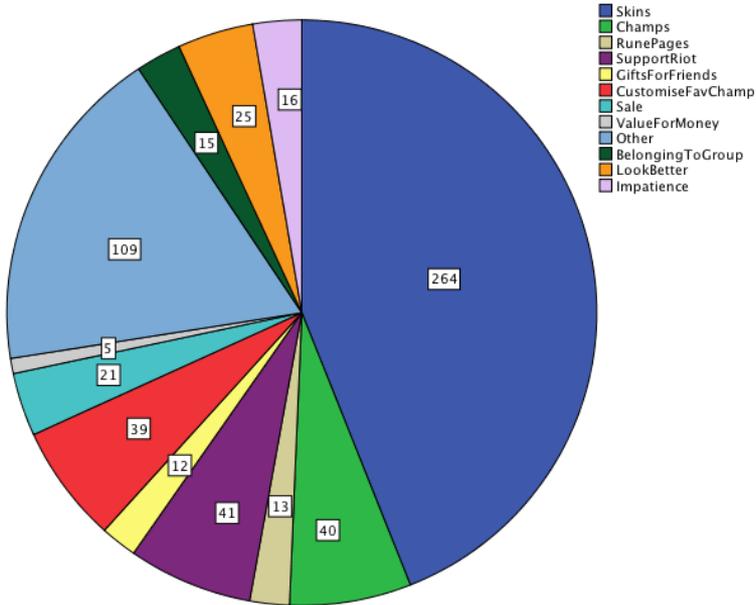


*Graphic: Pie chart for responses to question: "What made you purchase something in the game?"*

**A.2.35 "Do you purchase skins, if yes, why?"**



*Graphic: Pie chart for responses to question: "Do you purchase skins, if yes, why?"*

**A.2.36 "Do you expect to spend more money on the game?"**
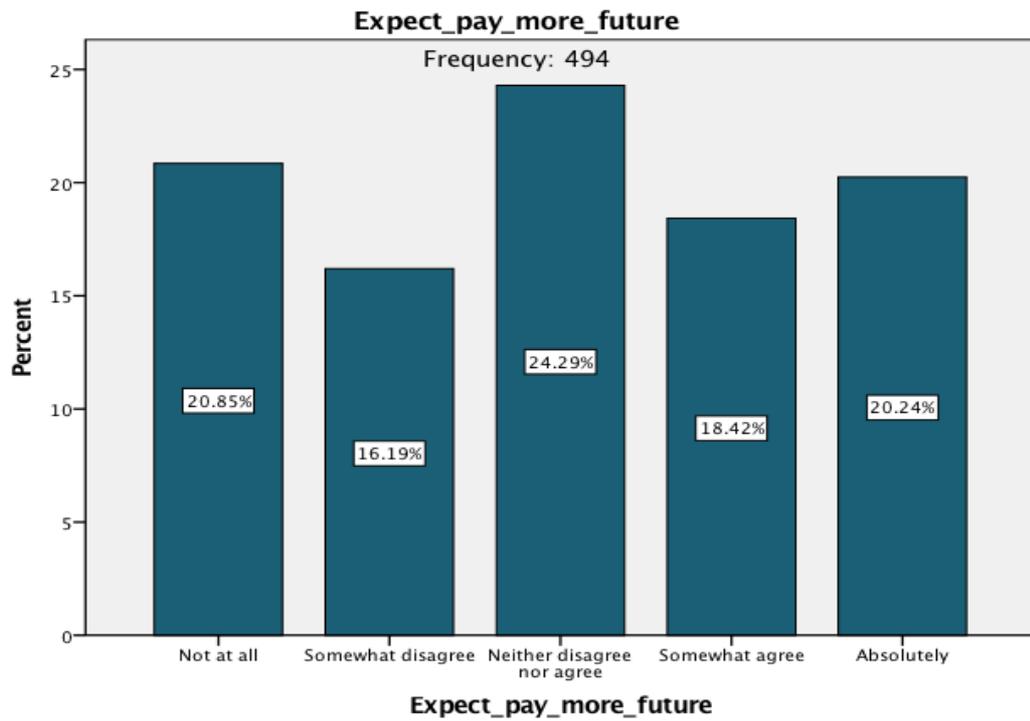


*Graphic: Bar chart for responses to question: "Do you expect to spend more money on the game?"*

**A.2.37 Corrected Pie Chart for Age of Respondents**
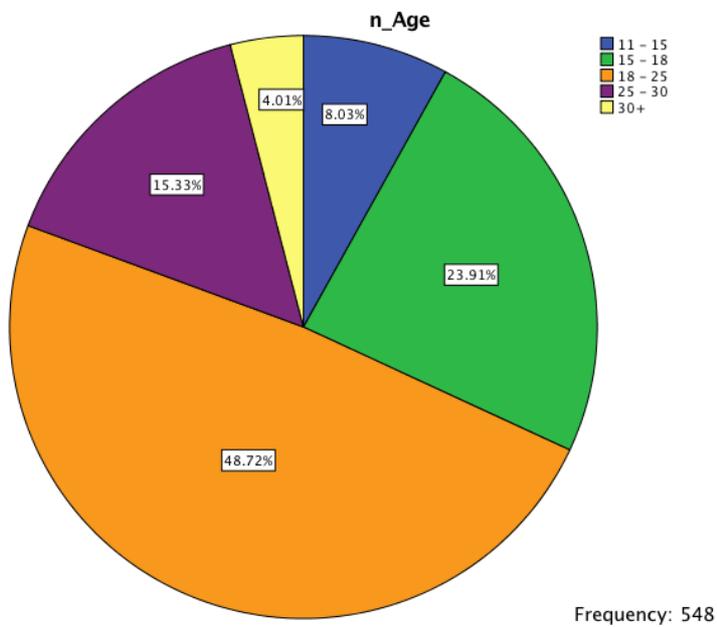


*Graphic*: *Corrected Pie Chart for Age of Respondents*

# Appendix 3: Content Analysis

## A.3.1 Comparative content analysis

| Units: | LoL Riot Points | | HoN Coins | | DOTA 2 Items | | Infinte Crisis Coins | | HotS Characters | |
|---|---|---|---|---|---|---|---|---|---|---|
| | € | 2.50 | € | 4.70 | € | 2.40 | € | 8.45 | € | 3.99 |
| | € | 5.00 | € | 9.40 | € | 3.80 | € | 15.03 | € | 6.49 |
| | € | 10.00 | € | 28.20 | € | 4.70 | € | 32.89 | € | 8.49 |
| | € | 20.00 | € | 47.00 | € | 5.60 | € | 93.99 | € | 9.99 |
| | € | 35.00 | € | 94.00 | € | 6.50 | | | | |
| | € | 50.00 | | | € | 7.50 | | | | |
| | | | | | € | 8.50 | | | | |
| | | | | | € | 9.50 | | | | |
| | | | | | € | 10.50 | | | | |
| | | | | | € | 33.00 | | | | |
| | | | | | € | 276.40 | | | | |
| **Price level:** | 2 | | 4 | | 1 | | 5 | | 3 | |

*Comparative content analysis of micro-transactions in MOBA games.*

## A.3.2 Comparative content analysis graph
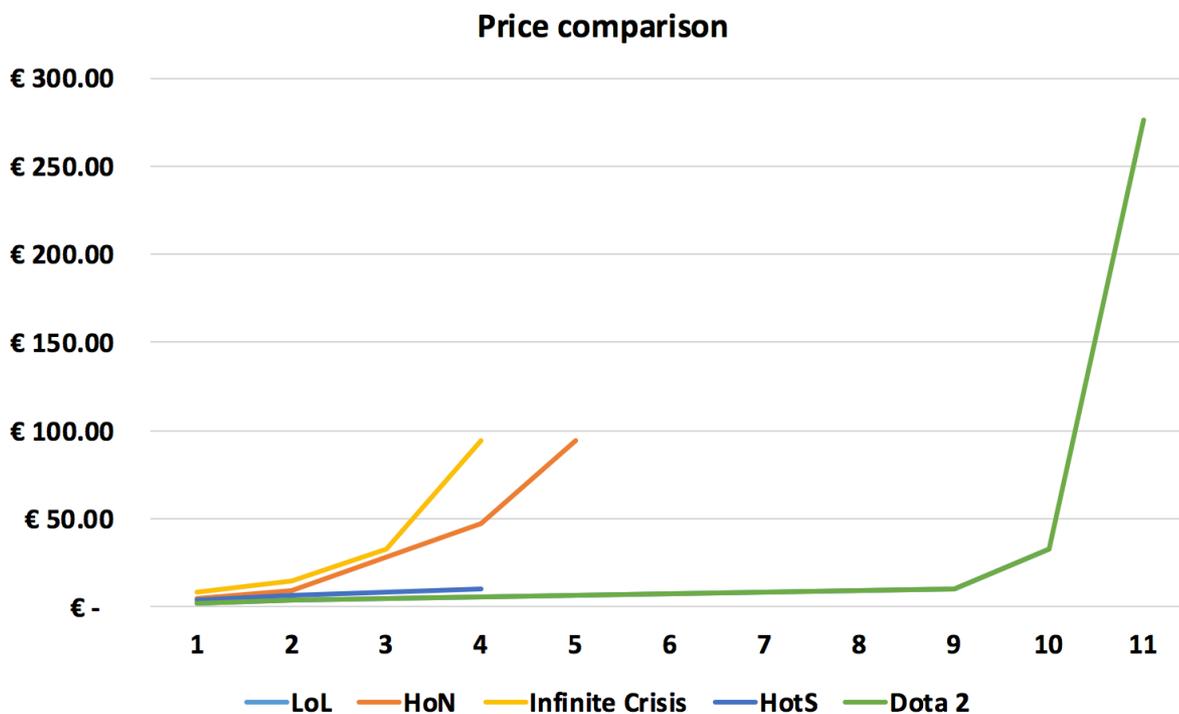


*Graphic: Comparative content analysis of micro-transactions in MOBA games.*

**Appendix 4: Screenshot of Chat**



[36:26] Synergiii -BZA! (Master Yi): but i dont have team
[36:28] Synergiii -BZA! (Master Yi): its the problem
[36:32] Hi5 N TurretDive (Dr. Mundo): you can't solo baron when a teamfight is about to go down
[36:36] Hi5 N TurretDive (Dr. Mundo): have some awareness champ
[36:38] Niuskyp K▪t▪* (Katarina): But yi you're nothing x)
[36:41] Hi5 N TurretDive (Dr. Mundo): have you given up ?
[36:41] Synergiii -BZA! (Master Yi): shut up noob

*Screenshot, League of Legends, 2017.*


**Appendix 5: Screenshot of the League of Legends Game Launcher**
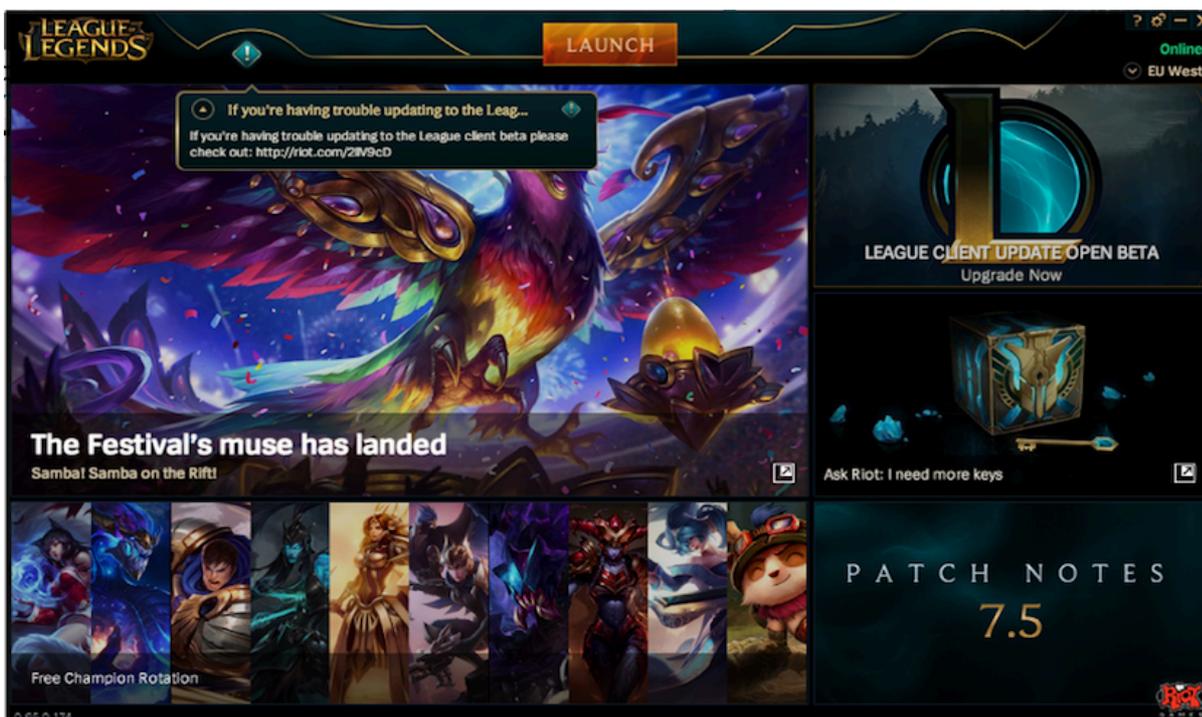


*Screenshot, The League of Legends Game Launcher, 2017.*

**Appendix 6: Screenshot of the 2016 F2P PC Games by the Numbers**
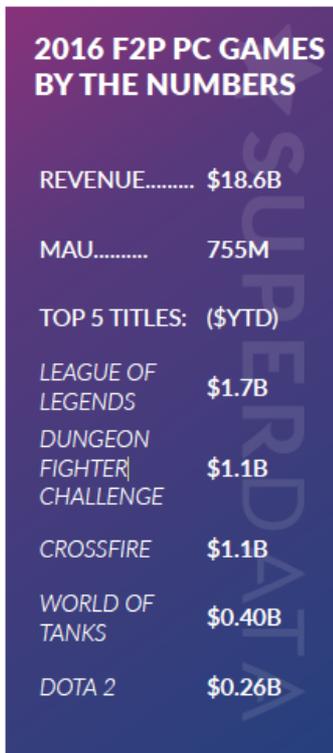


*Screenshot: SuperData, 2016 PC Games sorted by revenue, 2016.*

**Appendix 7: Correlation Analysis in SPSS**

# Correlations

| | | Play_because_free | Consider_Lol_community_toxic_unfriendly | Lol_community_welcoming_towards_players |
|---|---|---|---|---|
| Play_because_free | Pearson Correlation | 1 | -.027 | .141** |
| | Sig. (2-tailed) | | .525 | .001 |
| | N | 547 | 547 | 547 |
| Consider_Lol_community_toxic_unfriendly | Pearson Correlation | -.027 | 1 | -.429** |
| | Sig. (2-tailed) | .525 | | .000 |
| | N | 547 | 547 | 547 |
| Lol_community_welcoming_towards_players | Pearson Correlation | .141** | -.429** | 1 |
| | Sig. (2-tailed) | .001 | .000 | |
| | N | 547 | 547 | 547 |
| LoL_Community_bad_rep | Pearson Correlation | -.032 | .350** | -.310** |
| | Sig. (2-tailed) | .453 | .000 | .000 |
| | N | 547 | 547 | 547 |
| Do_you_think_rank_determines_player_skill | Pearson Correlation | .073 | -.048 | .115** |
| | Sig. (2-tailed) | .089 | .266 | .007 |
| | N | 547 | 547 | 547 |
| Importance_reaching_higher_rank | Pearson Correlation | -.009 | .051 | .059 |
| | Sig. (2-tailed) | .842 | .237 | .166 |
| | N | 547 | 547 | 547 |
| Likelihood_spending | Pearson Correlation | -.161** | .077 | -.085* |
| | Sig. (2-tailed) | .000 | .071 | .047 |
| | N | 547 | 547 | 547 |
| Expect_pay_more_future | Pearson Correlation | -.043 | -.147** | .046 |
| | Sig. (2-tailed) | .345 | .001 | .311 |
| | N | 494 | 494 | 494 |
| n_Spent_money_in_game | Pearson Correlation | .083 | -.137** | .023 |
| | Sig. (2-tailed) | .053 | .001 | .584 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_Twitter | Pearson Correlation | .041 | .012 | .039 |
| | Sig. (2-tailed) | .337 | .785 | .364 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_Facebook | Pearson Correlation | .009 | -.021 | .034 |
| | Sig. (2-tailed) | .841 | .617 | .430 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_YouTube | Pearson Correlation | .019 | -.041 | .072 |
| | Sig. (2-tailed) | .660 | .337 | .093 |
| | N | 547 | 547 | 547 |

## Correlations

| | | LoL_Community_bad_rep | Do_you_think_rank_determines_player_skill | Importance_reaching_higher_rank |
|---|---|---|---|---|
| Play_because_free | Pearson Correlation | -.032 | .073 | -.009 |
| | Sig. (2-tailed) | .453 | .089 | .842 |
| | N | 547 | 547 | 547 |
| Consider_Lol_community_toxic_unfriendly | Pearson Correlation | .350** | -.048 | .051 |
| | Sig. (2-tailed) | .000 | .266 | .237 |
| | N | 547 | 547 | 547 |
| Lol_community_welcoming_towards_players | Pearson Correlation | -.310** | .115** | .059 |
| | Sig. (2-tailed) | .000 | .007 | .166 |
| | N | 547 | 547 | 547 |
| LoL_Community_bad_rep | Pearson Correlation | 1 | -.047 | -.028 |
| | Sig. (2-tailed) | | .268 | .507 |
| | N | 547 | 547 | 547 |
| Do_you_think_rank_determines_player_skill | Pearson Correlation | -.047 | 1 | .377** |
| | Sig. (2-tailed) | .268 | | .000 |
| | N | 547 | 547 | 547 |
| Importance_reaching_higher_rank | Pearson Correlation | -.028 | .377** | 1 |
| | Sig. (2-tailed) | .507 | .000 | |
| | N | 547 | 547 | 547 |
| Likelihood_spending | Pearson Correlation | .013 | .051 | .139** |
| | Sig. (2-tailed) | .763 | .236 | .001 |
| | N | 547 | 547 | 547 |
| Expect_pay_more_future | Pearson Correlation | -.064 | -.027 | .095* |
| | Sig. (2-tailed) | .155 | .543 | .035 |
| | N | 494 | 494 | 494 |
| n_Spent_money_in_game | Pearson Correlation | -.003 | -.067 | -.128** |
| | Sig. (2-tailed) | .941 | .117 | .003 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_Twitter | Pearson Correlation | .022 | -.033 | -.111** |
| | Sig. (2-tailed) | .613 | .436 | .009 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_Facebook | Pearson Correlation | .016 | -.080 | -.151** |
| | Sig. (2-tailed) | .712 | .061 | .000 |
| | N | 547 | 547 | 547 |
| n_Redeemed_Free_skin_YouTube | Pearson Correlation | -.077 | -.071 | -.073 |
| | Sig. (2-tailed) | .073 | .096 | .089 |
| | N | 547 | 547 | 547 |

# Correlations

| | | Likelihood_spending | Expect_pay_more_future | n_Spent_money_in_game |
|---|---|---|---|---|
| Play_because_free | Pearson Correlation | -.161** | -.043 | .083 |
| | Sig. (2-tailed) | .000 | .345 | .053 |
| | N | 547 | 494 | 547 |
| Consider_Lol_community_toxic_unfriendly | Pearson Correlation | .077 | -.147** | -.137** |
| | Sig. (2-tailed) | .071 | .001 | .001 |
| | N | 547 | 494 | 547 |
| Lol_community_welcoming_towards_players | Pearson Correlation | -.085* | .046 | .023 |
| | Sig. (2-tailed) | .047 | .311 | .584 |
| | N | 547 | 494 | 547 |
| LoL_Community_bad_rep | Pearson Correlation | .013 | -.064 | -.003 |
| | Sig. (2-tailed) | .763 | .155 | .941 |
| | N | 547 | 494 | 547 |
| Do_you_think_rank_determines_player_skill | Pearson Correlation | .051 | -.027 | -.067 |
| | Sig. (2-tailed) | .236 | .543 | .117 |
| | N | 547 | 494 | 547 |
| Importance_reaching_higher_rank | Pearson Correlation | .139** | .095* | -.128** |
| | Sig. (2-tailed) | .001 | .035 | .003 |
| | N | 547 | 494 | 547 |
| Likelihood_spending | Pearson Correlation | 1 | .449** | -.530** |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 547 | 494 | 547 |
| Expect_pay_more_future | Pearson Correlation | .449** | 1 | .c |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 494 | 494 | 494 |
| n_Spent_money_in_game | Pearson Correlation | -.530** | .c | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 547 | 494 | 547 |
| n_Redeemed_Free_skin_Twitter | Pearson Correlation | -.197** | -.056 | .170** |
| | Sig. (2-tailed) | .000 | .211 | .000 |
| | N | 547 | 494 | 547 |
| n_Redeemed_Free_skin_Facebook | Pearson Correlation | -.170** | -.011 | .183** |
| | Sig. (2-tailed) | .000 | .811 | .000 |
| | N | 547 | 494 | 547 |
| n_Redeemed_Free_skin_YouTube | Pearson Correlation | -.127** | .016 | .193** |
| | Sig. (2-tailed) | .003 | .730 | .000 |
| | N | 547 | 494 | 547 |

# Correlations

| | | n_Redeemed_ Free_skin_Twitter | n_Redeemed_ Free_skin_Facebook | n_Redeemed_ Free_skin_YouTube |
|---|---|---|---|---|
| **Play_because_free** | **Pearson Correlation** | .041 | .009 | .019 |
| | **Sig. (2-tailed)** | .337 | .841 | .660 |
| | **N** | 547 | 547 | 547 |
| **Consider_Lol_community_ toxic_unfriendly** | **Pearson Correlation** | .012 | -.021 | -.041 |
| | **Sig. (2-tailed)** | .785 | .617 | .337 |
| | **N** | 547 | 547 | 547 |
| **Lol_community_welcoming _towards_players** | **Pearson Correlation** | .039 | .034 | .072 |
| | **Sig. (2-tailed)** | .364 | .430 | .093 |
| | **N** | 547 | 547 | 547 |
| **LoL_Community_bad_rep** | **Pearson Correlation** | .022 | .016 | -.077 |
| | **Sig. (2-tailed)** | .613 | .712 | .073 |
| | **N** | 547 | 547 | 547 |
| **Do_you_think_rank_deter mines_player_skill** | **Pearson Correlation** | -.033 | -.080 | -.071 |
| | **Sig. (2-tailed)** | .436 | .061 | .096 |
| | **N** | 547 | 547 | 547 |
| **Importance_reaching_high er_rank** | **Pearson Correlation** | -.111[**] | -.151[**] | -.073 |
| | **Sig. (2-tailed)** | .009 | .000 | .089 |
| | **N** | 547 | 547 | 547 |
| **Likelihood_spending** | **Pearson Correlation** | -.197[**] | -.170[**] | -.127[**] |
| | **Sig. (2-tailed)** | .000 | .000 | .003 |
| | **N** | 547 | 547 | 547 |
| **Expect_pay_more_future** | **Pearson Correlation** | -.056 | -.011 | .016 |
| | **Sig. (2-tailed)** | .211 | .811 | .730 |
| | **N** | 494 | 494 | 494 |
| **n_Spent_money_in_game** | **Pearson Correlation** | .170[**] | .183[**] | .193[**] |
| | **Sig. (2-tailed)** | .000 | .000 | .000 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_T witter** | **Pearson Correlation** | 1 | .520[**] | .508[**] |
| | **Sig. (2-tailed)** | | .000 | .000 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_F acebook** | **Pearson Correlation** | .520[**] | 1 | .596[**] |
| | **Sig. (2-tailed)** | .000 | | .000 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_Y ouTube** | **Pearson Correlation** | .508[**] | .596[**] | 1 |
| | **Sig. (2-tailed)** | .000 | .000 | |
| | **N** | 547 | 547 | 547 |

# Correlations

| | | ngender | n_Ever_flamed | n_Age |
|---|---|---|---|---|
| **Play_because_free** | **Pearson Correlation** | -.012 | -.006 | .034 |
| | **Sig. (2-tailed)** | .785 | .886 | .422 |
| | **N** | 547 | 547 | 547 |
| **Consider_Lol_community_ toxic_unfriendly** | **Pearson Correlation** | .043 | -.096* | -.011 |
| | **Sig. (2-tailed)** | .318 | .025 | .788 |
| | **N** | 547 | 547 | 547 |
| **Lol_community_welcoming _towards_players** | **Pearson Correlation** | -.108* | .044 | -.049 |
| | **Sig. (2-tailed)** | .012 | .308 | .255 |
| | **N** | 547 | 547 | 547 |
| **LoL_Community_bad_rep** | **Pearson Correlation** | .039 | .013 | .091* |
| | **Sig. (2-tailed)** | .360 | .757 | .033 |
| | **N** | 547 | 547 | 547 |
| **Do_you_think_rank_deter mines_player_skill** | **Pearson Correlation** | -.143** | -.122** | -.090* |
| | **Sig. (2-tailed)** | .001 | .004 | .035 |
| | **N** | 547 | 547 | 547 |
| **Importance_reaching_high er_rank** | **Pearson Correlation** | -.111** | -.229** | -.193** |
| | **Sig. (2-tailed)** | .009 | .000 | .000 |
| | **N** | 547 | 547 | 547 |
| **Likelihood_spending** | **Pearson Correlation** | -.045 | -.072 | -.032 |
| | **Sig. (2-tailed)** | .296 | .091 | .461 |
| | **N** | 547 | 547 | 547 |
| **Expect_pay_more_future** | **Pearson Correlation** | .116** | .053 | -.003 |
| | **Sig. (2-tailed)** | .010 | .239 | .944 |
| | **N** | 494 | 494 | 494 |
| **n_Spent_money_in_game** | **Pearson Correlation** | .107* | .186** | .126** |
| | **Sig. (2-tailed)** | .013 | .000 | .003 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_T witter** | **Pearson Correlation** | .053 | .075 | .203** |
| | **Sig. (2-tailed)** | .218 | .078 | .000 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_F acebook** | **Pearson Correlation** | .044 | .122** | .102* |
| | **Sig. (2-tailed)** | .299 | .004 | .017 |
| | **N** | 547 | 547 | 547 |
| **n_Redeemed_Free_skin_Y ouTube** | **Pearson Correlation** | .064 | .056 | .042 |
| | **Sig. (2-tailed)** | .132 | .191 | .332 |
| | **N** | 547 | 547 | 547 |

# Correlations

| | | Current_skill_could_play_higher_rank |
|---|---|---|
| **Play_because_free** | **Pearson Correlation** | .024 |
| | **Sig. (2-tailed)** | .576 |
| | **N** | 547 |
| **Consider_Lol_community_toxic_unfriendly** | **Pearson Correlation** | .009 |
| | **Sig. (2-tailed)** | .825 |
| | **N** | 547 |
| **Lol_community_welcoming_towards_players** | **Pearson Correlation** | .165** |
| | **Sig. (2-tailed)** | .000 |
| | **N** | 547 |
| **LoL_Community_bad_rep** | **Pearson Correlation** | -.071 |
| | **Sig. (2-tailed)** | .097 |
| | **N** | 547 |
| **Do_you_think_rank_determines_player_skill** | **Pearson Correlation** | .007 |
| | **Sig. (2-tailed)** | .873 |
| | **N** | 547 |
| **Importance_reaching_higher_rank** | **Pearson Correlation** | .242** |
| | **Sig. (2-tailed)** | .000 |
| | **N** | 547 |
| **Likelihood_spending** | **Pearson Correlation** | .193** |
| | **Sig. (2-tailed)** | .000 |
| | **N** | 547 |
| **Expect_pay_more_future** | **Pearson Correlation** | .221** |
| | **Sig. (2-tailed)** | .000 |
| | **N** | 494 |
| **n_Spent_money_in_game** | **Pearson Correlation** | -.170** |
| | **Sig. (2-tailed)** | .000 |
| | **N** | 547 |
| **n_Redeemed_Free_skin_Twitter** | **Pearson Correlation** | -.055 |
| | **Sig. (2-tailed)** | .201 |
| | **N** | 547 |
| **n_Redeemed_Free_skin_Facebook** | **Pearson Correlation** | -.042 |
| | **Sig. (2-tailed)** | .323 |
| | **N** | 547 |
| **n_Redeemed_Free_skin_YouTube** | **Pearson Correlation** | -.036 |
| | **Sig. (2-tailed)** | .400 |
| | **N** | 547 |

## Correlations

| | | Play_because_ free | Consider_Lol_c ommunity_toxi c_unfriendly | Lol_community _welcoming_to wards_players |
|---|---|---|---|---|
| ngender | Pearson Correlation | -.012 | .043 | -.108[*] |
| | Sig. (2-tailed) | .785 | .318 | .012 |
| | N | 547 | 547 | 547 |
| n_Ever_flamed | Pearson Correlation | -.006 | -.096[*] | .044 |
| | Sig. (2-tailed) | .886 | .025 | .308 |
| | N | 547 | 547 | 547 |
| n_Age | Pearson Correlation | .034 | -.011 | -.049 |
| | Sig. (2-tailed) | .422 | .788 | .255 |
| | N | 547 | 547 | 547 |
| Current_skill_could_play_ higher_rank | Pearson Correlation | .024 | .009 | .165[**] |
| | Sig. (2-tailed) | .576 | .825 | .000 |
| | N | 547 | 547 | 547 |

## Correlations

| | | LoL_Communit y_bad_rep | Do_you_think_ rank_determin es_player_skill | Importance_re aching_higher_ rank |
|---|---|---|---|---|
| ngender | Pearson Correlation | .039 | -.143[**] | -.111[**] |
| | Sig. (2-tailed) | .360 | .001 | .009 |
| | N | 547 | 547 | 547 |
| n_Ever_flamed | Pearson Correlation | .013 | -.122[**] | -.229[**] |
| | Sig. (2-tailed) | .757 | .004 | .000 |
| | N | 547 | 547 | 547 |
| n_Age | Pearson Correlation | .091[*] | -.090[*] | -.193[**] |
| | Sig. (2-tailed) | .033 | .035 | .000 |
| | N | 547 | 547 | 547 |
| Current_skill_could_play_ higher_rank | Pearson Correlation | -.071 | .007 | .242[**] |
| | Sig. (2-tailed) | .097 | .873 | .000 |
| | N | 547 | 547 | 547 |

## Correlations

|  |  | Likelihood_spending | Expect_pay_more_future | n_Spent_money_in_game |
|---|---|---|---|---|
| **ngender** | **Pearson Correlation** | -.045 | .116** | .107* |
|  | **Sig. (2-tailed)** | .296 | .010 | .013 |
|  | **N** | 547 | 494 | 547 |
| **n_Ever_flamed** | **Pearson Correlation** | -.072 | .053 | .186** |
|  | **Sig. (2-tailed)** | .091 | .239 | .000 |
|  | **N** | 547 | 494 | 547 |
| **n_Age** | **Pearson Correlation** | -.032 | -.003 | .126** |
|  | **Sig. (2-tailed)** | .461 | .944 | .003 |
|  | **N** | 547 | 494 | 547 |
| **Current_skill_could_play_higher_rank** | **Pearson Correlation** | .193** | .221** | -.170** |
|  | **Sig. (2-tailed)** | .000 | .000 | .000 |
|  | **N** | 547 | 494 | 547 |

## Correlations

|  |  | n_Redeemed_Free_skin_Twitter | n_Redeemed_Free_skin_Facebook | n_Redeemed_Free_skin_YouTube |
|---|---|---|---|---|
| **ngender** | **Pearson Correlation** | .053 | .044 | .064 |
|  | **Sig. (2-tailed)** | .218 | .299 | .132 |
|  | **N** | 547 | 547 | 547 |
| **n_Ever_flamed** | **Pearson Correlation** | .075 | .122** | .056 |
|  | **Sig. (2-tailed)** | .078 | .004 | .191 |
|  | **N** | 547 | 547 | 547 |
| **n_Age** | **Pearson Correlation** | .203** | .102* | .042 |
|  | **Sig. (2-tailed)** | .000 | .017 | .332 |
|  | **N** | 547 | 547 | 547 |
| **Current_skill_could_play_higher_rank** | **Pearson Correlation** | -.055 | -.042 | -.036 |
|  | **Sig. (2-tailed)** | .201 | .323 | .400 |
|  | **N** | 547 | 547 | 547 |

## Correlations

| | | ngender | n_Ever_flamed | n_Age |
|---|---|---|---|---|
| **ngender** | **Pearson Correlation** | 1 | .166[**] | .098[*] |
| | **Sig. (2-tailed)** | | .000 | .022 |
| | **N** | 548 | 547 | 548 |
| **n_Ever_flamed** | **Pearson Correlation** | .166[**] | 1 | .211[**] |
| | **Sig. (2-tailed)** | .000 | | .000 |
| | **N** | 547 | 547 | 547 |
| **n_Age** | **Pearson Correlation** | .098[*] | .211[**] | 1 |
| | **Sig. (2-tailed)** | .022 | .000 | |
| | **N** | 548 | 547 | 548 |
| **Current_skill_could_play_ higher_rank** | **Pearson Correlation** | -.110[*] | -.093[*] | -.112[**] |
| | **Sig. (2-tailed)** | .010 | .029 | .009 |
| | **N** | 547 | 547 | 547 |

## Correlations

| | | Current_skill_c ould_play_high er_rank |
|---|---|---|
| **ngender** | **Pearson Correlation** | -.110[*] |
| | **Sig. (2-tailed)** | .010 |
| | **N** | 547 |
| **n_Ever_flamed** | **Pearson Correlation** | -.093[*] |
| | **Sig. (2-tailed)** | .029 |
| | **N** | 547 |
| **n_Age** | **Pearson Correlation** | -.112[**] |
| | **Sig. (2-tailed)** | .009 |
| | **N** | 547 |
| **Current_skill_could_play_ higher_rank** | **Pearson Correlation** | 1 |
| | **Sig. (2-tailed)** | |
| | **N** | 547 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

c. Cannot be computed because at least one of the variables is constant.