Chapter 26
e-Sport as Leverage for Growth Strategy:
The Example of League of Legends

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ABSTRACT

While e-Sport today becomes a big business and a highly publicized industry, a big business and a highly-publicized industry, it is still studied from a descriptive perspective rather than from an analytical one. In this paper, the author proposes to analyze the relationship between e-Sport and the growth strategy of the game League of Legends (LoL) developed by Riot Games. How competitive community and casual community evolve together? What are the conditions for a virtuous growth? The author deepens the link between the traditional free-to-play dynamics based on acquisition-retention-monetization of players and the dynamics of e-Sport based on managing audience, pro-gamers, competitive events and broadcasting. The author finds that casual players and pro-gamers have specific roles that, combined with an active policy centered on player's experience developed by Riot Games and with a growing media ecosystem, create externalities on each other.

INTRODUCTION

In the past five years, e-Sport has evolved from humble LAN party to professional league competitions shown in crowded arenas and live streamed to millions of people[1]. Most studies on e-Sport focus either on global trend and stats (Newzoo 2015, 2016) or on the e-Sport side of a game (for example, Agha in 2015 analyzes the relationships between pro-gamers and Riot to improve the game) or on a very general business model approach (Van der Pluijm, 2013). They do not address the strategic relationships between the competition ecosystem and the casual ecosystem of a video game. In this paper, we propose to fill this gap by conducting an empirical study based on the game *League of Legends* (LOL) developed by *Riot Games* (Riot). LOL is today the most played video game in the world and the most popular Multi-player Online Battle Arena (MOBA) (90m active monthly players in 2015 against 8m monthly players

for DotA2 its direct competitor (4) (20)). It has also the most watched competition events (36m people in the last World Championship Series in 2015) [2]. The 2014 final of World Championship Series (WCS) in Seoul Stadium hosted 40.000 fans and drew nearly 30 million viewers, putting it in line with major sport events (Menon & Boluk, 2015). Since its release in 2009, players and audience have been constantly growing. How League of Legends has become a success? What are the key economic dynamics at play between casual community and competitive community? What lessons can be learnt?

In this paper, we propose to build a case study of the video game League of Legends. Based on empirical data, our methodology consists in analyzing precisely the roles of each economic actor in the growth of the game. In a first part, the game history, the gaming mechanics and features are introduced to show how they confer competitive advantage to LOL from the beginning. In a second part, we present chronological co-evolutions of the F2P casual dynamics and of the e-Sport dynamics to bring out their most relevant components. These components are used in a third part to provide an analytical framework for understanding the co-evolution of casual and competitive sides of the game and its main drivers. We finally conclude on Riot's strategy.

INITIAL CONDITIONS: RIOT DEVELOPS A GAME ON THREE BUSINESS OPPORTUNITIES

Founders of Riot have ingeniously taken advantage of three business opportunities when combined make initial conditions very attractive for players: (1) the birth of a new game genre (MOBA), (2) the burgeoning of a new business model (the Free-to-Play or F2P) and (3) a growing e-Sport scene. Let us examine each into details.

The Initial Development of LOL: From Modding to Commercial MOBA

Riot Games was founded by two experienced players of DotA Allstars, Brandon Beck and Marc Merrill in 2006. DotA Allstars is a mod of DotA (Defense of the Ancients) itself a mod created in 2003 by the Blizzard player's community for the game Warcraft III. DotA in its turn is based on another mod called "Aeon of Strife" for Starcraft 1 suppress). DotA Allstars is the most successful mod of DotA mainly because of its large choice of heroes. DotA introduced also the Multiplayer Online Battle Arena (MOBA) in which players engaged into a team *vs.* team play to destroy the opponent's base. In LOL, the two teams consist in five champions with special attacks and defenses, strengths and in-game abilities chosen and controlled by one player. Each base is protected by one or more lines of defensive turrets that attack any enemy who gets within range. The game is centered around real-time "player-vs.-player", but also features "player vs. environment" thanks to the inclusion of computer-controlled characters ("creeps" or "minions") that spawn at regular intervals and push towards the closest enemy turret. Like in role playing games, when the champions level up, they can use virtual currency (gold) to buy equipment during the fight. Although there is no micro-management like in real-time strategy games, strategic thinking lays at the foundation of team battles: Like in dungeons battles, champions' abilities are indeed complementary to each other and champions in team must coordinate to win.

The initial idea of Riot's founders was to create a new game based on the success of DotA Allstars with more services (maps, modes, champions, skills) and more accessible to a wider audience (Gaudiosi, 2013). This was important for the success of the game: it was not created from scratch but was based on

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