

FORTNITE

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Epic Games Store Case Study

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Case Study Preface

HYPOTHETICAL: We're working on the Epic Games Store (EGS) team.

How do we reach our 2024 revenue goal?

Epic Games' Mission Statement

- *"The Epic Games Store offers developers an 88% revenue share and direct relationships with creators and players. This helps developers succeed and make more of the games you love."*
- EGS's mission is to create a symbiotic gaming distribution platform for players, developers, publishers, and creators to connect together

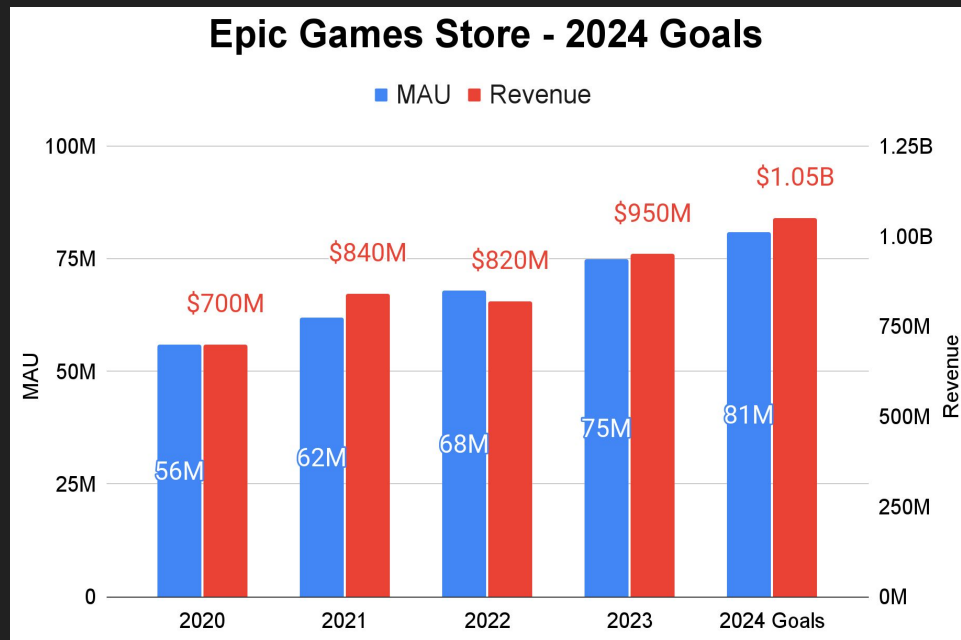
EGS Revenue Goal and How to Reach It

Epic Games Store 2024 Target KPIs

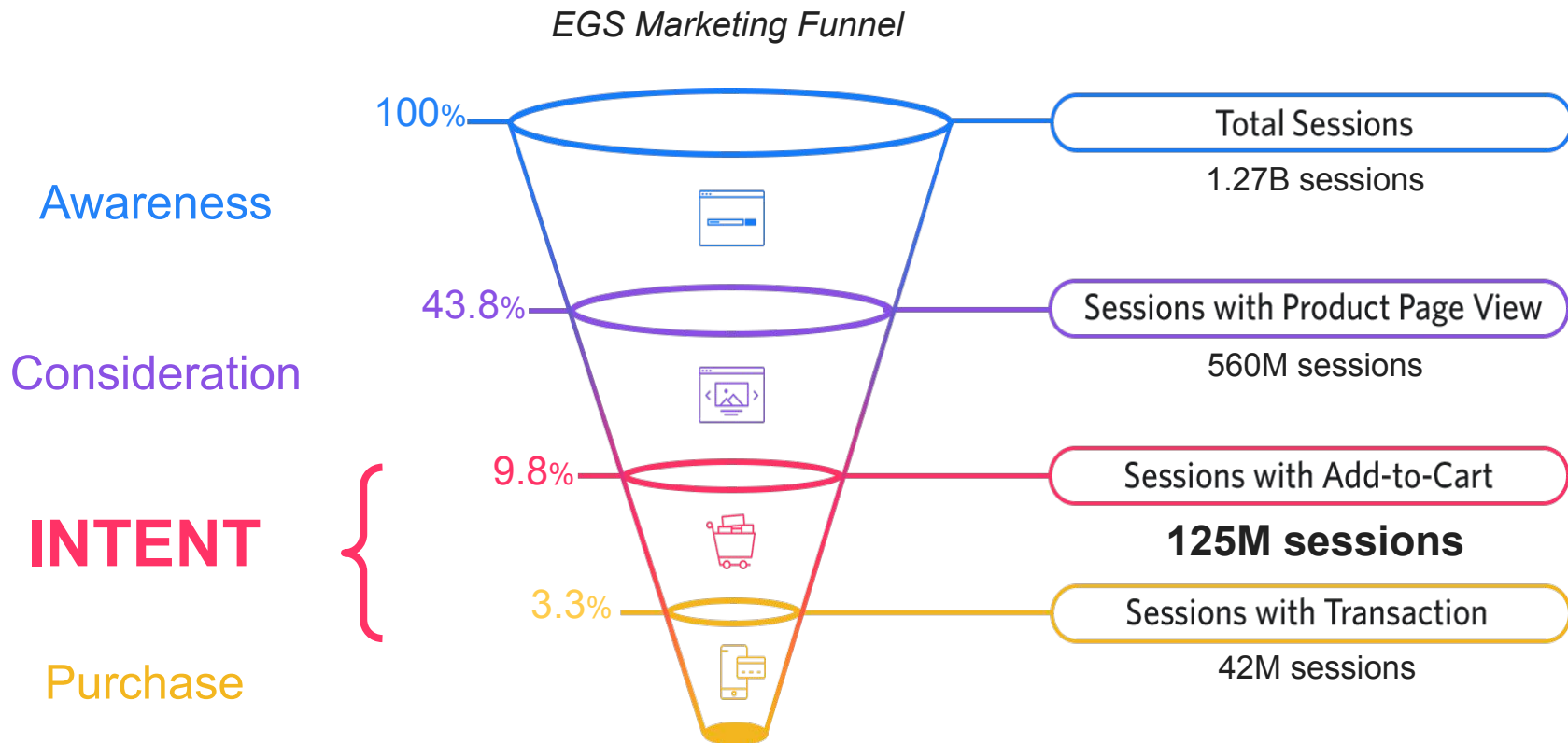
- MAU = 81M
- # of Transactions / yr = 42M
- Avg Order Value (AOV) = \$25
- **Gross Revenue: \$1.05B**

Goal: Increase the total revenue of Epic Games Store by \$100M

- Increase MAU
- Increase # of Transactions
- Increase AOV

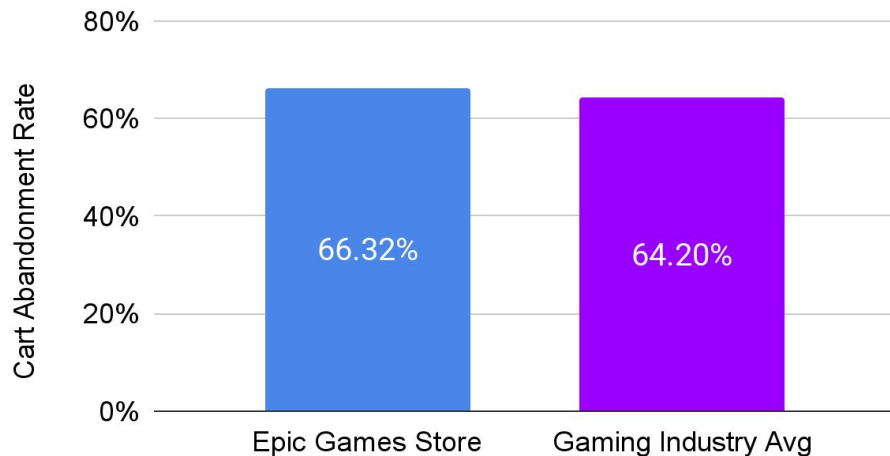


To increase the # of transactions, we should target the segment of the marketing funnel where users have intent to purchase, but have not yet purchased. These sessions have resulted in “cart abandonment”.



Opportunity - Convert Cart Abandonment to Transactions

Cart Abandonment Rate - EGS vs Industry Avg



- There are 125M sessions where the user adds to cart
- Epic Games Store has a 66.32% cart abandonment rate, which is 2.12% more than the gaming industry avg
- This 2.12% cart abandonment rate difference at EGS is equivalent to 2.64M more sessions that result in cart abandonment

If EGS can decrease cart abandonment by 2.12% by converting those cart abandonments into transactions, **we will increase # of transactions by 2.64M.** With an AOV of \$25, this is up to **\$66M in potential revenue.**

Reasons Users Abandon Cart

High Price Points

- The price is too high, sometimes unexpectedly
- Coupon doesn't work

Indecision

- Browsing/Researching
- Uses Cart as shopping list
- Undecided, but interested

Limited Payment Options

- Website does not have the payment options of the user's choice

Complicated Checkout Process

Security Concerns

Website/Technical Errors

Epic Games is at or above industry standard

Hypothesis

**For users that abandon
cart because of...**

High Price Points

Indecision

**Limited Payment
Options**

**Notify User of
Sale/Bundle**

Notifying the user of cart items sales/bundles will increase the users willingness to buy and increase # of transactions

**Create Targeted
Recommendations**

Targeted recommendations will increase the consideration of cart items and increase the # of transactions

**Add 'Buy Now, Pay
Later' (BNPL) option**

Adding a BNPL payment option will reduce payment friction and increase # of transactions

High Price Points

Indecision

Limited Payment Options

Experiment 1A - Notify User Sale/Bundle via popup in app

A/B Test

A: Control (no popup)

B: Popup in app + checkout CTA

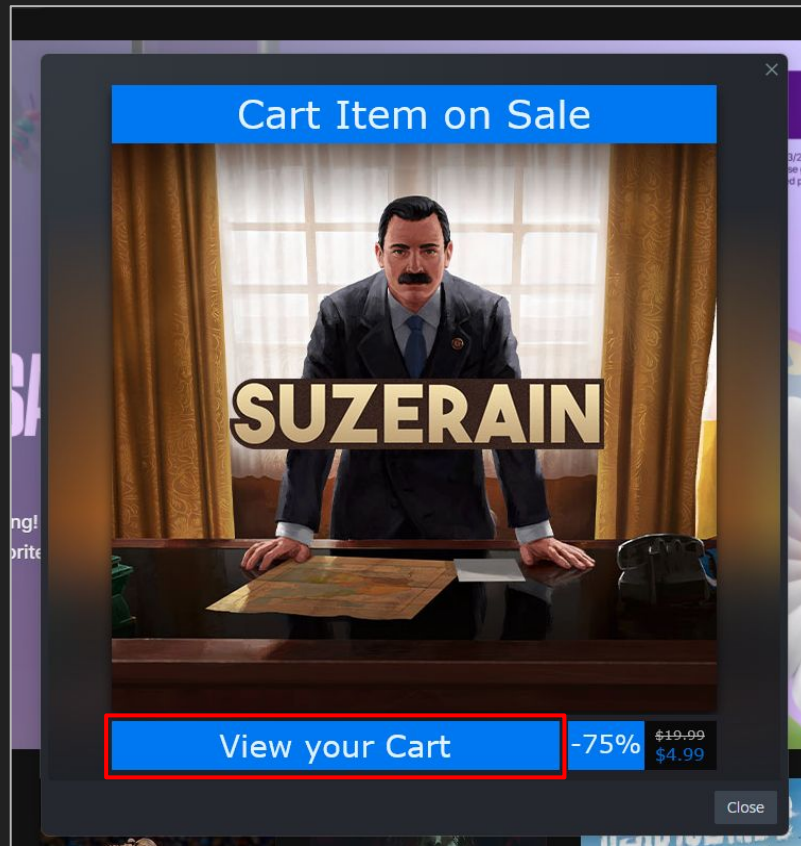
Primary KPIs

- Gross revenue
- # of Transactions

Secondary KPIs

- Popup CTR
- Checkout CR

**Work with ENG and UX on implementation details*



Experiment 1B - Notify User Sale/Bundle via email

A/B Test

A: Control (no email)

B: Personalized email + checkout CTA

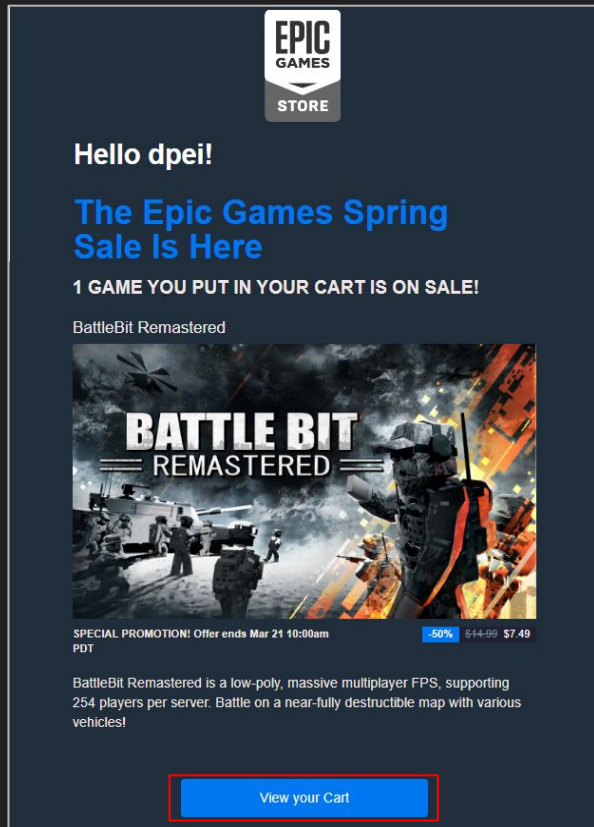
Primary KPIs

- Gross revenue
- # of Transactions

Secondary KPIs

- Email open rate
- Email CTR
- Checkout CR

**Work with Marketing on exact content*



Experiment 2 - Targeted Recommendations

A/B Test

- A: Control (current recs as is)
- B: Targeted Recs based on cart

Primary KPIs

- Gross revenue
- # of Transactions

Secondary KPIs

- Targeted Recs CTR
- Checkout CR

**Work with ENG to figure out how recommended this cart item should be comparative to other recommendations*

My Cart

The screenshot shows the 'My Cart' page for Battlefield™ 2042. The game is listed with a base price of \$59.99, a discount of \$55, and a final price of \$8.99. The sale ends on 3/28/2024 at 8:00 AM. The game is rated 'Mature 17+' and includes content descriptors for Blood, Strong Language, Violence, In-Game Purchases, and Users Interact. To the right, a 'Games and Apps Summary' table shows the Price at \$129.98, a Sale Discount of -\$107.00, and Taxes calculated at checkout.

Games and Apps Summary	
Price	\$129.98
Sale Discount	-\$107.00
Taxes	Calculated at Checkout

The screenshot shows the Epic Games Store homepage. The main featured game is 'ALL THINGS WICKED' by Dead by Daylight, starting at \$6.99. Below the main banner, there is a 'Spring Sale Spotlight' section displaying a row of recommended games. The first game in this row, Battlefield™ 2042, is highlighted with a red border, indicating it is the item being tested in the experiment. Other games shown include EA FC24, Alan Wake II, Dead Island 2, Avatar Frontiers of Pandora, and Return to Moria.

High Price Points

Indecision

Limited Payment Options

Experiment 3 - Add BNPL Option

A/B Test

A: Control (current payment options)

B: Add BNPL payment option

Primary KPIs

- Gross revenue
- # of Transactions

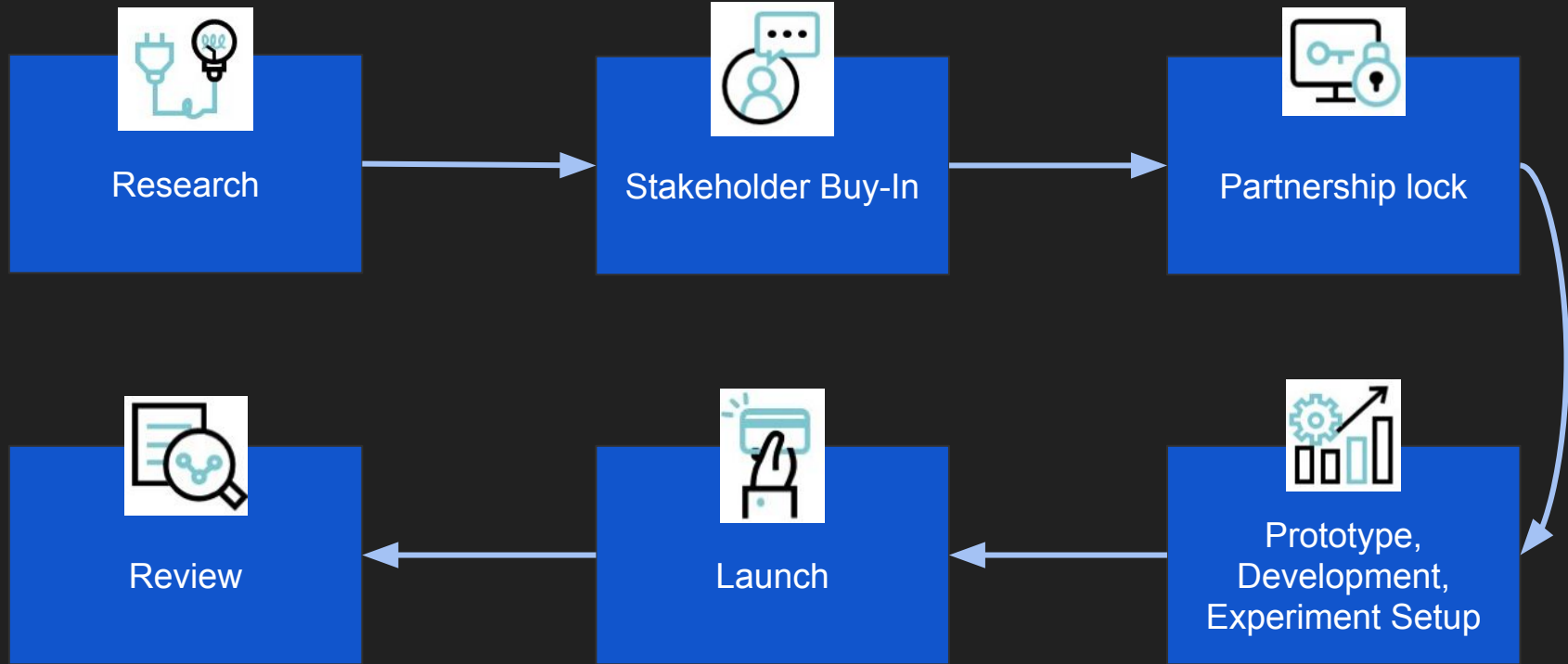
Secondary KPIs

- BNPL CTR
- Checkout CR

The screenshot displays a checkout interface. On the left, under 'CHECKOUT', there are three sections: 'EPIC REWARDS' with a radio button and '+ Epic Rewards \$0.00', 'WALLET BALANCE' with a radio button and 'Wallet \$0.00', and 'OTHER PAYMENT METHODS' with three radio buttons: 'Credit Card', 'PayPal', and 'PayPal Pay Later' (which is highlighted with a red rectangle). On the right, the 'ORDER SUMMARY' shows two items: 'EA SPORTS FC™ 24 Standard Edition' for \$13.99 (40% off) and 'Battlefield™ 2042' for \$8.99 (25% off). The total is \$22.98. Below the summary, there is a promotional banner for Epic Rewards, a creator tag input field, and a 'PLACE ORDER' button at the bottom.

**Work with Product Partnership team on which exact BNPL we should use (Paypal Pay Later, Klarna, Affirm, etc.)*

Roadmap and Execution



Executive Summary

Context

- Our goal is to increase Epic Games Store revenue by \$100M

Targets and KPIs

- To increase revenue, EGS should increase # of transactions / yr
- In the marketing funnel, we should target user sessions that result in cart abandonment
- EGS has 2.64M more cart abandoners than the gaming industry avg
- If EGS can convert these cart abandonments to transactions, that is \$66M in revenue

Recommendations & Next Steps

- For immediate next steps, we should prioritize new features that convert these cart abandonments to transactions and conduct A/B tests accordingly:
 - Notify user of cart item sale/bundle via email and/or popup
 - Targeted recommendations
 - Add BNPL payment option

A group of Fortnite characters standing on a grassy hill under a sunset sky. From left to right: a character in a pink jacket and shorts, a character in a green jacket holding a blue sword, Optimus Prime, a character in a white shirt holding a pickaxe, a character in a black and blue outfit with a blue sword, a character in a yellow and black tiger-print outfit, a character in a white and red suit, and a character in a black and green outfit holding a pickaxe.

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Thanks!

Appendix

Considerations

- These experiments could just remind people about their cart and they may empty their cart and not buy a product
 - Decrease in cart abandonment, but not increase in # of transactions
- Can we offer specialized or specific sales to users who abandon cart?
 - Is this out of scope for this department? Is this something we can do now or in the future? Are there similar initiatives within the company (e.g. winback campaigns having specialized sales)
- How do user wishlists compare to abandoned carts? Can we apply a similar solution to these people?
 - Notifying users of sales/bundles and target recommendations seem like good solutions to drive revenue for wishlist users

Team Dependencies

- UX/User Research
 - Breakdown in % of cart abandonment reasons
 - Popup implementation
- Product Partnerships
 - BNPL option (Paypal Pay Later vs Klarna vs Affirm, etc.)
- Marketing
 - Email content
 - Email timing
- Data Analytics
 - A/B testing
 - KPI tracking
 - Historical data
- ENG
 - Notifying users via Popup/Email, Targeted recommendations, and BNPL implementation

Sources

- Epic Games Mission Statement
 - "The Epic Games Store offers developers an 88% revenue share and direct relationships with creators and players. This helps developers succeed and make more of the games you love."
 - <https://www.youtube.com/watch?v=nv8lkz1a42M>
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- Marketing Funnel Avgs
 - <https://www.salecycle.com/blog/strategies/what-is-cart-abandonment/>