



Epic Games, Inc.

Peter Rossi
Direct Examination

Assignment

- Consider using a survey to elicit reactions of U.S. consumers to a five-percent increase in the price of in-app purchases and subscriptions on iOS apps (“at-issue purchases”).
- I concluded that this would be feasible based on the long tradition of using surveys to assess hypotheticals. My challenge was to implement such a survey with a high degree of reliability.

Design of the Hypothetical Scenario

1 Qualitative research & extensive pretesting.

Rossi Written Direct, ¶¶ 16-20

2 Ground the hypothetical scenario with actual purchase data.

Rossi Written Direct, ¶¶ 25-28

3 Ensure the integrity of that data.

Rossi Written Direct, ¶ 23

Hypothetical Scenario

Think about the same 30-day period you just told us about.

Imagine that, starting 30 days ago, the Apple App Store increased the prices of all IAPs/subscriptions by 5%.

You told us that your spending on IAPs/Subscriptions during the past 30 days was \$4.04. The higher prices mean that the same purchases would have instead cost you \$4.24.

Nothing else about apps or IAPs/subscriptions has changed. Prices at other app stores (e.g. the Google Play store) or websites remain the same.

For your reference, you will see this same information on the next screen, where we will ask you a question about this situation.

Continue »

Rossi Written Direct, p. 10; PX-2547.034

PDX-0091.4

Reactions to the Hypothetical Scenario

Q16

Recall this situation:

Imagine that, starting 30 days ago, the Apple App Store increased the prices of all IAPs/subscriptions by 5%.

You told us that your spending on IAPs/Subscriptions during the past 30 days was \$4.04. The higher prices mean that the same purchases would have instead cost you \$4.24.

Nothing else about apps or IAPs/subscriptions has changed. Prices at other app stores (e.g. the Google Play store) or websites remain the same.

Thinking about the same 30-day period, would you have made the same purchases of IAPs/subscriptions from the Apple App Store with the higher prices?

- ☐ Yes, I would have made the same purchases and spent \$4.24
- ☐ No, I would have changed my purchases and spent less than \$4.24
- ☐ Not sure what I'd have done

Continue »

How Decrementers Would Shift Purchases

Q17

What would you have done to spend less than \$4.24 in the Apple App Store?

In considering your response, keep in mind potential costs and time required to shift purchases to other devices. [See more detail.](#)

(Check all that apply)

- ☐ Would have kept my IAP/subscription spending in the Apple App Store but spent less than \$4.24
- ☐ Would have shifted some or all of my IAP/subscription spending to my other existing devices (not my iPhone)
- ☐ Would have shifted some or all of my IAP/subscription spending to a new device (not an iPhone or iPad)
- ☐ None of the above

Continue »

Rossi Written Direct, p. 11; PX-2547.036

PDX-0091.6

How Much Less Decrementers Would Spend

Q18

To recap the situation:

Past 30 days

Total spending: \$4.04

Situation

Price increase (5%): \$0.20

Same purchases would be: \$4.24

You told us that in this situation you would have spent less than \$4.24.

Enter below your estimate of HOW MUCH LESS you would have spent. In making this estimate, be sure to think about how you would have changed your purchases.

\$

Continue »

Rossi Written Direct, p. 12; PX-2547.038

PDX-0091.7

To Which Device Some Decrementers Would Switch

Q19

You indicated you would have shifted some or all of your IAP/subscription spending to a new device. What type of new device?

(Select all that apply)

☐ A new tablet (not an iPad)

☐ A new computer

☐ A new game console

☐ A new phone (not an iPhone)

☐ Some other new device (specify)

Continue »

Rossi Written Direct, p. 13; PX-2547.041

PDX-0091.8

Summary of Survey Results

Statistic	Observed
Total Sample Size (Rossi Written Direct ¶ 39; PX-2545)	2,595
Number of Deciders (Rossi Written Direct ¶ 40; PX-1088.1; PX-2545)	2,338
Share of Stickers v. Decrementers (Rossi Written Direct ¶ 41; PX-1088.1; PX-2545)	81% v. 19%
Share of Switchers (Rossi Written Direct ¶ 43; PX-1088.1; PX-1089.1; PX-2545)	1.3%
Overall Spending Reduction (Rossi Written Direct ¶ 44; PX-1090.1; PX-2545)	-11.0%
Elasticity (Rossi Written Direct ¶ 44; PX-1090.1; PX-2545)	-2.19 (± .66)

Reliability of the Survey Results

REPRESENTATIVENESS/ PROJECTABILITY:

Multiple representativeness checks showed affirmative evidence that the survey population was representative of the target population.

(Rossi Written Direct ¶¶ 38, 46-50; PX-1091.1; PX-1085.1)

STATISTICALLY RELIABLE RESULTS:

Key survey results had a small margin of statistical error, in part due to the large sample size.

(Rossi Written Direct ¶¶ 38, 45)

ROBUSTNESS TESTING:

Survey results remained robust to re-weighting for education and exclusions of respondents with atypical responses.

(Rossi Written Direct ¶¶ 38, 50-51; PX-1092.1)