



Research Paper

Analyzing The Quality Of The World Wrestling Entertainment, Inc. During The Covid-19 Pandemic

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ABSTRACT—WWE is a media and entertainment company that is known as the most popular professional wrestling promotion in the U.S. It has transformed from one of many regional promotions in the 1980s to the dominant force in “sports entertainment” with a market capitalization of \$2.4 billion. However everything changes, when WWE Issues Statement on Latest COVID-19 Outbreak, Virus Reportedly Spreads After Talent Throws Party. And This paper aims to conduct statistical data analysis of the Quality World Wrestling Entertainment (WWE) events during the COVID-19 pandemic. Through this study, many companies and users will also be able to obtain existential and useful information. As the 8 unique data sets including Analyst recommendations, Crowd Wisdom, Hedge Fund Activity, Media Sentiment and multiple Technical stock factors, The Quality Analysis of the WWE are Neutral.

Keywords: WWE, Quality Analysis, COVID-19

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I. INTRODUCTION

World Wrestling Entertainment (WWE) is the United States-based professional wrestling promotion organization. WWE prides herself as the largest professional wrestling promoter in the world, holding branded events such as the WWE Raw, WWE Smackdown, 205 Live, NXT, and others. WWE is exclusively entertainment in nature and the events are unfolded from the scripted storyline and characterized by predetermined outcomes. Over the years, WWE has grown to be a household name and is viewed by millions of wrestling fans in different countries of the world. Currently, the WWE network has the exclusive rights to broadcast the live matches.

Interestingly, not all the events are freely available for the viewers. Some of the events are viewed based on a subscription known as pay-per-view (PPV). The PPV events were introduced in 1985. PPV is a direct marketing strategy adopted by the WWE to generate revenue for the organization which emanates from the increasing demand for the sport. According to Watanabe, demands for sports usually come in two general forms; live attendance and PPV buy.

However everything changes, when WWE Issues Statement on Latest COVID-19 Outbreak, Virus Reportedly Spreads After Talent Throws Party. When WWE issued the following statement on this latest COVID-19 outbreak in NXT: "As part of ongoing testing protocols, WWE completed its second round of weekly COVID-19 testing on Tuesday. Individuals that tested positive will quarantine for 14 days, receive medical care, and then will only be cleared when they are symptom-free and test negative. Additionally, extensive contact tracing has taken place and other individuals have been placed in 14-day quarantine, and will then only be cleared after they test negative."

This paper aims to conduct statistical data analysis of the Quality World Wrestling Entertainment (WWE) events during the COVID-19 pandemic.

The analysis will be helpful in the prediction of the sports commentary and analysis of past events, auditing, marketing, and future event planning during the COVID-19 pandemic.

In this study, we analyze the structure and contents of WWE during the COVID-19 pandemic. This is because WWE is an OTT based on professional wrestling and has a unique feature that combines sports and entertainment, and the scope is limited and not extensive without the fans having to go the arena of WWE, so it is considered to be very suitable for case studies during the COVID-19 pandemic. In addition, the WWE

Network can legally use the service in Worldwide, and there are no problems in conducting research because it provides a one-month free service. Specifically, this study explores how the contents of the WWE, how the structure exists, and what devices are used for viewing. Through this, not only analyzes the WWE Network in three dimensions, but also understands and explores the overall market of the WWE during the COVID-19 Pandemic. Through this study, many companies and users will also be able to obtain existential and useful information [1].

II. RESEARCH METHODS

A. Data

The raw data was obtained from the websites of WWE and Wikipedia, strictly based on some inclusion criteria outlined in this article. The WWE events are all the professional wrestling events promoted, organized and managed by WWE.

The data were obtained irrespective of the brand affiliation of the wrestlers or events before the COVID-19 Pandemic. The conditions that culminated in the data collection were listed. The PPV events often feature non-title, title matches and some special matches with unique stipulations in front all of the fans [2].

B. Overview

WWE should combine aspects of all four alternatives listed above. Special Raw and SmackDown content that is separate from the show can be delivered exclusively through WWE Network. It should hold occasional one-off special matches featuring Raw and SmackDown characters on the network. These specials can return to the old TV-14 rating that was so popular when the WWE was most popular. Well-known superstars should be used in infrequent events in held in international markets. The events should be separate from main storylines and shown in the U.S. through WWE Network. Popular fighters outside of the WWE should also be featured in special promotions.

The main change WWE would be making would be producing Raw and SmackDown content separate from the live show that is exclusive to WWE Network. These would include a pre-show special each week, featuring the storylines leading into that event with recaps of what characters have been doing, released the day of the event only on WWE Network. When there is enough content to warrant it, post-show content could be released 30 days after the show airs. This could include recaps of the show as well as interviews with wrestlers. The one-off specials should be released every three months, to avoid crowding out WWE's current list of pay-per-view specials. These specials should not be the most integral matches to the storyline; that would risk alienating live-only viewers. They can feature smaller matches between competitors who are not as well-known, or who are rising but do not have huge popularity yet (such as NXT wrestlers). Reintroduction of the TV-14 rating in specials will be very important; specials should prominently feature what has been removed since the switch to PG.

This plan will affect several parts of WWE's overall strategy. The company's enterprise strategy will change, largely because of the inclusion of TV-14 content. The inter-organizational strategy will also be changed regarding WWE's relationship with other fighting or sports leagues. These leagues are generally seen as direct competition, but crossover events could lead to mutually beneficial publicity. Finally, the business unit strategy will change, as the lines between business units become blurrier with these plans. Raw and SmackDown have always been exclusively shown on live TV. Producing content for these programs on WWE Network is a big change. Stronger focus on WWE Network will also continue to eat into the declining revenues coming from pay-per-view events.

WWE has gone from just one of many regional wrestling promotions to the dominating force in professional wrestling in the U.S. Modern changes in how viewers consume content have already been embraced by WWE through the WWE Network, as well as through the incredibly strong social media presence held by the company. WWE must focus on these parts of its business along with increasing its exposure to new potential fan bases to continue growing. Exclusive WWE Network programs, international events, and live sports crossovers may be effective ways to do this. If these strategic changes are successful, WWE will have a chokehold on its competition [1].

III. RESULTS

A. Analysis of WWE PPV Venues before the COVID-19 Pandemic

Several venues in 50 states of the United States, Washington DC, Puerto Rico, England, Canada, Saudi Arabia and Australia have hosted WWE PPV events. The first event took place in Madison Square Garden, New York in 1985. Thereafter, other venues have hosted the events. Some of the venues are: Rosemont Horizon, Rosemont, Illinois; Miami Arena, Miami, Florida; USAir Arena, Landover, Maryland, Gund Arena, Cleveland, Ohio, Alamodome, San Antonio, Texas, SAP Center, San Jose, California and other venues in other US States, Washington DC, Puerto Rico, England, Canada, Saudi Arabia and Australia. The states in the United States and Countries that have hosted at least one WWE PPV events from inception to date are presented in **Table 1**. Sixteen states in the US are yet to host any WWE PPV events as of the events confirmed for February, 2019.

The states are: Alaska, Delaware, Hawaii, Idaho, Iowa, Kansas, Maine, Mississippi, Montana, New Mexico, North Dakota, South Dakota, Utah, Vermont, West Virginia and Wyoming.

It can be seen from **Table 1** that PPV events are strategically held in US states with a high population and states with a high percentage of residents with high income.

This was further highlighted in the aforementioned states that have not held any of the events. Interestingly, most of those states are conservative.

The recent hosting of PPV events in Australia and Saudi Arabia are strategically done to increase revenue. Also, there has been a decline in hosting of PPV events in Canada and England [2].

Table 1: Frequency of the US states, capital, territory and other countries that have hosted at least one WWE PPV event from 1986 to February 2019

State/ Country	Freq.	State/ Country	Freq.
California	38	New Jersey	13
New York	34	Michigan	12
Texas	30	England	12
Pennsylvania	23	Maryland	9
Florida	19	North Carolina	9
Illinois	19	Arizona	8
Ohio	16	Georgia	8
Massachusetts	15	Tennessee	8
Missouri	14	Indiana	6
Canada	14	Louisiana	6
Nevada	6	Australia	2
Wisconsin	6	Nebraska	2
Washington DC	6	Oregon	2
Minnesota	5	South Carolina	2
Rhode Island	5	Alabama	1
Connecticut	4	Arkansas	1
Kentucky	4	Colorado	1
Virginia	4	New Hampshire	1
Washington	3	Oklahoma	1
Saudi Arabia	3	Puerto Rico	1

The following **Table 2** is a list of the largest attendances in the history of the American professional wrestling promotion WWE. The list is dominated by WWE's flagship WrestleMania pay-per-view (PPV) event, which since 2007's WrestleMania 23 has been held exclusively in stadiums that typically have a seating capacity of at least 70,000 people or more. Only ten of the attendances listed are non-WrestleMania events, with The Big Event and Global Warning Tour: Melbourne being the only house show events on the list. All but eleven of the events included have been held in the United States where WWE is based, while three have been held in Canada, three in Japan, two in Saudi Arabia, two in Australia, and one in the United Kingdom.

The minimum attendance of 40,000. Although many of WWE's attendance records are disputed, for the purpose of this list, WWE's announced attendance figures are shown [3].

Table 2: List from the top ten, the most WWE Attendance records

Event	Location	Attendances
WrestleMania 32	Arlington, Texas	101,763
WrestleMania III	Pontiac, Michigan	93,173
WrestleMania 35	East Rutherford, New Jersey	82,265
WrestleMania 29	East Rutherford, New Jersey	80,676
SummerSlam	London, England, United Kingdom	80,355
WrestleMania 23	Detroit, Michigan	80,103
WrestleMania XXVIII	Miami Gardens, Florida	78,363

WrestleMania 34	New Orleans, Louisiana	78,133
WrestleMania 31	Santa Clara, California	76,976
WrestleMania 33	Orlando, Florida	75,245

WWE has become huge today, reaching \$801 million in revenue in 2017 with a \$2.4 billion market capitalization (“Investor Overview”, n.d.). Vince McMahon remains Chairman and CEO of the company headquartered in Stamford, Connecticut. According to the company’s site, the mission of the WWE is to deliver original family friendly entertainment 52 weeks a year on multiple platforms across the world. This content is delivered on television, pay-per-view, digital media, and publishing platforms. The operations of the business itself are split into four primary groups. The first group is the media division, which deals with WWE Network, pay-per-view, television, home entertainment, and digital media. WWE Network is the “first-ever 24/7 direct-to-consumer premium network that includes all 16 live pay-per-views, scheduled programming and a massive video-on-demand library.” The second group is live events. Third is consumer products, and fourth is WWE studios (“Company Overview”, n.d.). **Figure 1** show WWE’s revenues come primarily from its media division and from live events (World Wrestling Entertainment, Inc., 2018).

The media division in 2017 represented 64% of WWE’s net revenue, and subscriptions made up a large portion of that. The WWE Network first launched in February 2014 and is a subscription-based network available across many international markets. Included are 9,400 hours of video-on-demand as well as monthly pay-per-view events like WrestleMania. Subscription net revenues represented 23% of total revenue in 2017. Due to the increase in subscribers to WWE Network, pay-per-view revenues have decreased since 2014, down to just 2% of revenue in 2017 (World Wrestling Entertainment, Inc., 2018).

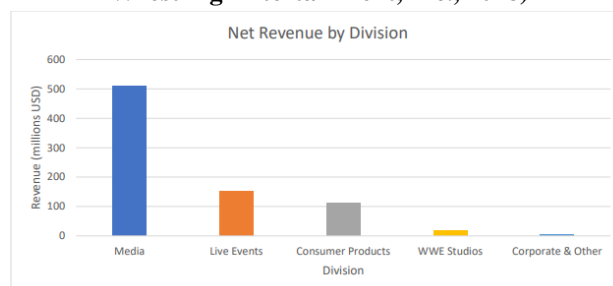
Television, on the other hand, still represents a huge portion of revenues, through shows like Raw and SmackDown Live. Raw is the longest running weekly episodic program in primetime TV history, and SmackDown Live became a two-hour live show in 2016, featuring a separate cast and writing team. These programs, along with others, are broadcast in 170 countries and 20 languages. In 2017, WWE received net revenues of \$270.2 million from television, 34% of total revenues. Smaller portions of revenue in the media division come from home entertainment and digital media (World Wrestling Entertainment, Inc., 2018).

Live events make up the second largest portion of WWE’s revenue in 2017. WWE storylines are played out through live events. WWE produced 314 live events in 2017 throughout North America, with over 1.8 million fans purchasing tickets with an additional 70 events held internationally. WWE also produces NXT as a separate brand for live events featuring upcoming stars. NXT tours globally, reaching 152,000 fans through weekly broadcasts and specials. Overall, live events netted \$151.7 million in revenue in 2017, making up 19% of total revenue (World Wrestling Entertainment, Inc., 2018).

The third largest portion of WWE’s revenue comes through Consumer Products, making up 14% of net revenue in 2017. The division is made up of licensing, venue merchandise, and WWEShop. Overall licensing revenues were \$52.1 million in 2017, representing 7% of total revenue. Venue merchandise revenue totaled \$23.8 million in 2017, making up 3% of total net revenues. WWEShop is the company’s e-commerce store, with revenues of \$37.8 million, 5% of the total for 2017 (World Wrestling Entertainment, Inc., 2018).

The smallest portion of WWE’s revenues comes from the WWE Studios division. WWE Studios deals with filmed entertainment content and focuses on partnerships with other companies. It released nine films in 2017, and made net revenues of \$18.6 million, 2% of overall net revenues (World Wrestling Entertainment, Inc., 2018) [1].

Figure 1: WWE’s revenues come primarily from its media division and from live events (World Wrestling Entertainment, Inc., 2018)



B. Impact of the COVID-19 Pandemic on the WWE

The American promotion WWE began to move the broadcasts of its weekly programs SmackDown and Raw (which usually broadcast from arenas) behind closed doors to its Orlando training facility, the WWE

Performance Center, beginning with SmackDown on 13 March, with no audience and only essential staff in attendance. The promotion also postponed some of its upcoming house shows.

WrestleMania 36—WWE's flagship pay-per-view event—was originally scheduled to be held at Raymond James Stadium in Tampa. On 16 March, WWE announced that it would also be produced from the Performance Center and air across two nights (4 and 5 April). WrestleMania Weekend's associated events, such as the NXT TakeOver: Tampa Bay card (which was scheduled for Amalie Arena) and WWE Hall of Fame induction ceremony were also postponed to unannounced dates, though TakeOver was ultimately canceled with its planned matches moved to weekly episodes of NXT. Matches for WrestleMania, as well as the final two episodes of SmackDown and final episode of Raw before WrestleMania, were recorded in advance at the Performance Center between 21 and 26 March. While the majority of matches were filmed in Performance Center arena and presented plausibly live, two matches were filmed off-site in different, cinematic styles.

After continuing with pre-taped episodes for the go-home shows after WrestleMania, WWE announced that its weekly series would resume live broadcasts on 13 April, with Raw and SmackDown from the Performance Center as before, and NXT from its existing studio at Full Sail University in Winter Park. WWE told ESPN that "it is now more important than ever to provide people with a diversion from these hard times", and that its programming "bring[s] families together and deliver a sense of hope, determination and perseverance". WWE also confirmed that one of its employees had contracted COVID-19 after a meeting with two health care workers on 26 March, but that the exposure occurred after production had wrapped; the employee had not made any contact with WWE staff since and they made a complete recovery. Wrestling journalists Dave Meltzer noted that WWE's television contracts with Fox and USA Network likely restricted the number of non-live episodes it could broadcast per-year (accommodating breaks in live broadcasts usually held around the Christmas and New Year holidays).

WWE's next PPV, Money in the Bank, was expected to be held at Baltimore's Royal Farms Arena in May, but was canceled by the arena on 9 April. On 17 April, WWE announced that the show's eponymous Money in the Bank matches (where wrestlers compete to retrieve a briefcase suspended above the ring with a ladder, containing a contract granting rights to challenge one of WWE's world championships at any point within the next year) would take place at its world headquarters building in Stamford, Connecticut, with a new "corporate ladder" gimmick where the briefcases would be suspended above a ring on the building's roof; the wrestlers began on the ground floor of the building and fought their way to the roof. The rest of the event occurred live at the Performance Center.

On 9 April, Florida's Division of Emergency Management added an exemption to the state stay-at-home order for employees of a "professional sports and media production with a national audience", if closed to the general public. On 13 April, Mayor of Orange County Jerry Demings acknowledged the change during a news conference, stating that they were made following consultations with the office of Governor of Florida Ron DeSantis, and that they would allow WWE to continue its operations. It was reported that WWE had received repeated warnings by state officials over the stay-at-home order, but that DeSantis considered the operation critical to the state economy, and accommodated them by allowing the aforementioned changes.

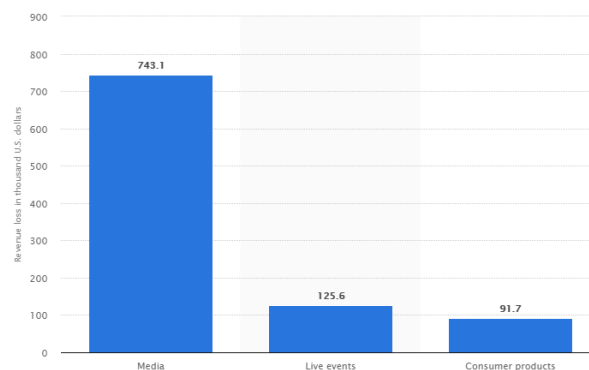
DeSantis acknowledged the changes the next day, explaining that viewers were "starved" for sports content, and that the new exception could also be theoretically used by other sporting events. The same day, U.S. president Donald Trump announced that he was forming an economic advisory group to address the country's emergence and "reopening" from the pandemic; WWE owner and chairman Vince McMahon was named to the group (alongside other major sports commissioners and team owners). McMahon has been an ally of Trump, who has also made appearances on WWE programming in the past, and is also a member of the celebrity wing of the company's Hall of Fame.

On 28 August, WWE moved its weekly Raw and Smackdown shows, as well as pay-per-views, to the Amway Center which is also in Orlando. The centerpiece of the new setup is "ThunderDome," which is a video wall with hundreds of television monitors. NXT remained at Full Sail.

The COVID-19 pandemic at the beginning of 2020 hit the sports industry hard. Many professional leagues across the globe suspended their seasons, while WWE suspended some of its events. WrestleMania 36, which was scheduled to take place on April 5, 2020 in Tampa, will be the first pay-per-view WWE event to take place with no live audience.

Based on the 2019 figures, WWE could potentially lose up to 125.6 million U.S. dollars in live events revenue due to the coronavirus pandemic. It can be seen from **Figure 2** the Potential loss of revenue for WWE due to the coronavirus (COVID-19) pandemic as of March 2020 (in 1,000 U.S. dollars) [4].

Figure 2: Potential loss of revenue for WWE due to the coronavirus (COVID-19) pandemic as of March 2020 (in 1,000 U.S. dollars)



Stamford-based WWE is furloughing workers effective immediately and cutting executives' pay because of the impact from the COVID-19 pandemic. The company said it is reducing executive and board member compensation; decreasing operating expenses; cutting talent expenses, third party staffing and consulting; and deferring spending related to the new headquarters for at least six months. "Given the uncertainty of the situation, the Company also identified headcount reductions and made the decision to furlough a portion of its workforce effective immediately," a statement on the WWE website says. "The decision to furlough versus permanently reduce headcount reflects the fact that the Company currently believes the furlough will be temporary in nature."

The statement goes on to say: "Management continues to believe the fundamentals of the Company's business remain strong and that WWE is well positioned to take full advantage of the changing media landscape and increasing value of live sports rights over the longer term."

On April 15th 2020, the world saw WWE's 'Black Wednesday'. Amid rising coronavirus cases and lockdown restrictions across the world, the premier pro-wrestling industry saw over 30 wrestlers and staff members getting fired, and several other production crew and staff members getting furloughed, reportedly to meet the financial needs of the troubled times. The superstars who were fired included some of the big names- Kurt Angle, Rusev, Zack Ryder, Karl Anderson, Luke Gallows, EC3, etc. The company also let go of referee Mike Chioda, while production staff members Fit Finlay, Billy Kidman and Gregory Helms were furloughed.

The decision was widely criticised as WWE talent with families were asked to be on their own at the time when there was limited chance of them getting signed by any other promotion due to the ongoing global pandemic. Multiple reports at the time further suggested that the company had enough cash reserve to pay all of their staff and make significant profits, even if they were forced to cancel shows, which meant the WWE were not in any real position to do this.

The WWE also had to cancel all their live shows, and held WrestleMania - the biggest show of the year - amid closed doors. The WWE TV shows, and the pay-per-views, in the past three months have also been held at WWE Performance Center in Florida behind closed doors. Yet, McMahon has seemingly flourished in the past three months, something which was previously predicted by Wrestling Observer Radio's Dave Meltzer. However McMahon's rise in income is reportedly primarily due to the TV deals with USA and FOX network, and the ongoing controversial relationship with Saudi Arabia, which reportedly brings around \$1 billion over the course of a decade.

Here are some of the names mentioned on WWE- Kurt Angle, Rusev (Miroslav Barnyashev), Drake Maverick (James Curtin), Zack Ryder (Matthew Cardona), Curt Hawkins (Brian Myers), Karl Anderson (Chad Allegra), Luke Gallows (Drew Hankinson), Heath Slater (Heath Miller), Eric Young (Jeremy Fritz), Rowan (Joseph Ruud), Sarah Logan (Sarah Rowe), No Way Jose (Levis Valenzuela), Mike Chioda, Mike Kanellis (Mike Bennett), Maria Kanellis, EC3 (Michael Hutter), Aiden English (Matthew Rehwoldt), Lio Rush (Lionel Green), Primo (Edwin Colon) and Epico (Orlando Colon Nieves).

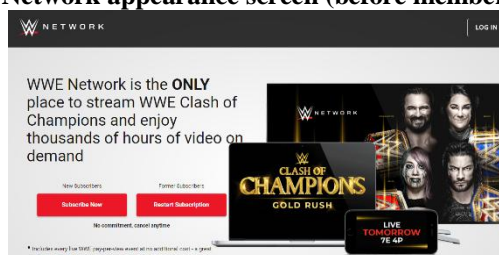
The Business Impact because of the COVID-19 pandemic, make reviews of WWE's decision to forge ahead with WrestleMania and the two nights of wrestling shows mixed, Loop Capital's Gould in his March 25 report predicted WrestleMania "will generate less revenue and likely less ongoing WWE Network subscribers" than in previous years. "The event will lose its ticket and most of its merchandise and sponsorship revenue," he explained. Analysts have estimated that WWE's lost revenue from WrestleMania 36 weekend, including other

events it puts on, would amount to \$15 million to \$20 million-plus, with Guggenheim Securities' Curry Baker seeing a \$15 million to \$20 million hit from lost ticket sales and merchandise, while Wrestlenomics analyst Brandon Thurston has suggested a roughly \$22 million revenue hit. The company was expected, however, to save on production costs, which peak for its WrestleMania stadium events. With WWE, like many other media and entertainment firms, on March 12 pulling its 2020 financial guidance due to the coronavirus pandemic, saying its impact could be "material," Gould has also reduced his operating income before depreciation and amortization estimate for the company for the whole year from \$274 million to \$194 million. WWE isn't expected to provide any color on how many WWE Network subscribers it signed up thanks to WrestleMania until its next earnings report, and it is not clear if any WrestleMania 36 pay-per-view sales figures will be disclosed.

C. WWE Events during the COVID-19 Pandemic

WWE Network is an Internet streaming service provided by WWE and is OTT. WWE Network first started its service in the US in February 2014, and has since provided services in Asia, Europe, and Africa. There are many reasons for the establishment of the WWE Network, but the main reason is to provide services directly without going through a broadcasting station. However, WWE Network cannot broadcast programs such as (Smackdown! and Raw), which are currently broadcast weekly, in real time, but provides a replay service by recording them, and other past videos and independent contents Has been provided. In addition, PPV can be viewed again without paying an additional amount, and some of them can be viewed in real time. **Figure 3** shows the appearance of WWE Network before membership [5].

Figure 3: WWE Network appearance screen (before membership registration)



Initially, the WWE Network provided a 6-month flat rate, but soon abolished it and changed it to a system that provides services at a monthly price of \$9.99. In addition, the first member subscribers can use the service for free for one month, increasing accessibility. The WWE Network has grown greatly through WWE's overall services and direct advertisements during matches. In January 2015, 11 months after launch, the number of paid subscribers succeeded in reaching 1 million [6]. Currently, the WWE Network is continuously growing. As of the fourth quarter of 2018, it supported 1.59 million paid members, and the annual growth rate is 7%. The number of paid payment members is not only for the United States but also for the world, and it can be said that the WWE Network service is available in 186 countries, so it is a global OTT and content.

WWE kicked off June with the launch of a free version of WWE Network, a streaming video subscription service. With the free version, wrestling fans can get their fill of new WWE shows, original series, weekly WWE highlights and select events. WWE Network, who launched their service early in the direct-to-consumer streaming video subscription game, is trying to reimagine its service to attract more viewers. The free version is available now by downloading the WWE app on devices including smartphones, gaming consoles, tablets, TVs and computers.

“The launch of WWE Network’s Free Version is a key component of our company’s digitization strategy and a new way for all fans to be able to experience premium WWE content,” said Jayar Donlan, WWE executive vice president of advanced media, in a June 1 announcement. “As we continue to reimagine WWE Network’s offering, the Free Version will serve as an effective way to reach a broader group of consumers and allow them to experience the history and spectacle of WWE.”

Viewers of the free version of WWE Network’s streaming video subscription service can access more than 15,000 hours of content including:

- New shows including Raw Talk which streams on Monday nights immediately following Raw
- Groundbreaking original series including Monday Night War, Ride Along, Table for 3, Photo Shoot and Story Time
- Recent episodes of WWE’s flagship programs Monday Night Raw, Friday Night SmackDown and NXT
- Select historical WWE pay-per-views and NXT TakeOver events

- Weekly WWE highlights, Top 10, WWE's The Bump, WWE Now, The Best of WWE and WWE Timeline

In addition to letting go of top talent, McMahon was under fire for some questionable business decisions made this spring including operating as an "essential business," putting employees at risk from COVID-19 by airing live shows – Raw, Smackdown and NXT, McMahon filing for bankruptcy for the XFL and advising Trump on the economy, according to Deadspin.

In the company's first quarter financial report released on April 23, the company reported revenue of \$291.0 million, a 60% increase year-over-year, and net income of \$26.2 million, compared to a loss of \$8.4 million in the first quarter of 2018. Total subscribers were on target at 1.46 million, and viewership of WWE Wrestlemania (April 4-5) had record viewership with 967 million video views on digital and social platforms, a 20% increase year-over-year.

WWE launched the WWE Network in early 2014, one of the earliest streaming services, particularly in the niche category. By the end of the third quarter of 2014, WWE Network had attracted 731,000 paying subscribers, and it has taken six years to double that audience. Because it is such a niche subscription service with a huge fan base, it is surprising the streaming service has not done better in recent years. Last year, the streaming video subscription service switched to a new platform and that relaunch was quite rocky, likely turning off some fans.

This year is a whole different story for WWE, and it is hard to predict what will happen in the remaining quarters of the year. COVID-19 undoubtedly has impacted the company's ability to host live events, but at the same time, it is drawing new viewers who are stuck at home during the coronavirus pandemic. The new version of WWE Network's streaming video subscription service will certainly help attract new viewers, so this is a good time for the launch. The question is can WWE convert these new viewers into paying subscribers. If not, why not? Their strategy is not clear.

WWE announced today that the Network had 1.69 million subscribers as of the end of the second quarter of 2020. The number was up 5.8% from the prior year quarter. That breaks down to 1.229 million U.S. subscribers and 461,000 international.

However, the average number of paid subscribers for the quarter was down slightly from last year. The Network averaged 1.661 million subscribers in the quarter, down 1.6% from 1.688 million in the same quarter last year. Of those 1.661 million subscribers, 1.207 million were from the U.S. and 454,000 were international. Overall, Network revenue was \$49.4 million in the quarter, down 4.6% from \$51.8 million in the prior year quarter.

It should be noted that WWE did not break down the number of free subscriptions vs. paid in the quarter. WWE had announced 2.1 million subscribers as of April 6, which was Night Two of WrestleMania 36, so they have lost 410,000 subscribers since that event. However, WWE was still offering free subscriptions at that point. WWE dropped the first free promotion of the Network in June, and instead launched a free tier of the Network. Vince McMahon noted on today's earnings call that they have not hurt themselves by moving to the free tier as opposed to having a 30 day free trial.

Because of the coronavirus situation, WWE pulled off all of the live events without the fans in the arena. WWE says it has under the coronavirus restrictions been producing content, including WrestleMania 36, on a closed set with only essential personnel in attendance following federal, state and local guidelines, while taking additional precautions to ensure the health and wellness of performers and staff. Filming is, for example, understood to take place in waves to limit the amount of people in attendance.

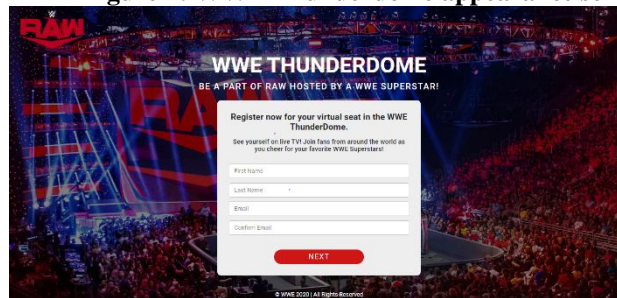
However WWE has officially confirmed huge plans to reintroduce fans as part of a state of the art experience for all shows. Starting with Friday Night SmackDown on August 22, the company is promising to give its audience a whole new way to enjoy their televised events with the ThunderDome. WWE is moving from the Performance Center to the Amway Center – still in Orlando, Florida – and there are massive changes in place as the promotion gets settled into its new home for Raw, SmackDown and pay-per-views. With a fresh, state-of-the-art set, video boards, pyrotechnics, lasers, cutting-edge graphics and drone cameras, it sounds like these events will look like nothing we've seen before.

Kevin Dunn – WWE's Executive Vice President, Television Production – commented: 'WWE has a long history of producing the greatest live spectacles in sports and entertainment, yet nothing compares to what we are creating with WWE ThunderDome. 'This structure will enable us to deliver an immersive atmosphere and generate more excitement amongst the millions of fans watching our programming around the world.' The debut of ThunderDome – coming this week to kick off SummerSlam weekend – will coincide with WWE's move away from its training facility, where it has held shows since March due to the coronavirus pandemic. The technology – which comes from The Famous Group – will see a virtual return for fans via live video on big LED boards.

WWE ThunderDome is a state-of-the-art set, video boards, pyrotechnics, lasers, cutting-edge graphics and drone cameras that will take WWE fans' viewing experience to an unprecedented level. WWE ThunderDome will virtually bring fans into the arena via live video on massive LED boards for every Monday

Night Raw, Friday Night SmackDown and WWE pay-per-view event. WWE ThunderDome is available to fans globally. Please remember that seats are limited and available on a first-come, first-served basis. Visit our social media pages frequently for announcements to register for future events if you do not make it into the WWE ThunderDome on your first try. In **Figure 4** will shows the appearance of WWE Thunderdome.

Figure 4: WWE Thunderdome appearance screen



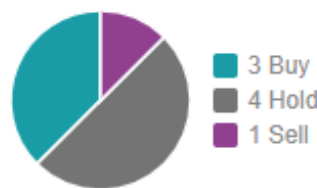
WWE ThunderDome is free, and fans can register for their virtual seat to be a part of upcoming shows at www.WWETHunderDome.com. WWE’s social media pages frequently for announcements to register for future events if you do not make it into the WWE ThunderDome on your first try. Fans will receive an email after they register with a specific call time to join WWE ThunderDome. Call times for Monday Night Raw and Friday Night SmackDown will start at 7 p.m. ET as fans will be able to join Main Event prior to Raw and 205 Live prior to SmackDown. Call times for WWE pay-per-view events may vary, and WWE will provide details in the confirmation email.

WWE’s profits during this quarter have quadrupled. That happened on two seperate grounds. Firstly, analysts expected a profit figure of around \$11.5-12 million. Surprising them all, the company’s figure stands at a whopping \$43.8 million. That’s not all. If you compare this with last year’s Q2 figures, the importance of this amount increases multifold. Last year, the company reported \$10.4 million as profits in Q2.

The pandemic proved more profitable for the company. But the glaring question is despite all the drawbacks that have mentioned, the production costs have come down substantially for the WWE. Taping a show at the performance center with no crowds is significantly cheaper than doing that in a live arena. Additionally, multiple shows and episodes are taped together. The second factor can be attributed to WWE’s attractive deal with FOX.

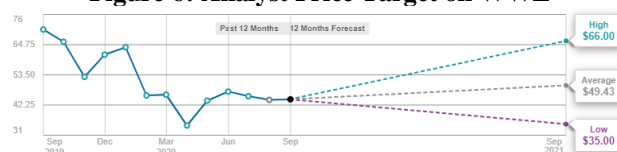
In **Figure 5** will shows the Analyst Rating Consensus Based on 8 Wall Street analysts offering stock ratings for World Wrestling in the last 3 months (by analysts ranked 0 to 5 stars).

Figure 5: Analyst Rating Consensus Moderate Buy WWE



In **Figure 6** will shows the Analyst Price Target on WWE Based on 8 analysts offering 12 month price targets for World Wrestling in the last 3 months. The average price target is \$49.43 with a high forecast of \$66.00 and a low forecast of \$35.00. The average price target represents a 26.26% increase from the last price of \$39.15. [7]

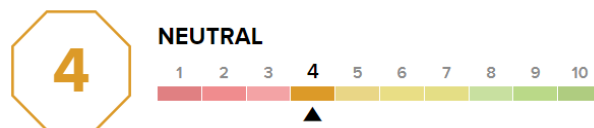
Figure 6: Analyst Price Target on WWE



In **Figure 7** will shows the World Wrestling Stock Analysis & Ratings, The World Wrestling stock analysis is based on the TipRanks Smart Score which is derived from 8 unique data sets including Analyst recommendations, Crowd Wisdom, Hedge Fund Activity, Media Sentiment and multiple Technical stock

factors. The Smart Score is a quantitative, Data-Driven rating system and does not include human intervention. [8]

Figure 7: The World Wrestling Stock Analysis & Ratings



IV. CONCLUSION

World Wrestling Entertainment (WWE) has reported strong 1Q20 earning results, with revenue, EBITDA and EPS easily beating consensus estimates. As a result, shares surged 15% on Friday, bringing the stock's year-to-date loss to 30%. "What became clear from WWE's reported earnings and comments was that WWE is COVID-19 resistant" cheered five-star Needham analyst Laura Martin following the earnings report. She gave four key reasons why WWE is poised to excel even in the current global economic crisis:

- WWE is one of the only companies in the US still producing new content today;
 - Moving new production to its performance center in Florida positively impacts its free cash flow because WWE loses money from its live events;
 - Over 50% of WWE's revenue comes from 5-year media deals with large companies such as FOXA, USA Network, etc and these payments continue since WWE is delivering new episodes each week; and
 - Florida has declared WWE content creation an "essential service," which lowers WWE's new customer acquisition costs as there is less competition from new sports, film or TV content as lockdowns continue.
- Specifically, WWE reported 1Q20 revenue of \$291 million (up 60% year-over-year), and Adjusted EPS of \$0.41 (up vs its 1Q19 loss of \$0.11). Operating income was \$53.3 million, compared to a loss of \$6.8 million in the prior year quarter. Meanwhile free cash flow totaled \$57.6 million, compared to a \$10.1 million use of cash in the first quarter 2019. At the same time, WWE Network average paid subscribers were 1.46 million, consistent with guidance, while digital video views increased 25% to 9.6 billion. "Our first quarter financial performance was strong and largely unimpacted by the COVID-19 outbreak," said Vince McMahon, WWE Chairman & CEO. Frank Riddick, interim CFO, added, "Given the current uncertainties of the potential impacts of COVID-19 on our business, we have reduced employee, talent and other costs and delayed approximately \$140 million in capital spending related to our new headquarters to strengthen our financial performance going forward." With these figures in mind, Martin reiterated her WWE buy rating with a \$45 price target. Overall the stock shows a slightly more cautious Moderate Buy analyst consensus, with an average analyst price target of \$51 (14% upside potential). As the 8 unique data sets including Analyst recommendations, Crowd Wisdom, Hedge Fund Activity, Media Sentiment and multiple Technical stock factors, The Quality Analysis of the WWE are Neutral [9].

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