

# Wwe-case analysis no.1 essay



**ASSIGN  
BUSTER**

WWE-Case Analysis No. 1 The World Wrestling Entertainment, also referred to as the WWE, is an integrated media and entertainment company that has a wide array of businesses that have a very passionate loyal customer base. It has been considered the recognized leader in sports entertainment for more than twenty five years. The WWE mission statement captures the WWE purpose and what it intends to do.

It states, " We seek to be a preeminent global provider of entertainment that evokes a uniquely passionate emotion from our fans. We will continue to leverage our content and talent across all media platforms to drive revenue and strengthen our brand. " The WWE vision declares what the WWE would like to see in the future. This vision is part of their business strategy that can be found at [www. coporate. wwe.](http://www.coporate.wwe.com)

[com](http://www.coporate.wwe.com) . The WWE business strategy according to the WWE Corporate Website states, " Our formula is straightforward. We develop compelling content anchored by our Superstars. We market this content to drive television ratings, which, in turn, drive pay-per-view buys, live event attendance, WWE. com traffic, and branded merchandise sales and other business initiatives.

Our strategy is to capitalize on the significant operation leverage if our business model through the distribution of this intellectual property across existing media platforms, as well as new and emerging distribution platforms. We are working to expand the mainstream potential of the WWE brand in domestic and international markets, develop extension businesses off the WWE brand, fully develop our Internet presence as an entertainment and advertising platform, and develop new programming and sports

entertainment brands that leverage WWE's core competencies. As part of our business strategy, we continue to pursue initiatives to strengthen our brands, expand internationally, effectively use our valuable library of wrestling content, and explore options in filmed entertainment. The WWE Corporate objectives pertain to their four revenue reporting segments which include the following: Live and Televised Entertainment, Consumer Products, Digital Media, and WWE Studios. Live and Televised Entertainment incorporates live performance events, the sales of merchandise at live events, television programming and pay-per-view, and video on demand programming.

The consumer products segment consists of video games, toys, books, as well as other consumer products sold by third parties who are licensed to sale the WWE brand name. Magazines and home video products are also included in the consumer products segment. Digital media includes ecommerce, online advertising, broadband, & mobile consumer services. WWE Studios focuses on filmed entertainment as well as reality TV. If I were a corporate officer for the WWE, I would propose a mission statement that includes the company name and doesn't narrow it's audience to simply it's fan base.

It would read, " World Wrestling Entertainment seeks to be a dominant global provider of sportsmanship and entertainment that creates a certain mood for our audience. We will continue to expose our talent increasing our demand across all emerging media platforms to strengthen revenues as well as the brand power of the WWE. " My vision for the organization would include proposals of expanding ecommerce and introducing several more

websites that promote the WWE Brand. I would increase online advertising. I would also try to increase more venues to showcase the WWE Superstar talent. The WWE business model displays the percentage of revenues produced by each market segment.

According to this business model, which is also on the [www.corporate.wwe.com](http://www.corporate.wwe.com) website, shows that twenty percent of revenues are derived from television, which includes five hours of prime time programming per week in the US as well as one hundred and thirty other countries, twenty one percent of revenues are produced from pay-per-views, which had five million buys in the year 2007, twenty four percent of revenues each came from consumer products and live events, with the top products being toys, video games, and DVD's, and 230-235 live events in North America along with 75-80 international events.

Digital Media and Films accounted for the other eleven percent. I would try to increase revenues from television from 24% to 35% by expanding my venues and adding additional contracted networks for programming. I would also increase the WWE exposure in the global market by pushing consumer products and pay-per-view sales. The WWE is a very powerful, one of a kind, entertainment industry.

It has evolved from being a sport to all out entertainment for a very diverse demographic market that averages ages 12-34. For this reason, the organization has to keep up with the consumer megatrends and be flexible enough to appeal to all ages. This is a family oriented company that is family owned and that being said one of their goals should be to appeal to

everyone on some level, not just the die hard fans. This allows for constant growth and external opportunities. Expansion of digital media will help to obtain this goal through increased online advertising, increased video on demand services, as well as increased content on the internet that drives the WWE story lines during live performances. WWE Mobile services are to be offered that include ringtones, wallpaper, videos, text message alerts, and mobile voting.

Consumer product expansion will continue to soar through powerful distribution channels like Wal-Mart & Best Buy. Bringing in new distribution partners such as Mattel and increasing magazine circulation will also help to appeal to consumers of all ages. Prior to the new millennium the WWE had only a few core competitors that were considered a threat to their organization. The World Championship Wrestling, also called the WCW, and the Extreme World Championship, also called the ECW.

Even though these two competitors never had near the ratings that the WWE has, they did attract certain Superstars away from the WWE. WWE eventually bought out the ECW due to their low ratings. The WCW was the largest competitor thus far to the WWE, until money and management drove them to being bought out by the WWE. Now there are no competitors to the WWE.

There is minor wrestling organizations, but none as successful as the WWE. The WWE has several competitive strengths which make it very investment worthy. It is a popular, unique, and global entertainment brand. It has a very strong financial history which includes strong operating leverages, a

quarterly dividend increase of fifty percent with a yield of eight percent, and cash and investments worth \$256 million with very little debt. The WWE also has significant growth through international expansion and development of digital media and internet opportunities.

There are no current competitors that threaten the WWE at this time.

However, prior to the millennium there was a couple mentioned previously as detailed below. WWE Competitive Strength Assessment- Prior Millennium (CSA)

Category	WWE	WCW	ECW	Rating	Wt'd Score	Rating	Wt'd Score
Management	0	20	30	6	10	3	10
Cash Flow	0	10	20	11	10	1	0
E-Commerce	0	10	10	1	10	10	110
Distribution Channels	0	10	30	1	10	10	30
Diverse Market Entry	0	10	20	2	10	20	20
Brand Power	0	10	20	1	10	20	210
Consumer Loyalty	0	10	20	2	10	20	220
Live Performances	0	10	30	2	10	20	220
Global Expansion	0	10	30	2	10	20	220
Total	1	00	2				

220. 4 Cash Flow 0. 1020. 210. 110. 1 0 E-Commerce 0.

1010. 110. 110. 1 Distribution Channels 0. 1030.

320. 220. 2 Diverse Market Entry 0. 1020.

210. 110. 1 Brand Power 0. 1020. 220. 210.

1 Consumer Loyalty 0. 1020. 220. 220.

2 Live Performances 0. 1030. 320. 220. 2 Global Expansion 0.

1010. 110. 110. 1 Total 1. 00 2.

2 1. 4 1. 5 There are several external factors that affect the WWE organization as outlined in the EFE Matrix below. Global Expansion, increased internet presence and e-commerce, and emerging media platforms are all opportunities that the WWE has within their grasp. Several threats that exist toward the WWE include decreased consumer television ratings due to new

reality TV shows like “ American Idol & Who Can Dance”. A slumping economy and increasing travel costs also threaten WWE revenues.

Corporate taxation, rules, and regulations also play a major threat to the WWE. WWE External Factor Evaluation (EFE) – After Millennium EFE (External Factor Evaluation) World Wrestling Entertainment (WWE) Key External Factors

Factor	Weight	Rating	Wtd. Score
1. Global Expansion	0.20	4	0.8
2. Increased Internet Presence & E-Commerce	0.10	2	0.2
3. Emerging Digital Media Platforms	0.20	2	0.4
4. Reality TV & Sports Programming across Contracted Networks	0.10	1	0.1
5. Corporate Taxation Rules & Regulations	0.10	1	0.1
6. Travel Cost- Perform Live Performances Weekly	0.30	2	0.6
<b>Totals</b>	<b>1.00</b>	<b>2.4</b>	<b>2.2</b>

Increased Internet Presence & E-Commerce

2020. 4EFE (External Factor Evaluation) World Wrestling Entertainment (WWE) Key External Factors

1020. 2 0. 1010. 1 3 Travel Cost- Perform Live Performances Weekly. 4.

Decrease in economic spending 0. 2030. 60 Totals 1 2. 4 The WWE organizational strengths come from the fact that the company has virtually no debt and has absolutely no competitors that even come close to their ratings and cash revenues.

The increased use of digital media platforms has expanded their consumer base. Some weaknesses that affect the WWE are increasing overhead costs with economy fluctuation, travel necessary for employees, Superstar loyalty to WWE Brand, and the Superstars are only valuable as much as they are

exposed. IFE (Internal Factor Evaluation) World Wrestling Entertainment (WWE) Key Internal Factors Weight Rating Wtd. Score Strengths 1.

Unique in Business Platform- No Eliminated Competition 0. 2040. 40 2. Cash Flow & Virtually No Debt 0. 1030. 30 3.

Increased Digital Media Platform 0. 1020. 20 IFE (Internal Factor Evaluation) World Wrestling Entertainment (WWE) Key Internal Factors Weight Rating Wtd. Score Weaknesses 1.

Limited to Exposure 0. 1010. 1 2 Superstar Loyalty to WWE Brand 0. 2020. 40 0. 1010.

1 3 Travel Necessary for Employees 4. Increasing Overhead Costs with Economy Fluctuation 0. 2030. 60 Totals 1 2. 1 Below is a SWOT Matrix summarizing the internal and external factor evaluations above. WWE SWOT MATRIX Strengths Weaknesses 1.

Unique in Business Platform- No Eliminated Competition 1. Limited to Exposure 2. Cash Flow & Virtually No Debt 2. Superstar Loyalty to WWE Brand 3.

Increased Digital Media Platform 3. Travel Necessary for Employees. 4. Increasing Overhead Cost with Economy Fluctuation.

Opportunities Threats 1. Global Expansion 1. Reality TV & Sports Programming stealing viewers. 2.



Increased Internet Presence & E-Commerce 2. Corporate Taxation, Rules, & Regulations. 3. Emerging Digital Media Platforms 3. Travel Cost- Perform Live Performances Weekly.

4. Decrease in Economic Spending. Alternative expansion strategies would include mobile service expansion, brand partnership expansion, and introducing sub-brands off of the WWE brand to attract different demographics and relate better to the untapped areas of the international market. The advantages of mobile service expansion would be the revenues generated from the creation of more ringtones, wallpaper, and downloads. The disadvantages are contractual obligations and barriers with the phone service providers. Advantages to new brand partnerships would be the exposure through more distribution channels.

The disadvantages would be the risk of having a contractual obligation with another brand. If that company has something go seriously wrong, than a drop in sales will directly passed to the WWE. Advantages to modifying existing consumer merchandise into sub-brands would give the WWE another platform to exploit and generate revenue from. The disadvantage to this is the costly modifications that would be needed to appealing to different cultures in different areas around the world, which would also require ongoing education and training about different cultures by the WWE employees. The easiest way to change a trend and introduce a new strategy into the marketplace is to test it in certain areas first before going global with a particular product or service.

Set up short-term contracts with mobile service providers to test the market and get an actual idea of how revenues would increase. WWE's fast growing pop culture is forever changing at high speeds, with different trends, and different cultures begging for more. Below is a recent quarterly financial analysis: Quarterly Financial Summaries\*\*

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2007 Net revenues	\$ 107, 391	\$ 137, 511	\$ 108, 110	\$ 132, 643
Cost of revenues	\$ 58, 097	\$ 100, 524	\$ 63, 438	\$ 76, 710
Net income	\$ 15, 138	\$ 7, 046	\$ 8, 449	\$ 21, 504
Earnings per common share: basic	\$ 0. 21	\$ 0. 10	\$ 0. 12	\$ 0. 30
Earnings per common share: diluted	\$ 0. 21	\$ 0. 10	\$ 0. 10	\$ 0. 30

12 \$ 0. 30 Earnings per common share: diluted Net income \$ 0. 21 \$ 0. 10 \$ 0.

12 \$ 0. 30 T 2006 Net revenues \$ 93, 267 \$ 96, 236 \$ 73, 434 NA Cost of revenues \$ 53, 266 \$ 57, 882 \$ 45, 946 NA Net income \$ 11, 302 \$ 10, 396 \$ 9, 919 NA Earnings per common share: basic Net income \$ 0. 16 \$ 0. 15 \$ 0. 14 NA Earnings per common share: diluted NA Net income \$ 0. 16 \$ 0.

15 \$ 0. 13 NA 2006 Net revenues \$ 93, 812 \$ 88, 933 \$ 103, 042 \$ 114, 263 Cost of revenues \$ 52, 501 \$ 47, 305 \$ 56, 188 \$ 71, 178 Income from continuing operations \$ 11, 178 \$ 11, 676 \$ 13, 593 \$ 10, 564 Income from discontinued operations \$ 2 \$ 26 \$ 6 \$ 1 Net income \$ 11, 180 \$ 11, 702 \$ 13, 599 \$ 10, 565 Earnings per common share: basic Net income \$ 0. 16 \$ 0. 17 \$ 0.

20 \$ 0. 15 Earnings per common share: diluted Net income \$ 0. 16 \$ 0. 17 \$ 0.

19 \$ 0. 15 \*Third quarter in 2006 only consisted of two months. \*\*This data is taken from the United States Securities and Exchange Commission Filing Form 10K for the Year End Dec. 31, 2007. This form can be found on the WWE Corporate Web Site. Now, here is a forecasted analysis if the above mentioned strategies were to be implemented over the next two years.

1st Quarter 2nd Quarter 3rd Quarter \* 4th Quarter 2007 Net revenues \$ 107, 391 \$ 137, 511 \$ 108, 110 \$ 132, 643 Cost of revenues \$ 58, 097 \$ 100, 524 \$ 63, 438 \$ 76, 710 Net income \$ 15, 138 \$ 7, 046 \$ 8, 449 \$ 21, 504 Earnings per common share: basic Net income \$ 0. 21 \$ 0. 10 \$ 0. 12 \$ 0.

30 Earnings per common share: diluted Net income \$ 0. 21 \$ 0. 10 \$ 0. 12 \$ 0. 30 2008 Net revenues \$ 126, 040 \$ 96, 236 \$ 73, 434 NA Cost of revenues \$ 67, 000 \$ 57, 882 \$ 45, 946 NA Net income \$ 18, 221 \$ 10, 396 \$ 9, 919 NA Earnings per common share: basic Net income \$ 0. 24 \$ 0.

15 \$ 0. 14 NA Earnings per common share: diluted NA Net income \$ 0. 24 \$ 0. 15 \$ 0. 13 NA 2009 Net revenues \$ 138, 000 \$ 129, 933 \$ 113, 042 \$ 114, 263 Cost of revenues \$ 70, 000 \$ 47, 305 \$ 56, 188 \$ 81, 178 Income from continuing operations \$ 25, 000 \$ 24, 315 \$ 26, 593 \$ 12, 564 Income from discontinued operations \$ 2 \$ 26 \$ 6 \$ 12 Net income \$ 26, 000 \$ 26, 550 \$ 9, 997 \$ 10, 565 Earnings per common share: basic Net income \$ 0. 30 \$ 0.

32 0. 28 \$ 0. 30 Earnings per common share: diluted Net income \$ 0. 30 \$ 0. 31 \$ 0.

29 \$ 0. 32 \*Third quarter in 2006 only consisted of two months. The following recommendations are proposed regarding specific policies & procedures are

to implement annual internal financial audits as well as outsourcing a publicly well known auditor's office to compare internal audits to outside audits, and setting CEO salary caps. The CEO's would be independently audited yearly should their salary exceed a specified sum. The WWE is and has been a very reputable company for an excess of twenty five years. Their founder, Vince McMahon, is a true business man and marketing genius.

His elimination of competition, skyrocketing revenues, and increasing market share demonstrates his ability to transform the sport of wrestling into a mass market of entertainment.