

Spring 4-19-2018

Strategic Audit of WWE

Henry Recker

University of Nebraska-Lincoln

Follow this and additional works at: <https://digitalcommons.unl.edu/honorstheses>



Part of the [Business Administration, Management, and Operations Commons](#)

Recker, Henry, "Strategic Audit of WWE" (2018). *Honors Theses, University of Nebraska-Lincoln*. 16.
<https://digitalcommons.unl.edu/honorstheses/16>

This Article is brought to you for free and open access by the Honors Program at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Honors Theses, University of Nebraska-Lincoln by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

STRATEGIC AUDIT OF WWE

An Undergraduate Honors Thesis
Submitted in Partial fulfillment of
University Honors Program Requirements
University of Nebraska-Lincoln

by
Henry Recker, BS
Computer Science and Mathematics
College of Arts and Sciences

April 5, 2018

Faculty Mentor:
Samuel Nelson, PhD, Management

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. The purpose of this paper is to analyze the situation WWE is in both internally and externally, and to develop a strategic recommendation for the company. Analysis tools like SWOT and PEST are used to evaluate the current state of WWE, and strategic alternatives are generated based on WWE’s existing differentiators and distinctive competencies.

WWE’s revenues come primarily from television, live events, and subscription revenues. Its subscription-based service WWE Network was released in 2014 and allows viewers access to large amounts of on-demand content. WWE has developed distinct competitive advantages in the market through its high-quality writing, exciting and charismatic performers, and through effective marketing and promotion. Its weaknesses include the growing, costly amount of content it must continue to produce and the issues it has had with treatment of its wrestlers.

The entertainment industry is very competitive, and WWE faces challenges from many competitors. WWE has opportunities in its environment thanks to its social media presence and the infrastructure it has already built for WWE Network. It faces threats from the general decline of television and the popularity of competing live sporting events.

The strategic recommendation for WWE is to introduce exclusive content to WWE Network, while bringing back the TV-14 rating that was abandoned in 2008. There should also be an increased focus on international expansion and crossover events with “true” live sports. This strategy will capitalize on the company’s competitive advantages and build up WWE Network as television’s popularity continues to fall. Six months to a year after introducing these changes, various metrics should be evaluated, and, if necessary, WWE can change course.

Keywords: WWE, sports entertainment, strategic recommendation, situation analysis

Introduction

Professional wrestling has become an ingrained part of American pop culture today. Wrestlers like Dwayne “The Rock” Johnson and John Cena have become well-known for more than just wrestling, having built careers as actors. Moves like the RKO and the Powerbomb are famous, and compilations of wrestling clips can be found all over the internet. At the center of this is the WWE, the most popular professional wrestling promotion in the country. Though the contests are scripted, the storylines and drama make WWE events must-see television for viewers across the world.

Today, WWE creates huge amounts of high-quality content throughout the year that is distributed through many channels. But WWE faces many of the challenges that face other companies in the entertainment industry. Entertainment is constantly changing and evolving, with new competitors entering frequently. Maintaining the attention of consumers and keeping up with changes in technology are challenges that the WWE will consistently have to face going forward.

History

WWE has come a long way since its inception. It began in its original form in 1952, as the northeast regional promotion Capitol Wrestling Corporation. A dispute with the National Wrestling Alliance (NWA) in 1963 led to the founding of World Wide Wrestling Federation (WWWF) from Capitol Wrestling. WWWF eventually rejoined NWA, but again withdrew when Vince K. McMahon purchased the business from his father Vince McMahon Sr. in 1982 (“The epic history of WWE”, 2012).

Professional wrestling truly became as important to popular culture as it is today in the 1980s. Pro wrestlers like Hulk Hogan and “Rowdy” Roddy Piper became household names, and the WWE exploded in popularity. The younger McMahon brought wrestlers like Hogan to the WWE and gradually assembled a large group of stars (davidfunk74, 2015). His plan to bring WWE to an audience across the nation led to huge success in the 1980s. Wrestling had previously been largely separated into regions, but WWE changed that. WrestleMania’s “super card” was broadcast on network television to a huge audience in 1985 and led in part to WWE’s huge successes in the 1980s. The previous regional wrestling groups began to struggle to fight the expansion of the WWE, and older promoters and companies failed as the best and most popular wrestlers moved to the WWE. The peak of wrestling in the 1980s was the WrestleMania III event in 1987.

Monday Night Raw began in 1993 and was very successful for WWE, leading to rival WCW’s introduction of their own “Monday Nitro” around two years after the first Monday Night Raw. WCW had huge success in the 90s through its New World Order storyline, but WWE eventually overcame WCW and bought out the company in 2001, later buying Extreme Championship Wrestling in 2003. WWE officially became World Wrestling Entertainment, Inc. (rather than WWF) in 2002. It would later change to just WWE in 2011 (davidfunk74, 2015).

Overview of WWE Today

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.).

The Media Division

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 Division

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).

Consumer Products Division

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).

WWE Studios Division

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).

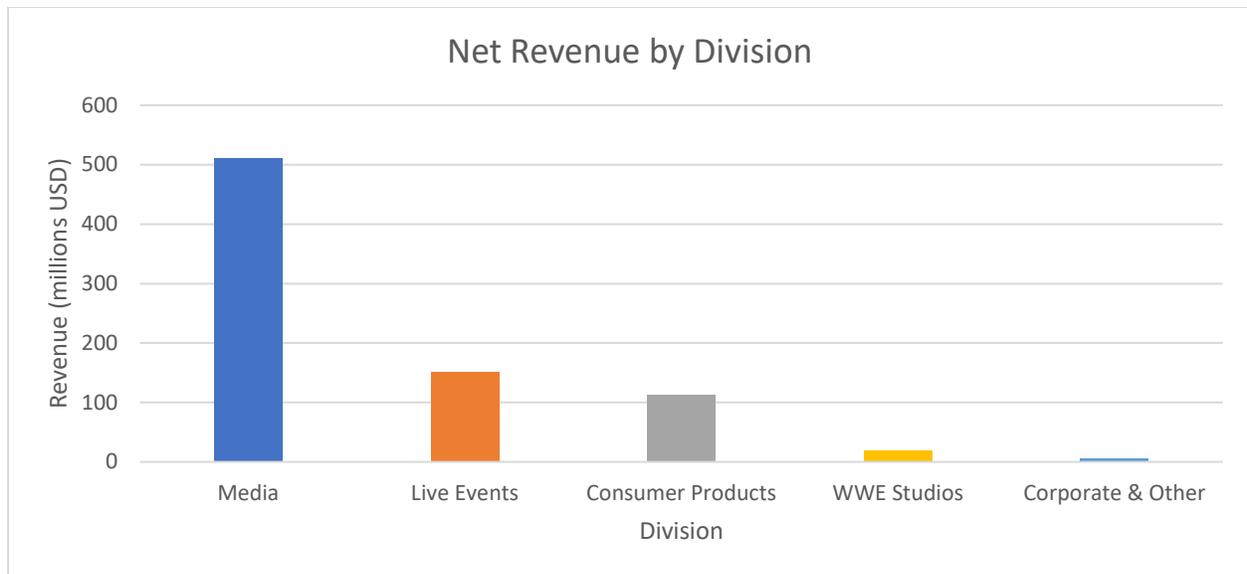


Figure 1: WWE's revenues come primarily from its media division and from live events (World Wrestling Entertainment, Inc., 2018)

WWE's General Strategy and Main Issues

WWE's strategy overall focuses on creating quality content, and then distributing it efficiently to their audience. Existing platforms like WWE Network and Raw remain popular and are growing, and the popularity of social media platforms has created a great opportunity for the company. WWE content is perfect for social media, with WWE reaching 1.2 billion social media engagements in 2017. WWE's YouTube channel is the number 1 most viewed sports channel and the number 2 most viewed channel overall on the site as of 2017. WWE has worked to create more content across platforms and may even be looking to virtual reality content in the future ("WWE Q4", 2018).

The issues facing the company include the high cost of production along with the threat of replacement. WWE spends heavily on production, infrastructure, and marketing. WWE must also find and retain the best talent in an industry that is fiercely competitive and always changing (World Wrestling Entertainment, Inc., 2018).

Situation Analysis

Internal Analysis

Key Resources

Human capital is crucial to the WWE. The company has approximately 200 "Superstars" with exclusive contracts as of 2017, including those currently in training and those that are already established (World Wrestling Entertainment, Inc., 2018). Clearly the company depends on the charisma and physical ability of its headlining talent to attract and maintain viewers. The company goes to great lengths to keep their performers healthy and avoid any potential injury in live events. Performers must also be retained and prevented from leaving to go to other productions or other businesses. Beyond the human capital of the wrestlers themselves, the company has a large amount of human capital in its creative teams. Chairman and CEO Vince McMahon leads these teams, and they focus on combining superstars into intricate, changing storylines, while maintaining a PG rating to keep the shows family-

friendly (World Wrestling Entertainment, Inc., 2018). Intellectual property is also a very important resource for WWE. Its storylines and characters are what keep fans coming back.

Competitive Advantage: Differentiators and Distinctive Competencies

WWE has a competitive advantage, and it has built it through several differentiators and distinctive competencies. WWE has focused on two main categories of differentiators over the years to separate itself from other wrestling promotions and other entertainment companies. The company has built up a strong image with its fans, and it has gained a reputation for the quality of its content, both of which go hand in hand. WWE has highlighted its unique image through the characters it portrays and the storylines it builds over the years. The wrestlers are larger than life and exciting to watch, in addition to being very skilled at executing wrestling moves safely and convincingly for the audience. Female characters and events focusing on them have also been introduced, which differentiates WWE's image as well. These factors go hand in hand with the high quality the WWE displays. No other wrestling promotion has made so many wrestlers household names.

Another key differentiator WWE has turned to in recent years is location, in multiple ways. In terms of where content is viewed, the platform WWE has built online and through services like WWE Network makes it as easy as possible to find the content you want to watch. And the company's social media presence has made it possible to view exciting clips as they happen. In another sense, WWE has differentiated through location in its expansion to more international markets (World Wrestling Entertainment, Inc., 2018). The company has held live events across the world, especially through its NXT program, in areas where professional wrestling is not as commonly known.

WWE's distinctive competencies include the creation of its content, along with the successful marketing and distribution of that content ("WWE Overview", n.d.). The company develops interesting storylines with evolving characters, rewarding fans who watch WWE's programs consistently. Vince McMahon exercises meticulous control over Raw storylines to ensure they are up to standards, and the performers who portray the characters are charismatic and build personalities over the course of their storylines.

Second, WWE is very effective at marketing and distributing content. WWE marketing and promotion has turned wrestlers like Hulk Hogan and John Cena into household names, and well-known parts of pop culture. Guest appearances by celebrities and the involvement of many (former) WWE superstars in other media like movies has increased the company's popularity. WWE maintains its strong presence on cable networks in its weekly shows and on pay-per-view events, while it has also expanded through WWE Network. The company has also been successful in building viewer bases around the world. As mentioned, WWE also makes good use of its social media presence.

Overall Strengths and Weaknesses

Strengths

The company's main strengths come from its storylines and its marketing and distribution of content. WWE has distinct advantages in these areas. Its advantages in storylines and storytelling come from its CEO and writing team, as well as the superstars that portray the characters. WWE has been able to market these stories effectively, using its position as an important part of American pop culture along with bringing in celebrity guests and building celebrities itself. WWE has created an extremely varied and effective distribution system for its content. Social media presence has been a huge asset to WWE, with its online presence bringing in constant views and attention.

Weaknesses

WWE's weaknesses center on its ability to maintain high quality content as it has since its creation. One is the company's huge dependence on its superstars. In the event of a valued superstar leaving for any reason, fans could be turned away and WWE writers could struggle. In addition, WWE has already faced problems in the past with its relationship with its wrestlers. Its working conditions have been criticized and performers have had issues with substance abuse that the company hasn't handled well. The company came under heavy scrutiny in 2007, when WWE wrestler Chris Benoit killed his wife and son before committing suicide. WWE was criticized for negligence when it was found that Benoit had been using a combination of pain meds and prescription drugs. WWE reacted by attempting to erase as much of Benoit's involvement in WWE's history as possible, which some believe was an attempt to avoid accountability (Konuwa, 2011).

WWE faces a challenge with maintaining its high quality across the growing number of platforms it distributes content on. As WWE content is distributed internationally through new, varying channels, the company will have to ensure quality does not slip. The huge volume of content that WWE produces can be considered a weakness in this context.

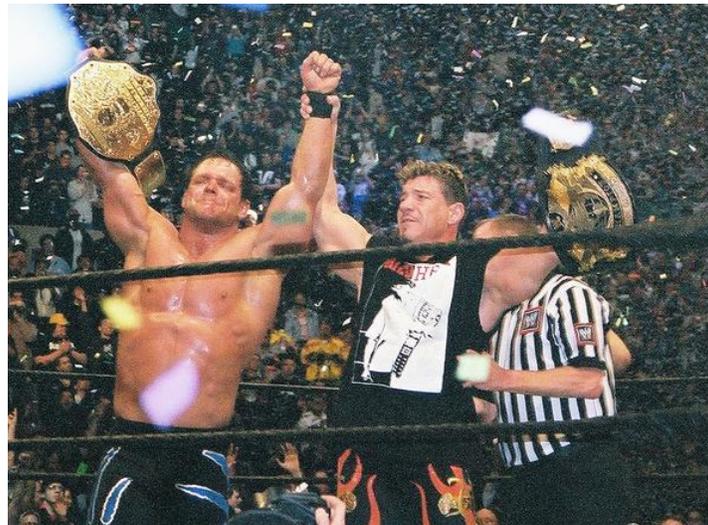


Figure 2: The deaths of superstars Chris Benoit and Eddie Guerrero put WWE's treatment of wrestlers under heavy scrutiny (Holmes, 2011)

External Analysis

Competitors

WWE faces a variety of competition. Since the entertainment industry is so large, there is a huge amount of content that can compete with the WWE. These competitors can generally be focused into the specific strategic groups that WWE is currently targeting. One of these groups is weekly entertainment with developing storylines shown on television. This category can include shows on other major cable networks, reality shows, cartoons, and more. For WWE's shows like Raw to be successful, it must directly compete with these other programs. WWE also competes with the group of pay-per-view events, including other "true" sports programs like boxing matches.

Another key group competing with WWE is similar child-friendly forms of entertainment. One of WWE's focuses in recent years has been maintaining a PG rating, so other programs with this focus should be considered competitors. Finally, WWE competes with companies distributing content on similar avenues to WWE. Streaming services, online entertainment sources, and other subscription-based products compete with WWE Network and WWE social media accounts.

Relevant PEST Factors

Social Factors

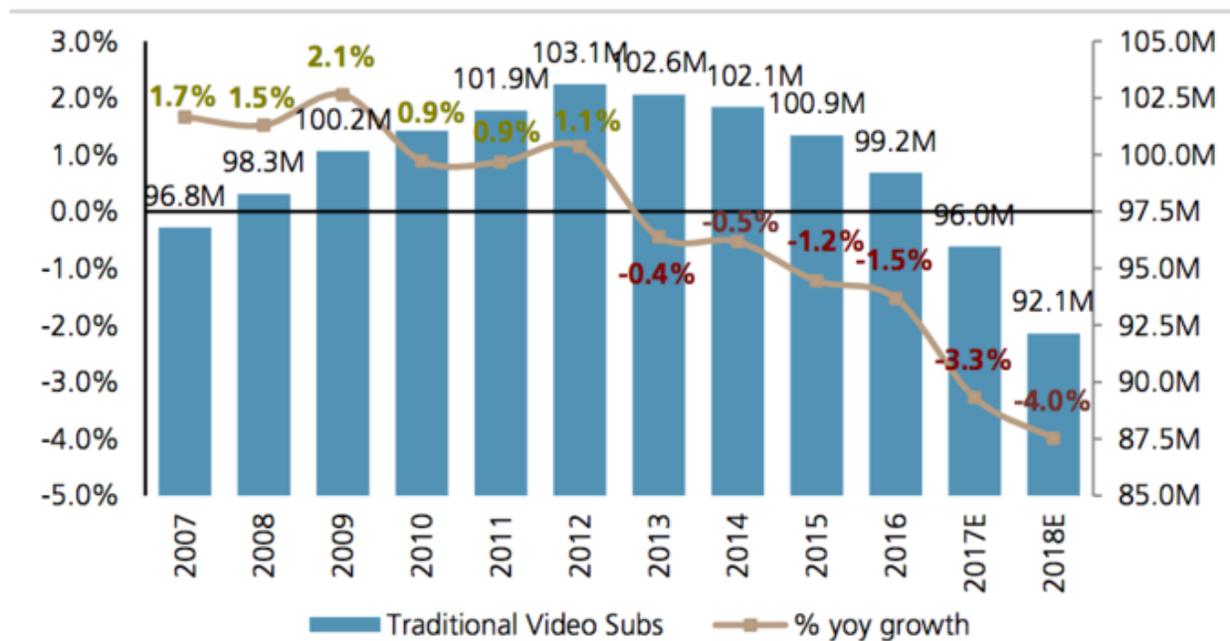
One issue facing the WWE is the protection of performers. In recent years, particularly in relation to the NFL, there has been a lot of discussion relating to the long-term effects of head injuries on athletes. These concerns could be important for the WWE, especially considering its past issues with treatment of its performers. WWE may be expected to provide better and better support and treatment for current and former performers as public perception shifts.

Another factor affecting the company is general interest in other forms of entertainment, especially direct alternatives like popular sports leagues and real fighting like boxing. If public interest shifts towards these, professional wrestling could suffer. In addition, general tolerance for violence in entertainment has an effect on WWE's ability to succeed, since the company's strategy has become focused on providing PG content for younger viewers.

Technological Factors

An important technological factor for WWE is the popularity of streaming services and the availability of devices that make cable-cutting more attractive. WWE depends on cable television and pay-per-view events for a large portion of its revenue, so if the general trend is to cut out cable, revenues could suffer. WWE has already taken a step in this area with its WWE Network.

Traditional video subscribers



Source: Company data, UBS estimates

Figure 3: Subscribers of traditional cable TV have been on a downward trend in recent years (McAlone, 2017)

Porter's Five Forces

Threat of New Entrants

Threat of new entrants in the entertainment industry is very high. Anyone can create content and quickly distribute it on many platforms. Individuals can create games or social media accounts that

become just as popular as those created by huge companies. The threat of new entrants is lower for certain portions of the industry, such as movies, but for entertainment and media as a whole it is high.

Threat of Substitutes

Threat of substitutes in entertainment is also very high. Media from different portions of the entertainment industry, such as sports broadcasts, can easily substitute for other forms, like movies. Consumers have great flexibility in the ways they choose to use their leisure time.

Bargaining Power of Buyers

Bargaining power of buyers is enormous in today's entertainment industry. Free entertainment is given away in huge amounts over the internet, so consumers always have plenty of alternatives.

Bargaining Power of Suppliers

Bargaining power of suppliers is lower in the entertainment industry. There are many different groups that can supply the work that entertainment companies need, including research, graphics, and more. Many entertainment companies outsource large amounts of their processes (Mukherji & Sengupta, 2016).

Competitive Rivalry

Competitive rivalry in entertainment is high. With new technologies changing the industry, there is fierce competition between companies to take advantage and capture consumers attention. These factors combine to create a very challenging industry. Companies that have dominated in the past will have to work to remain relevant as entertainment changes. Typical methods of distribution have changed from freely aired programs to subscription programs offering consumers more choice. Mobile devices have also become a primary method of consuming content for many. Generally, technology has required entertainment companies like WWE to be able to react quickly, as consumers have a greater ability to choose their entertainment than ever before (Mukherji & Sengupta, 2016).

Overall Opportunities and Threats

Opportunities

One big opportunity for the WWE is the chance to capitalize on its huge social media presence. As mentioned, consumers today have a huge amount of choice in what they see online. WWE's strong presence on platforms like Twitter has already allowed it to reach out to these people. WWE can take advantage of this to market its high-revenue products. WWE Network also allows the company to take advantage of the popularity of streaming services as an alternative to standard cable today.

Threats

There are several threats to WWE's continued success in the future. One that goes hand-in-hand with opportunity is the general decline in popularity of cable today. Though WWE Network has created an alternative, the company still receives 34% of its revenue from television (World Wrestling Entertainment, Inc., 2018). Weekly cable shows like Raw are some of the WWE's most popular offerings. WWE will have to find a way to convert cable viewers into paying subscribers of WWE Network if this trend continues.

Another factor that could be considered both a threat and an opportunity is the prevalence of violence in today's media. WWE has adopted a strategy of kid-friendly programming since 2008, while violent forms of media have seemingly become more and more popular. For older fans this may lead to a lack of interest in this style of professional wrestling. But it allows WWE to appeal to an audience that may be less catered to by other forms of entertainment.

Finally, WWE faces more direct threats from other sports, particularly fighting sports, with WWE superstars like Brock Lesnar having moved between WWE and UFC (Snowden, 2017). If the public becomes more interested in live sports, WWE could be threatened.

Strategic Goals for WWE

Push WWE Network

The first specific goal WWE should focus its strategy around is building up WWE Network. Subscription-based services have become the norm for many forms of entertainment, and WWE has already done well in creating the infrastructure necessary for this network. WWE's future strategy should place heavy emphasis on the popularity of the network. The success or failure of this goal can be easily measured through the number of subscribers and subscriber growth.

Build International Audience

A second specific goal for WWE is to expand its offerings and build popularity in international areas. WWE has been well-known in the U.S. since its heyday in the 1980s. But huge opportunities exist away from the U.S. Successful achievement of this goal will be measurable in terms of growth (viewers, subscribers, etc.) in foreign markets like India and the U.K.

Increase Social Media Engagement

WWE already has one of the largest social media presences of any company, so its strategic goals should include maintenance and growth of this presence. Success can be measured in terms of followers on various platforms as well as overall engagements.

Attract Fans from Live Sports

WWE faces the most direct competition from live sports leagues and real fighting, like the NFL and UFC. These fans are an opportunity that WWE can take advantage of. This goal can be measured through WWE's ratings and growth compared to ratings and growth from other live sports events.

Strategic Alternatives

First Alternative: Promoting Raw and SmackDown specials exclusively on WWE Network

For many years, the Raw and SmackDown weekly shows have been two of WWE's most successful products. But television's popularity in general may be in a decline, with some traditional cable companies losing subscribers (McCoy, 2017). WWE Network already provides replays of any past Raw or SmackDown broadcast after a 30 day delay, but WWE could make a move to bring in more subscribers by showing exclusive Raw/SmackDown content on the network. This alternative takes advantage of WWE's content and social media presence (through marketing and promotion) as well as the opportunity given by cable cutters.

Second Alternative: Return to the "Attitude Era" and Provide TV-14 Content

During wrestling's golden age in the 1980s and on into the "Attitude Era" in the 90s, WWE's PG rating policy was not in place. Some current and former fans would undoubtedly be interested in a return to the previous TV-14 ratings. This would make use of WWE's excellent content creation and storylines and give the company a chance to bring in older viewers.

Third Alternative: Feature U.S. Superstars in More International Events

The huge popularity of WWE content is largely thanks to established superstars and their storylines that play out on Raw and SmackDown. If the WWE held more frequent promotional events in other countries featuring their biggest stars, interest in the promotion could grow.

Fourth Alternative: Crossover Events with Fighting Leagues

Some wrestlers have already crossed over between professional wrestling and other forms of real fighting. Brock Lesnar went from the WWE to the UFC and back, and Ronda Rousey, former UFC fighter, has joined WWE Raw recently (Fiorvanti, 2018). These crossovers offer a great opportunity for the company to bring in new fans from fighting promotions.

Evaluating Alternatives

The first alternative would be a chance to bring in new viewers to WWE Network. The network already provides a one-month free trial, so a one-time special or even an occasional special exclusive would bring in many viewers to use the trial. Cable viewers may not react well to the idea of exclusive content, after Raw and SmackDown have been live cable shows for many years. This goes against the current position of the WWE Network, which only allows subscribers to view Raw and SmackDown episodes 30 days after original airing. Additionally, despite the general movement to subscription services, TV is still WWE's biggest revenue source, so moving content away from TV could be dangerous.

The second alternative would be a big change, with a chance to tap into a new (or old) market of fans. It has been a decade since WWE first fully made to move to exclusively PG programming, but if the WWE wants to grow a bigger adult fanbase, a move like this could be a strong step. It could attract fans of other live events who would enjoy WWE-style storylines, as well as fans who already enjoyed the Attitude Era. The new generation of fans that have enjoyed the PG content since 2008 may be turned away, and the company's image could be affected.

The third alternative could go a long way towards growing internationally. Showing new potential fans the best the WWE has to offer would be a strong entry point. WWE could take advantage of its social media promotions for this as well. Ideally fans in other countries would be attracted by this and begin watching WWE shows through cable or the WWE Network. However, WWE may expect too much from superstars to require travel to foreign countries, and WWE fans concentrated in the U.S. may not respond well to live events being less accessible.

Finally, the fourth alternative could be successful in exposing fans of other fighting leagues to the WWE. This strategy does have some challenges. Getting other fighters to appear in WWE will be difficult and dependent on existing contracts. It also is unlikely that fighters would appear in full WWE matches; they would be untrained for that type of performance and would not want to risk injury.



Figure 4: WWE's Attitude Era featured heated rivalries, including Stone Cold Steve Austin vs Mr. McMahon (Sforcina, 2017)

Strategic Recommendation

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.

Specifics

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.

The other changes in strategy should take place in a few pay-per-view events per year. In 2018 WWE has about 16 pay-per-view events scheduled, with each one set to occur in the U.S. (Silverstein, 2018). In future years, two events per year should take place in international markets where WWE sees growth potential, such as Europe, and be shown on stations available in the area. These should feature the same superstars and attract new fans in these areas. Finally, crossovers between events will depend on what stars from other sports are available; they should be featured in the biggest WWE specials.

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.

Justification

One benefit of this strategy is that it makes WWE Network subscriptions even more valuable for fans of the promotion. Growth of WWE Network is a very important strategic goal for WWE, so giving fans a push to try the service is valuable. Fans that have only watched live events without interest in pay-per-view will be attracted to the network. The risk of negative backlash is limited in this strategy. A complete move from live to subscription content wouldn't be received well, but offering extra content that is not "required" to enjoy Raw or SmackDown is a good way to create some minor exclusivity.

The return of the TV-14 rating is valuable because it caters to a completely different audience than the current WWE offering. This holds similar risks of bothering newer viewers, but keeping current programming at PG levels limits backlash. It also may have more appeal to fans of live sports, which works well with the planned crossovers. International events allow WWE to make use of its social media competitive advantage to market these events and bring in as new fans. Social media marketing of the live events will be an effective way to bring exposure to WWE's superstars, and build a stronger international fanbase, who may be more likely to subscribe to WWE Network. Finally, crossover events are a step towards bringing fans in from WWE's direct competition. Ronda Rousey's signing with WWE caused a lot of excitement, so similar stars should be brought in, though it is difficult to predict when this will be possible. The buzz generated by these events goes well with the free one-month subscription that WWE Network offers, allowing new viewers to give WWE a chance.

Implementation Plan

As WWE has already scheduled pay-per-view events throughout 2018, these changes should begin in 2019. Weekly Raw and SmackDown pre-shows can begin to be aired at the start of 2019. The two events designated to be international can also be announced then, with WWE social media working to build awareness in the months leading up to each event. Four WWE Network specials should be released, one every three months, in 2019. Finally, as stated, crossover events can't truly be planned, so WWE must stay attentive in these areas and reach out when appropriate to bring in guests.

Contingency Plan and Trigger Point

It is likely that WWE will have a good chance to gauge reaction to these changes shortly after they are announced. The company can use its social media accounts to determine if fans are generally in favor of changes or not. However, no drastic action should be taken at this point. Six months should pass before WWE re-evaluates the success (or lack thereof) of these new features. At this point a few metrics should be evaluated. Subscribers of WWE Network, new viewers and subscribers from the international markets, and growth of live viewers of weekly Raw and SmackDown content should be evaluated. These metrics can continue to be evaluated through the end of the year. At this point, WWE will need to determine whether the new strategy should be reverted, continued, or improved upon. Different portions of the strategy may perform differently. But if WWE Network subscribers have increased at a higher rate with the changes, the strategy should continue. If they have increased at a much higher rate, then the strategy can be altered to include more exclusive content or more international events.

However, if subscribers and international fans are not increasing at any higher rate than before, or have gotten worse, the company will have to alter portions of this strategy. If international fans are not increasing, the number of international events should be reduced to just one the following year, in a new location, or potentially eliminated completely if they are a complete flop. If WWE Network subscribers have not increased, WWE should do some work through social media to determine what it is that fans don't like and react accordingly. If fans are against the creation of exclusive Raw specials, then they may need to be removed from the schedule. If pre-shows are not popular, they may need to be discontinued. The trigger for these actions should include a marked decrease in subscriber growth along with clear feedback from fans regarding what the problem is.

Conclusion

WWE has gone from just one of many regional wrestling promotions to the dominating force in professional wrestling in the U.S. WWE-backed superstars are household names, from Hulk Hogan to Stone Cold Steve Austin to John Cena. The company's image has changed since its heyday in the 1980s, but it is still centered around the quality of its storylines and its electrifying performers. 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.

References

Company Overview. (n.d.). Retrieved April 01, 2018, from <http://corporate.wwe.com/who-we-are/company-overview>

DavidFunk74. (2015). WWE is Founded in 1952 [Blog post]. Retrieved April 01, 2018, from https://www.sportsblog.com/allfunkedup/wwe_is_founded_in_1952/

Fiorvanti, Tim. (2018, January 29). Ronda Rousey joining WWE to perform as full-time pro wrestler. Retrieved April 01, 2018 from http://www.espn.com/wwe/story/_/id/22244988/ronda-rousey-signs-wwe

Holmes, Matt. (2011, December 31). Chris Benoit Film Biopic CROSSFACE Includes Triple H & Eddie Guerrero As Characters. Retrieved April 02, 2018 from <http://whatculture.com/film/chris-benoit-film-biopic-crossface-includes-triple-h-eddie-guerrero-as-characters>

Investor Overview. (n.d.). Retrieved April 01, 2018, from <http://corporate.wwe.com/investors/investor-overview>

Konuwa, Alfred. (2011, April 2). WWE: Chris Benoit Tragedy Illustrates WWE's Power and Lack of Accountability. Retrieved April 01, 2018, from <http://bleacherreport.com/articles/652870-wwe-chris-benoit-tragedy-illustrates-wwes-power-and-lack-of-accountability>

McAlone, Nathan. (2017, June 6). Get ready for traditional TV to have historically brutal subscriber losses this quarter. Retrieved April 02, 2018 from <http://www.businessinsider.com/cable-tv-subscriber-losses-q2-chart-2017-6>

McCoy, Kevin. (2017, October 26). Comcast: Loss of cable television subscribers accelerates. Retrieved April 01, 2018, from <https://www.usatoday.com/story/money/2017/10/26/comcasts-loss-cable-television-subscribers-accelerates/801959001/>

Mukherji, Pradeep K., & Sengupta, Saugata. (2016). Media & Entertainment Industry: An Overview.

Retrieved April 01, 2018, from <https://avasant.com/insights/publications/technology-optimization/media-entertainment-industry-an-overview/>

Sforcina, Mathew. (2017, December 9). Ask 411 Wrestling: Could WWE Have An Attitude Era Brand?

Retrieved April 02, 2018 from <https://411mania.com/wrestling/ask-411-wrestling-could-wwe-attitude-era-brand/>

Silverstein, Adam. (2018, March 12). WWE schedule, list of PPVs for 2018: WrestleMania 34, Backlash

date, location. Retrieved April 01, 2018 from <https://www.cbssports.com/wwe/news/wwe-schedule-list-of-ppv-for-2018-wrestlemania-34-backlash-date-location/>

Snowden, Jonathan. (2017, March 29). The Lesnar Legacy: From UFC to WWE, Brock Lesnar Remains

World's Scariest Man. Retrieved April 01, 2018, from

<http://bleacherreport.com/articles/2700533-the-lesnar-legacy-from-ufc-to-wwe-brock-lesnar-remains-worlds-scariest-man>

The epic history of WWE. (2012, February 15). Retrieved April 01, 2018, from

<http://www.wwe.com/classics/history-of-wwe>

World Wrestling Entertainment, Inc. (2018, February 8). *Form 10-K*. Retrieved April 01, 2018, from

<http://otp.investis.com/clients/us/wwe/SEC/sec-show.aspx?Type=html&FilingId=12528590&CIK=0001091907&Index=10000>

WWE Overview. (n.d.). Retrieved April 01, 2018, from

<http://irsolutions.snl.com/interactive/lookandfeel/4121687/WWE-Overview.pdf>

WWE Q4 and Full Year 2017 Results. (2018, February 8). Retrieved April 01, 2018, from

<http://corporate.wwe.com/~media/Files/W/WWE/press-releases/2017/wwe-q4-and-fy-2017-earnings-call-presentation-vfinal.pdf>