

UFC and WWE mega-merger will create a streaming and advertising powerhouse

Article

The news: WWE and Ultimate Fighting Championship owner Endeavor Group will merge to form a public company that “will be well positioned to maximize the value of our combined

media rights,” said World Wrestling Entertainment chairman **Vince McMahon**.

- The deal values the combined company at **\$21 billion** and is a major step toward greater consolidation in the entertainment industry.

WWE and UFC viewership: Combat sports and professional wrestling are often siloed into their own, separate category when talking about sports viewership, but they’re powerful forces with huge, growing audiences.

- WWE is viewed by 11 million fans, according to its website, and its “diverse audience spans generations of fans.” It claims that its broadcasts are viewed worldwide by over 1 billion households each week.
- The UFC’s viewership is harder to pin down due to its pay-per-view model, but since Endeavor purchased it in 2016, viewers and revenues have reportedly grown to record levels.
- While there’s sure to be some crossover between the two sports under shared ownership—mixed-martial arts personalities have previously appeared in WWE events—the WWE is aimed at a broad, family demographic, while the UFC is focused on adults.

Sports-Related Activities Conducted in 2022 by US Adults

% of respondents

Go to a live sporting event in-person	29%
Watch an esports event, either through streaming or in-person	13%
Make a casual bet on a live sporting event with friends/family	11%
Participate in a free fantasy sports league	10%
Placed an official bet on a live sporting event, online or on an app	8%
Participate in a paid fantasy sports league	6%
Make a casual bet on an esports event with friends/family	5%
Placed an official bet on a live sporting event, in-person	4%
Placed an official bet on an esports event (online or in-person)	3%

Note: n=1,035 ages 18+

Source: Ipsos Sports Poll, Feb 1, 2023

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Cashing in on rights: The merger of the two highly viewed sporting events comes as streaming services are cooling on a frenzy of purchasing sports streaming rights, spending billions to exclusively stream major sports leagues.

- Currently, the WWE is engaged in a \$1 billion exclusive deal with **NBCUniversal** streaming service **Peacock** to broadcast **Wrestlemania** and also has a deal to broadcast Friday

“Smackdown” events on Fox. But under new ownership, it seems the WWE and UFC will pursue an NFL-like rights structure.

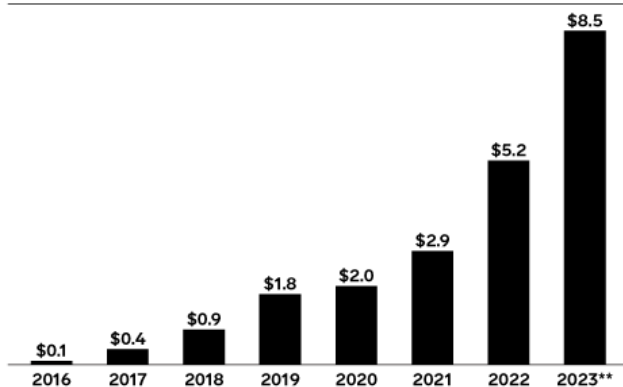
- As cord-cutting reaches record highs, sports leagues are realizing there’s a highly lucrative opportunity in auctioning off a new set of broadcast rights to streaming services eager to gain new viewers in a tight market. **Amazon Prime Video** bought rights to **Thursday Night Football** for **\$11 billion**, and **YouTube** recently purchased the **NFL Sunday Ticket** for a reported **\$2 billion yearly**.
- Elsewhere, **Apple TV** is making a bet on the long-term future of **Major League Soccer** in the US, having paid \$2.5 billion in a decade-long attempt to propel the sport to the mainstream.

Our take: With its considerable size, wide demographic, and growing place in pop culture, the new WWE-UFC corporation will be sure to throw its weight around in the advertising and streaming worlds.

- But is it arriving too late? The size of the new company will surely earn a high price, but rising interest rates have led to a significant slowdown in sports rights acquisitions and streaming spending overall, which could dampen values.

Sports Rights Spending by Subscription OTT Services Worldwide*, 2016-2023**

billions



Note: *Australia, Brazil, Denmark, Finland, France, Germany, India, Italy, Japan, Netherlands, Norway, Poland, South Africa, Spain, Sweden, UK, US; **forecast
Source: Ampere Analysis as cited in press release, Feb 20, 2023

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