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Electronic Arts (EA): Business Media Sentiment Analysis

Situation Background

The most significant economic event experienced by Electronic Arts' within the past 18 months has been the company's January 2025 stock crash caused by an extreme underperformance of 2024 holiday sales. For context, leading up to this crash, EA had set its fiscal sights on growing its live services net bookings revenue (net revenue plus any changes in deferred net revenue for online-enabled games) heading into the 2025 fiscal year (Smith 2025). Originally projecting to investors a "mid-single digits" growth in FY25 from its live services net bookings revenue, shareholders panicked when EA preannounced a Q3 earnings report that reversed this projection and instead forecasted a mid-single digits decline in live services net bookings revenue. EA cited a 50% shortfall in *Dragon Age* and *Global Football* players along with a severe underperformance in holiday sales of these two titles as the reason for its revised fiscal forecast.

Business Analysis & Implications

Diving further into the significance of EA's Q3 revenue disparity, the company reported that its live services net bookings revenue fell by over \$200 million from its initial forecast of \$2.4 billion to \$2.55 billion. These implications extended wider than Q3, as EA would also announce reduced projected live services net bookings earnings to around \$7 billion for the 2025 fiscal year—a major cut from its previous earnings projection of \$7.5 billion to \$7.8 billion (Schreier, 2025). Additionally, EA's Q3 preannouncement would cut its Q3 EPS to \$1.11, a drop from Wall Street analyst expectations of at least \$1.15.

Essentially, this unexpected slump in earnings of EA's typically top-performing game titles signaled a contraction of the company's market share in live-service sports gaming, consequently rattling investor confidence. EA's stock value reflected this investor anxiety with an almost instant 18% decline after the company's Q3 preannouncement, snowballing into a 20% decline by the end of the trading day

(Leswing, 2025). In a larger economic context, the drop in share value is the steepest EA has experienced since the 1999 dot-com bubble and the stock's third-worst performing day since EA's IPO in 1990. This context illustrates how detrimental this underperformance was on investor confidence in the company's future earnings, triggering a mass selloff of EA stock.

The mass selloff of EA stock manifested in share price dropping from \$142.35 a day before the Q3 preannouncement to \$116.56 on the day of the preannouncement. However, what made this event significant was its long-term effects on investor confidence, as EA's stock value failed to recoup losses for the following two months, demonstrating that this event was received as more than a short-term underperformance.

Communication Analysis

EA Financial PR Strategy: Investor Relations

When first identifying the severe underperformance in live service booking revenue and holiday sales in the company's Q3 earnings report findings, the EA financial PR team set out to minimize damage by establishing a phased approach to framing the company's shortcomings. First, EA decided that "getting ahead" of its bad news through releasing a preannouncement of Q3 earnings was the most effective way to break the shocking news to investors while minimizing shareholder panic. In comparison to the alternative of a standard Q3 earnings release, this initial phase in EA's financial PR strategy allowed for its financial executives and communications team to gauge consumer/investor reactions and establish comprehensive framing in the full Q3 report and future stakeholder statements that work to further its crisis containment.

After assessing the initial damage in investor confidence and share value, the next phase of EA's financial PR strategy was to leverage framing in the Q3 report to illustrate the underperformance as a short-term challenge. Through utilizing key players such as CEO Andrew Wilson and CFO Stuart Canfield as spokesmen, EA's Q3 report focused on emphasizing EA's long-term brand vision and commitment to innovation-driven growth, painting the current earnings slump as a short-term growing pain that

investors should withstand to reap high yields in the future (Electronic Arts, 2025). The effectiveness of this strategy lies in using key players as a pillar of confidence to anxious investors, reminding shareholders of the larger vision EA has set out to accomplish through its gaming titles and established franchises.

EA Financial PR Strategy: Ad Campaign

While the first two phases of EA's financial PR strategy relied on investor relations to contain initial damage, the final phase was centered around rekindling excitement and trust in the performance of the brand's largest franchises. Within the release timeframe of EA's Q3 report, the company launched two major ad campaigns for its franchises with major name recognition—*The Sims* and *Battlefield*.

On the day before releasing its official Q3 report, EA announced the creation of Battlefield Labs, a large-scale pre-alpha community testing program that will be used to translate player feedback into tailoring the development of future Battlefield titles to maximize user experience (Electronic Arts, 2025). The objective of this press release was to both spark excitement in EA's battlefield fanbase and reaffirm the "long-term innovation-driven growth" messaging conveyed to investors in the Q3 report. Demonstrating that EA is committed to reversing sales decline by innovating how the brand engages consumers and activates fan bases works to quell investor anxieties surrounding fears of continued sales decline.

Infused with the same communication objective, EA's fan activation through its *The Sims* 25th anniversary campaign worked to invigorate stakeholder confidence in the brand's longevity and future performance. Through delivering a comprehensive collection of items related to the 25th anniversary of *The Sims*, including a re-release of retro titles *The Sims* and *The Sims 2*, EA demonstrated to investors that the company is leveraging unique ad campaigns of other iconic EA titles to recoup losses from live services net booking revenue decline (Electronic Arts, 2025). Ultimately, the ad campaign phase of EA's financial PR strategy worked to deploy a wider stakeholder-centric approach that sought to vividly illustrate a promising long-term forecast for the brand's fiscal future.

Business Media Reaction

Despite this comprehensive financial PR strategy, business media was not willing to initially relay EA's messaging of a short-term challenge amidst long-term growth. The majority of business media coverage held a negative sentiment that emphasized the deterioration of EA's stock value. For example, The Motely Fool highlighted EA as one of the five worst-performing Nasdaq stocks in January 2025, placing EA as the second worst-performing stock among the five selected (Brumley, 2025).

A minority of business media coverage around this time spotlighted EA's ability to maintain a modest EPS rate despite a drastic revenue decline, indicating analyst optimism for EA's future growth and performance (Pillai, 2025). However, even in media coverage that carried a trace of optimism, a bearish sentiment held by analysts surrounding EA's stock value remained as a primary message.

Results & Current Perception

About three months after this crisis, EA stock has slightly eclipsed pre-crisis value at \$145.67. This financial recovery demonstrates that EA's financial PR strategy was successful in illustrating EA's commitment to nurturing long-term growth through fan activations and innovative anniversary campaigns. Additionally, the launch of a new title that resonates with audiences through a unique playstyle helped to further spark stakeholder excitement in EA's ability to innovate and expand its market share (Lee, 2025). Business media have also switched its tone when discussing the position of EA's financial performance. Three months after this crisis, the majority of business media sentiment is now positive, with financial analysts identifying EA as one of the best gaming stocks to invest in because of its strong demonstrative recovery and upcoming major releases (Ahmed, 2025).

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