



KAGR
KRAFT ANALYTICS GROUP

THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Update #1
June 3, 2020



BACKGROUND

Last week, we launched KAGR's "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19" to positive feedback and more importantly, received suggestions for areas of focus in our regular updates. Our goal is to **predict fan interest in attending games and live events as they resume** and to help the industry come back as quickly and safely as possible. Using our framework¹ and analysis, we continue to track where attendance could be highest based on **market factors, venue initiatives, and fan avidity**. We have sifted through all the noisy data to bring you insights on how live events and sports will be **different as a result of the COVID-19 pandemic**. We will be adding new data sources to track this rapidly changing situation.

June 3, 2020: Update Overview

Over the past two weeks, planning for the reemergence of live events, sports, and every day activities is at an all-time high. Nearly every major league has developed and refined a comprehensive "return to play" plan, venue operators are finalizing plans for modifications, and states are loosening restrictions across community locations ranging from restaurants and retail, to playgrounds, fields, and parks. But the core question remains the same, **will fans come back to venues?**

In this update, we will explore:

- Changes in market level factors including number of markets open and loosening of other restrictions
- Market-by-market changes in Fan Demand
- Early indicators of fan behavior and a look-back of historical attendance across leagues

¹ See Figure 5 on Page 6, "KAGR Fan Demand Framework"

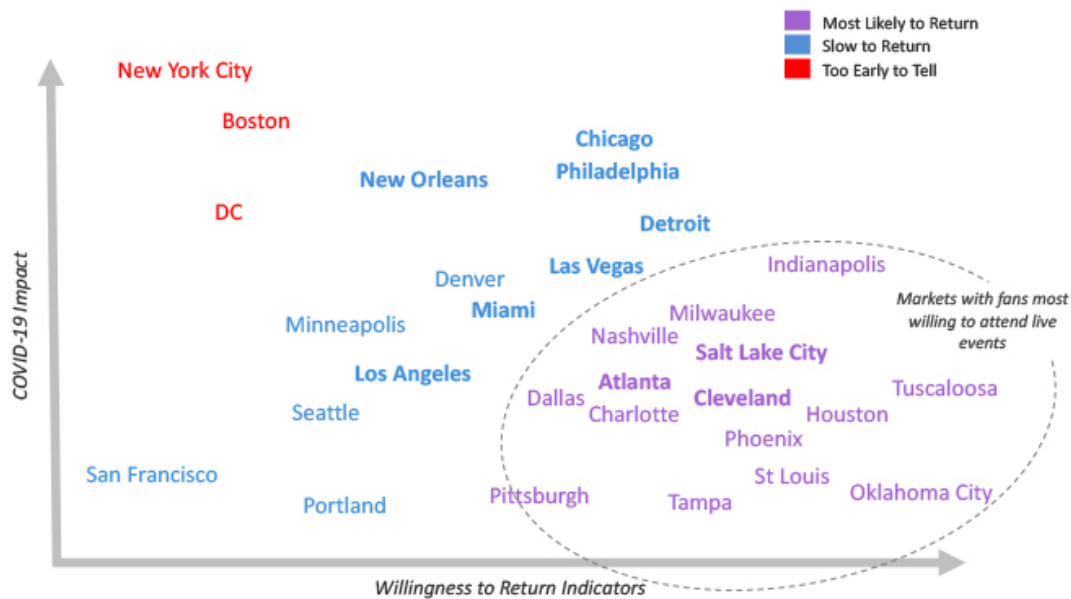


MARKET ANALYSIS

We created the **KAGR Fan Demand Index** to monitor and better understand the likelihood of fans across 30 markets to return to live events (Figure 1). This index uses a variety of market data including COVID-19 factors, economic indicators, and other consumer behavior information. Over the last two weeks:

- New confirmed COVID-19 cases are **down 10%** across markets
- 28 out of 30 markets have initiated some level of **phased re-opening**
- **Restaurants in 19 markets** are open for dine-in, and outdoor seating (as appropriate), with at least 25% capacity
- Consumer behavior, specifically visits to retail and recreation, is **up 16%** on average across markets (this includes the Memorial Day holiday weekend), the highest being Oklahoma City, Tuscaloosa, and Houston
- Overall **Fan Demand Index** is **up 2.3%** over two weeks ago

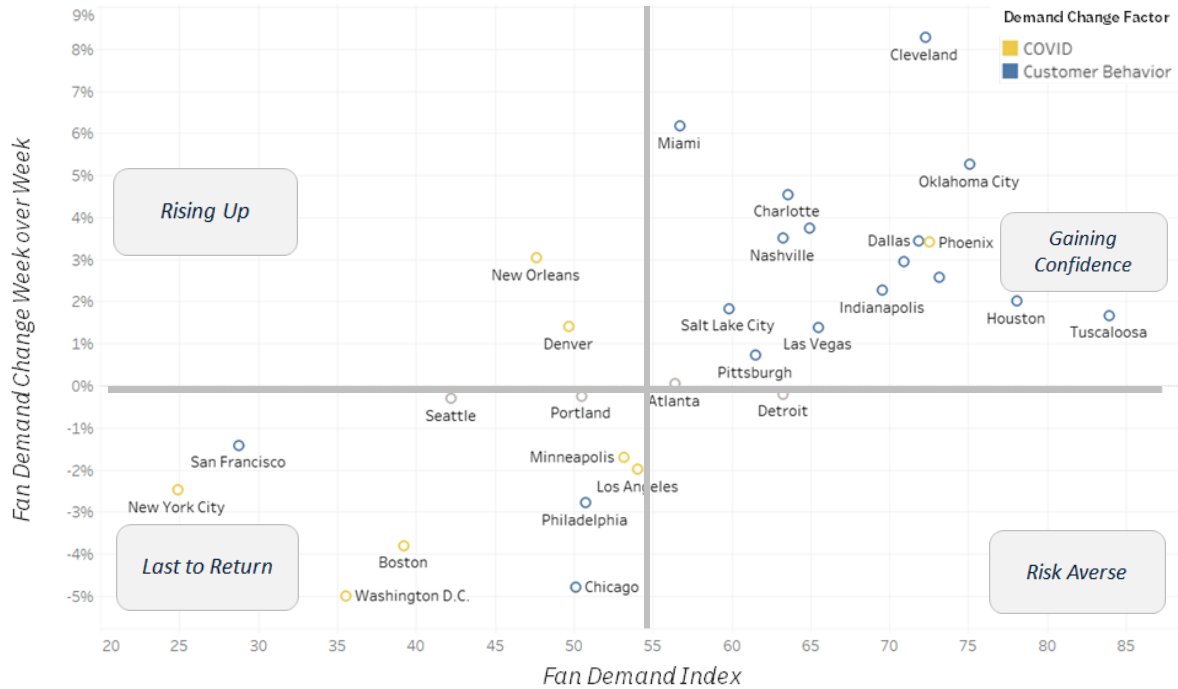
FIGURE 1. KAGR FAN DEMAND INDEX BY MARKET



Eleven of the thirty markets analyzed saw shifts over the past two weeks, including 7 markets moving from the “Too Early to Tell” group:

- **Positive Trends:**
 - **Salt Lake City** moved from “Slow to Return” to “Most Likely to Return”
 - **Cleveland** and **Atlanta** moved from “Too Early to Tell” to “Most Likely to Return” with increased consumer behavior and decreased COVID-19 cases
- **Negative Movements:**
 - **Miami** and **Los Angeles** moved from “Most Likely to Return” to “Slow to Return” groups. While the cities are open, they are less so than others. As an example, restaurants only recently re-opened for dine in and therefore both cities see less movement (i.e. visits to retail) than those in the “Most Likely to Return” group
 - **Detroit** and **Vegas** transitioned from “Too Early to Tell” to “Slow to Return.” Both remain one of the hardest economically hit areas, however, with the gradual re-opening, the populations have been more active in recent weeks

Figure 2. KAGR Fan Demand Index by Market



A deeper dive highlights 26 markets with week-over-week changes (Figure 2). 31% of those changes are driven by COVID-19 while the remaining 69% are the result of consumer behavior changes.

- **Cleveland** saw the highest positive change at 8% as restaurants are now open and there was a 36% increase in consumers dining in at restaurants.
- Conversely, **Chicago** and **Washington DC** saw the greatest negative change as new confirmed COVID-19 cases remain high and many market-based restrictions are still in place



FAN AVIDITY AT A GLANCE

Fan demographics are shifting during the shutdown. In a recent study by Ticketmaster, a new fan profile called “The Early Returner” emerged. This profile is characterized by those who live in less impacted areas of the country, less densely populated areas, and are younger (less than 30 years old). 82% of “Early Returners” say they will attend live events and games at the same rate as pre-COVID-19.

As discussed in the **KAGR Executive Preview Report**, 31% of fans across major sports leagues are in this younger demographic. **Leagues and teams must seek ways expand their fan bases** in this “Early Returner” segment as live events and games return.

To look closer at the impact of fan demand on specific teams and leagues, we analyzed 3 years of historical attendance captured by ESPN for MLB, NBA, NFL, and NHL (Figure 3 and 4). MLB is at most risk in many of the “Slow to Return” markets given low historical attendance. The NFL is best positioned even in “Slow to Return” markets to minimize fan demand challenges. KAGR analysis also suggests that less than 10% of STMs across NBA and NFL have opted for refunds or deferral options as a result of COVID-19.

Figure 3. Attendance Percentage for “Slow to Return” Markets

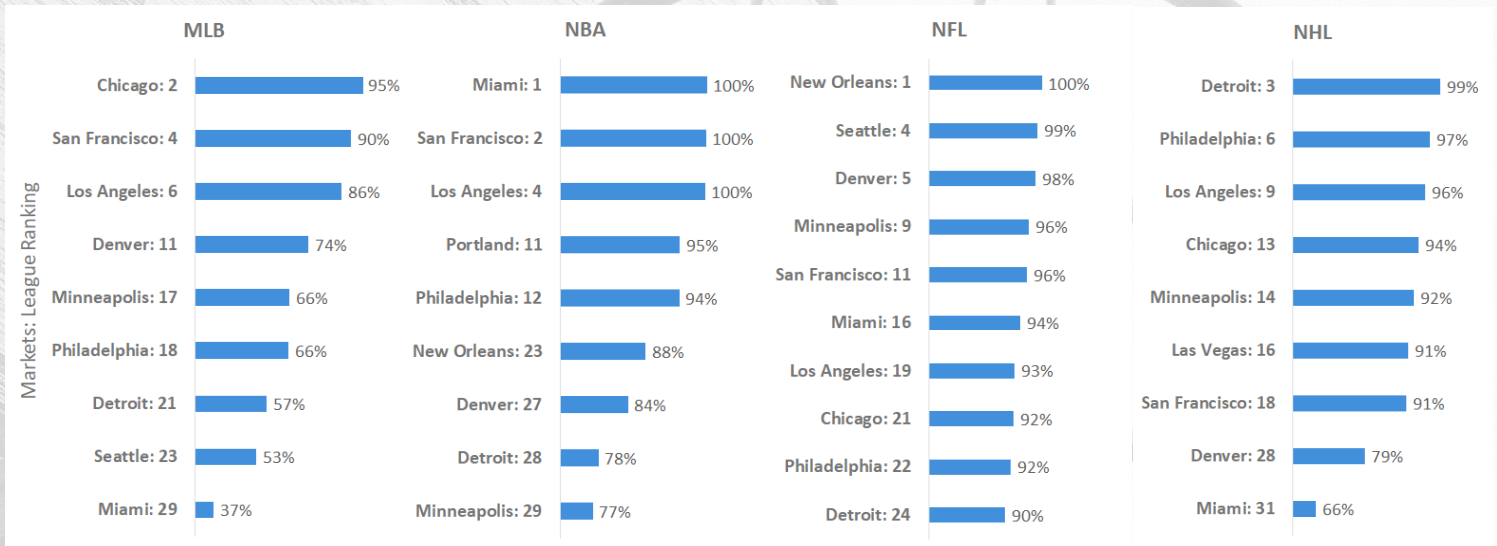
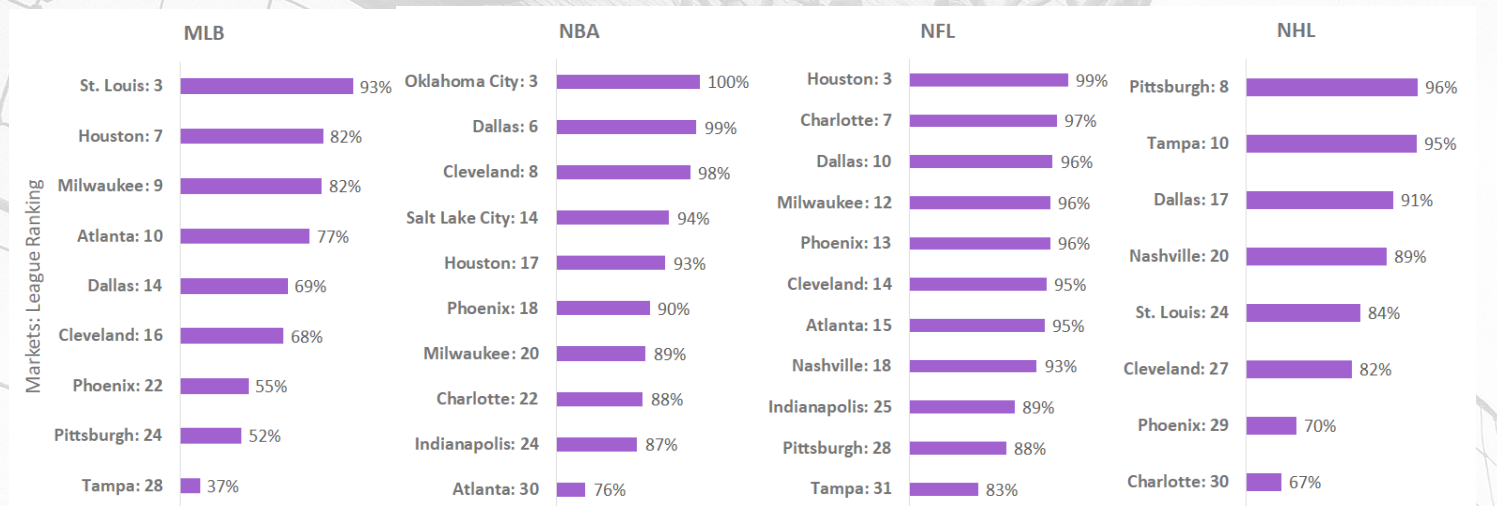


Figure 4. Attendance Percentage for “Most Likely to Return” Markets





PRODUCT/VENUE OVERVIEW

It is unlikely there will be fans in the stands when many major leagues return this summer. However, initial viewership will be significant, as evident by many early events:

- **Soccer:** the German Bundesliga return on May 16th had a viewership of 5 million, 150% higher than their average viewership
- **NASCAR:** the NASCAR Cup Series at Darlington Raceway on May 17th saw 6.32 million viewers, 33% more than the two previous events in early March
- **Golf:** 5.8 million viewers on average tuned in for the “The Match” charity golf event on May 24th, the most watched golf event in cable history

What will happen to viewership when more live events are available to watch? How will organizations need to engage their fan base and how can they cultivate relationships with “Early Returner” segments as well as their most loyal customers, the season ticket members? Do the higher TV ratings suggest higher interest than before?

According to a recent survey from Ticketmaster:

- 86% of fans expect **increased cleaning and sensitization** stations
- 41% expect **seating that maintains adequate distances**

Very similar sentiment has been shared with regards to movie theaters who are creatively re-defining **their business models** in Louisiana and Texas. **How can live events and sports apply these learnings?**

We are tracking other industries to understand what is most critical for consumer confidence in returning. Outside sports and live events, we are keeping an eye on the plans to re-open Disney World (estimated July time-frame) and impact to Disney club member demand and behaviors. Early plans indicate:

- Limited attendance
- Increased cleaning in high-traffic areas
- No same day walk ups
- No parades or spectacles where large groups gather
- Temperature checks for staff and guests prior to entering the park

LOOKING FOR MORE?

What fan demand questions are you looking to answer? We would love to hear from you.

We welcome your feedback and questions. Please share with us at FutureSportsandEvents@kagr.com.

Figure 5. KAGR Fan Demand Framework

