



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #3
July 01, 2020



BACKGROUND

In May, we launched KAGR's "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19." In our 3rd update, our goal remains to **predict fan interest in attending games and live events as they resume**, identify the actions venues and organizations are taking to **address fan safety**, and to help the industry come back as quickly and safely as possible.

Using our framework¹ and analysis, we continue to track where fan demand 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 are adding new data sources to track this rapidly changing situation.

July 01 2020: Update Overview

COVID-19 cases have surged across the West and South and local governments are taking steps to stem the impact. Players and staff across many early returning leagues are reporting to training facilities, and some games without fans are underway (NWSL). Some players across professional and collegiate teams have been sidelined with positive COVID-19 tests, bringing player safety and protocols into greater focus. As leagues work through a series of contingency plans and increased restrictions become a reality, the core questions remain – **will fans come back, what do they expect when they return, and how has their willingness to pay changed?**

In this update, we will explore:

- Continued COVID-19 surges and market setbacks, including the risk to returning league locations
- Reaction to positive player testing and steps taken to ensure player safety
- Fan-driven venue safety precautions, including face mask requirements and gate entry protocols

¹See Figure 5 on page 8, "KAGR Fan Demand Framework"

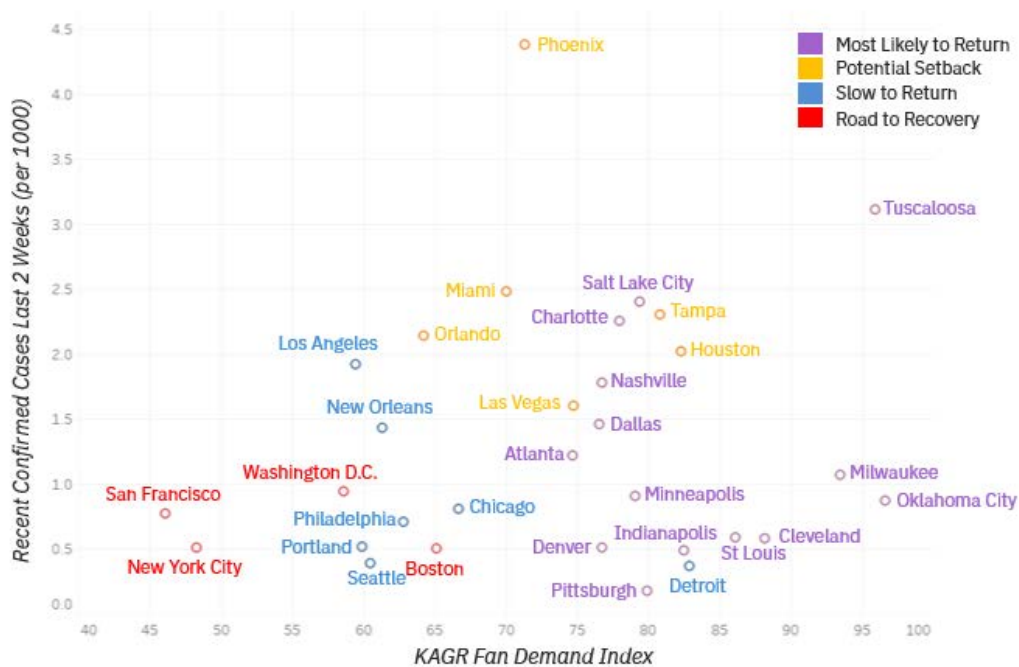


MARKET ANALYSIS

Our **KAGR Fan Demand Index** monitors and helps understand the likelihood of fans across 31 markets (recent addition of Orlando) 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. New data added in this report includes detailed restaurant re-opening information, an economic mobility indicator, measures of COVID-19 infection rates, and market labor statistics. Macro trends include:

- **Increasing Cases:** New confirmed **COVID-19 case numbers have surged in the past two weeks, up 30%** on average across markets (21 of 31 markets saw percent change increases); Tampa experienced the greatest increase change in recent cases (334%)
- **Continued Consumer Behavior Growth:** Despite the significant COVID-19 uptick, consumer behavior, specifically visits to retail and recreation, continues to climb, up 5%
 - **28 markets** have restaurants open for **dine-in**, **20 markets** have allowed **movie theaters** to reopen, and **bars are reopen in 25 markets** (4 of which are reassessing)
 - Only four markets (St. Louis, Cleveland, Oklahoma City, Tuscaloosa) have achieved pre-COVID economic mobility (consumer behavior and intent based on category of location visited, i.e. home improvement store)

FIGURE 1. KAGR FAN DEMAND INDEX BY RECENT CONFIRMED CASES



- **Emergence of a “Potential Set Back” market grouping:**

- Six of the previous “Most Likely to Return” markets fall into a new grouping, “Potential Setback.” These markets (Phoenix, Miami, Orlando, Las Vegas, Tampa, and Houston) have seen significant increases in COVID-19, a 28% higher R_t (a measurement of infection spread), and early indications of a decline in consumer behavior
- Re-opening plans across Texas have been put on hold, with Houston becoming a COVID-19 hotspot (166% increase in recent cases); Dallas has also seen a rise (80% increase in recent cases) but not as significant as Houston
- Orlando will soon be home to players and staff from the NBA and MLS; the increase in COVID-19 is the sole driving factor of this market’s setback

- **Detroit** is an outlier amongst the “Trading Carefully” markets; the total COVID-19 case count remains high despite low recently confirmed cases. If new cases remain low, we anticipate Detroit will transition to “Most Likely to Return” based on consumer activity

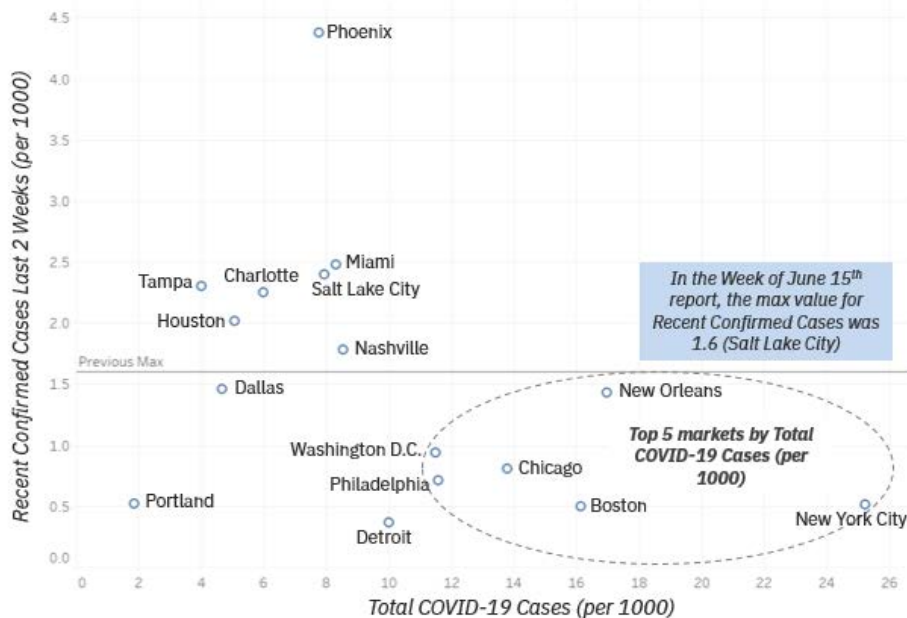
- **San Francisco, New York City, Washington D.C., and Boston** have moved to the “Road to Recovery” group. These markets are now amongst the **lowest numbers of recent cases** and as the phased re-openings progress, **consumer behavior saw the largest increase** week over week

TRACKING & EVALUATING NEW HOT SPOTS

As part of the [Week of June 15th Report](#) we looked at 10 markets with rising cases and compared them to the top 5 markets based on total cases. While markets like Phoenix saw their recent cases increasing, the total cases was far below New York City, Boston, and Washington D.C. Figure 2 represents an updated view:

- Recent confirmed COVID-19 case numbers continue to rise for the top 10 “hot spots;” 7 markets are higher than the maximum in the last report
- Total case counts (per 1,000 people) for some markets (e.g. Miami, Detroit, Phoenix) are close to total cases in D.C. and Philadelphia

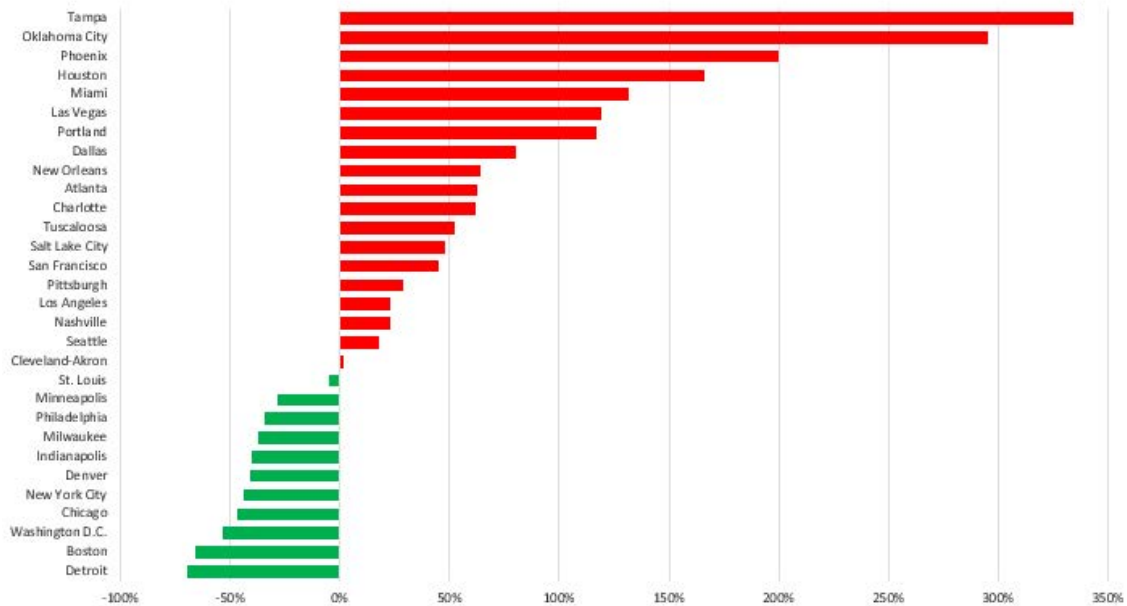
FIGURE 2. TOTAL COVID-19 CASES VS. RECENT CONFIRMED



WEEK-OVER-WEEK KAGR FAN INDEX CHANGES

Diving in deeper on changes per market highlight the rapid spread in some markets like Tampa and Phoenix.

FIGURE 3. PERCENT CHANGE IN RECENT CASES BY MARKET



Further, as new data emerges, we will continue to refine and recalibrate our models. In Figure 4, we analyze market Fan Demand Index rankings. A deeper dive highlights:

- **Minneapolis, St. Louis, and Denver** saw the highest positive changes in Fan Demand; all three markets saw a decrease in COVID-19 cases. Minneapolis and Denver both saw large increases in restaurant reservations (18% and 16% respectively). Flights in St. Louis increased by 20%
- Conversely, **Las Vegas and Phoenix** saw the greatest negative change; Phoenix had a 200% increase in recent cases while Las Vegas 119%. Phoenix saw visits to retail and recreation decrease by 10%

FIGURE 4. KAGR Fan Demand Index Rankings by Market

Market	6/17 Rank	7/1 Rank	Change	Market	6/17 Rank	7/1 Rank	Change
Oklahoma City	2	1	1	Las Vegas	7	17	-10
Tuscaloosa	1	2	-1	Atlanta	18	18	0
Milwaukee	6	3	3	Phoenix	9	19	-10
Cleveland	4	4	0	Miami	17	20	-3
St. Louis	12	5	7	Chicago	22	21	1
Detroit	11	6	5	Boston	27	22	5
Indianapolis	10	7	3	Orlando		23	N/A
Houston	3	8	-5	Philadelphia	25	24	1
Tampa	5	9	-4	New Orleans	23	25	-2
Pittsburgh	15	10	5	Seattle	26	26	0
Salt Lake City	16	11	5	Portland	24	27	-3
Minneapolis	20	12	8	Los Angeles	19	28	-9
Charlotte	14	13	1	Washington D.C.	28	29	-1
Denver	21	14	7	New York City	30	30	0
Nashville	13	15	-2	San Francisco	29	31	-2
Dallas	8	16	-8				



FAN AVIDITY AT A GLANCE

As professional games return, the surge of COVID-19 cases in locations where events will occur has given many pause. How will fans respond as players continue to test positive for COVID-19 or opt out of competition? Will players testing positive (i.e. Clemson University football team) raise fans concerns?

Early fan reaction is mixed as player testing increases and positive case counts are revealed:

- In a SB Nation survey of MLB fans, 59% of fans don't think the 60-game season will finish due to COVID-19, and only 50% of MLB fans think playing the 2020 season is a good idea
- Response to other player testing is less severe, especially as recovery is achieved, spread is limited, and games are not imminent

What is being done to ensure player and staff safety?

Leagues are enacting stronger safety measures and learning from other industries. Leagues are taking varied approaches from tiered access to “bubbles” to encouraging player responsibility. The NFL has issued a tiered access concept, seeking to create an in-market “bubble”:

- Instituting tiers of personnel will limit access to restricted areas (practice/stadium fields, sidelines, locker rooms, training rooms) and isolate players, coaches, and critical operations staff
- Physical training camps will not take place until the tiered system is in place, and must occur within the team's training facility
- **Fans are likely not allowed at training camp this year**, though no formal announcement has been made

In advance of the NBA arrival in Orlando next week, the league has already issued a statement that the occurrence of a small or expected number of COVID-19 cases will not result in a suspension or cancellation of the restart. As of June 26th, **5% of NBA players have tested positive for COVID-19**. The NBA has imposed strict guidelines to maintain the safety of the “bubble”:

- If the players leave campus, they will face a 10-14 day quarantine upon return
- Players will have the option to wear titanium Oura rings that can detect possible signs of COVID-19 by measuring pulse, breathing rate, and temperature
- The NBA and NBPA (players association) have agreed to an enhanced insurance policy for players in Orlando

Counter to the “bubble” approach, the MLB has opted to stay in their facilities. Soaring COVID-19 case numbers have forced teams including the Phillies, Lightning, and Blue Jays to close their facilities. Some MLB teams are considering the **depth of the roster required to accommodate quarantined players**.



PRODUCT/VENUE OVERVIEW

While leagues and teams are undertaking significant efforts to welcome players back to venues, planning for fans is just beginning. In addition to sanitation and building certification efforts discussed in the [Week of June 15th Report](#), protocols likely will require new levels of fan cooperation and compliance, including face masks, designated entry times, and strict adherence to contactless transactions (i.e. ticketing and concessions).

To understand the importance of fan-driven safety precautions, we explored the face mask requirement – perspectives vary and market-level information will dictate whether they are recommended or required when events resume:

- [15 out of 50 states](#) currently require masks, despite [increasing evidence of their effectiveness](#) in reducing the spread of COVID-19
- When Disney World released their re-opening protocols including the mandatory use of face masks – reactions were divisive, with many potential Disney guests refusing to return while face mask restrictions in place
- At an upcoming NASCAR event, O'Reilly Auto Parts 500, at Texas Motor Speedway (July 19th), masks will be strongly encouraged but will not be enforced unless the local government mandates it.

To address social distancing changes, gate entry protocols will be forced to evolve – introducing new procedures such self-assessment questionnaires, guidelines for specific fan segments, and meaningful technology advancements:

- Mobile ticketing will be a requirement. In the NFL, all clubs have mobile ticketing capabilities, however, less than 50% are fully mobile. A similar pattern exists within other leagues. To be fully mobile, teams may need to consider increased gate and support staff, Wifi enhancements, and other changes
- Fans will likely be assigned designated gates and times, and traffic will be closely monitored in venue to limit crowds and lines; procedures will also be in place for venue departure
- La Liga, Spain's soccer league, [established age specific protocols](#); designating a time for elderly fans to enter the venue (closer to kickoff) and seated closer to evacuation areas

UPDATES ON FAN PRIORITIZATION STRATEGIES

Increasingly, capacity restrictions are becoming inevitable. In the [Week of June 15th Report](#), we discussed options for handling season ticket members (STMs) and other fan prioritization options. Since then, several collegiate football programs have released their plans and professional leagues are weighing the impact of personal seat licenses (PSLs) and other contractual obligations:

- [Minnesota University will leverage the “Gopher Score” loyalty program](#) to determine cutoff – based on number of years as a season ticket member and the amount of money donated to the athletic department
- [USC will allow STMs the option to opt-out of the 2020 season](#) before and after seat assignments are released
- Marshall University plans for priority admission for STMs, player families and students; similarly Iowa State will likely not sell any single game tickets to accommodate all STMs
- For many NFL clubs the [seat re-distribution process and handling of personal seat licenses](#) (which for some promises fans access to “all” games) brings forth potential legal concerns

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

