



# THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #4  
July 15, 2020





# BACKGROUND

When we launched KAGR’s “Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19” in May, our intent was to track best practices as different markets in the US prepared for fans to return. As COVID-19 cases spike across the country, learnings and effective approaches will be more important than ever. In our 4th update, our goal remains to **predict fan interest in attending games and live events as they resume**, identify the requirements venues and organizations are taking to **address fan safety** based on government regulations, and to help the industry come back as quickly and safely as possible.

Using our framework<sup>1</sup> and analysis, we continue to track fan demand 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 15 2020: Update Overview

COVID-19 challenges have accelerated in many parts of the country and several markets have taken a step back in both local restrictions and consumer behavior. With the return to play, “bubbles” for several leagues are generally off to a good start and the NHL’s version starts later this month. In parallel, many NFL teams are issuing detailed and reasonable plans to safely return fans to venues in a limited capacity. As it becomes likely that demand will outpace supply – key questions include **which fans will attend, what will they expect when they return, and how has their willingness to pay changed?**

In this update, we will explore:

- Major COVID-19 and consumer behavior setbacks in markets which originally had indications of being “Most Likely to Return” and the implied decrease in fan demand across markets
- Concerns over return-to-play tournaments and the importance of early success in supporting the near term return of sports and live events
- How stadium enhancements for at-home viewing may impact future in-venue experience

<sup>1</sup> See Figure 4 on page 7, “KAGR Fan Demand Framework”



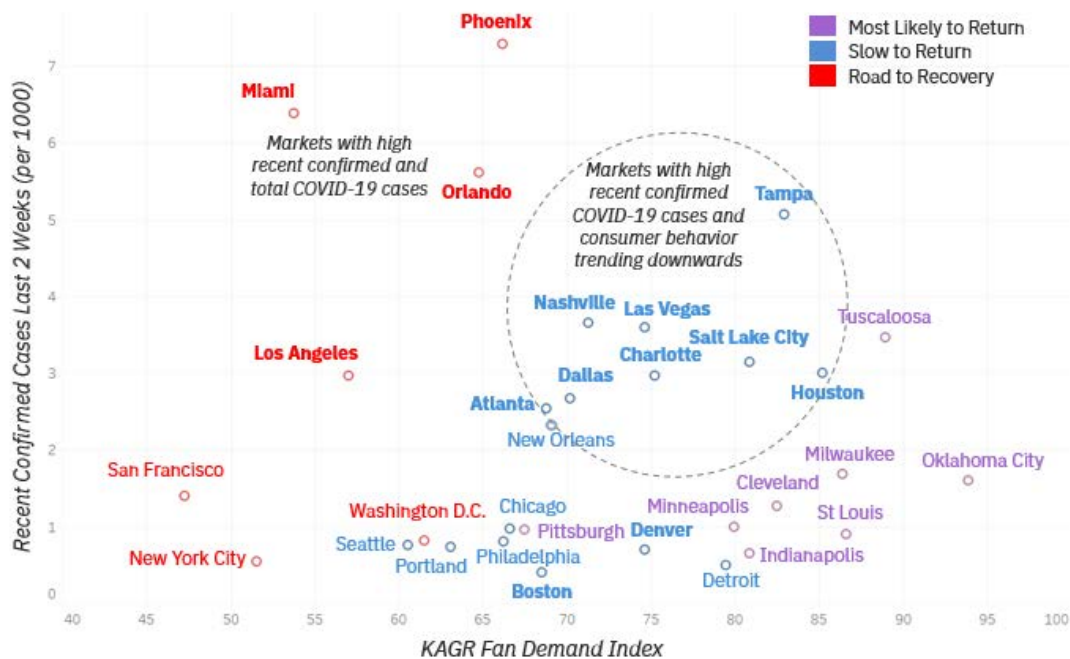
# MARKET ANALYSIS

Our **KAGR Fan Demand Index** monitors and helps understand the likelihood of fans across 31 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.

Macro trends across the country are concerning and include:

- **Increasing Cases:** New confirmed **COVID-19 case numbers have surged in the past two weeks, up 73%** on average across markets (29 of 31 markets saw percent change increases) since our last report; Pittsburgh experienced the greatest negative effect in recent cases (over 400%)
- **Declining Consumer Behavior:** As a result of increased restrictions in **13 markets**, consumer behavior has decreased. Visits to retail and recreation are down 11% and restaurant reservations decreased by 21% across all markets (with significant outliers including Miami at 62% down)
  - Restaurants in **20 markets** are now open for **dine-in**, down from 25 (5 markets have imposed increased restrictions and 7 are strongly considering)
  - **29 markets** have allowed **movie theatres** to re-open (1 market has imposed increased restrictions and 3 are strongly considering)
  - **Bars are open in 14 markets**, down from 25 (9 have imposed increased restrictions and 3 are strongly considering)

**FIGURE 1. KAGR FAN DEMAND INDEX BY RECENT CONFIRMED CASES**





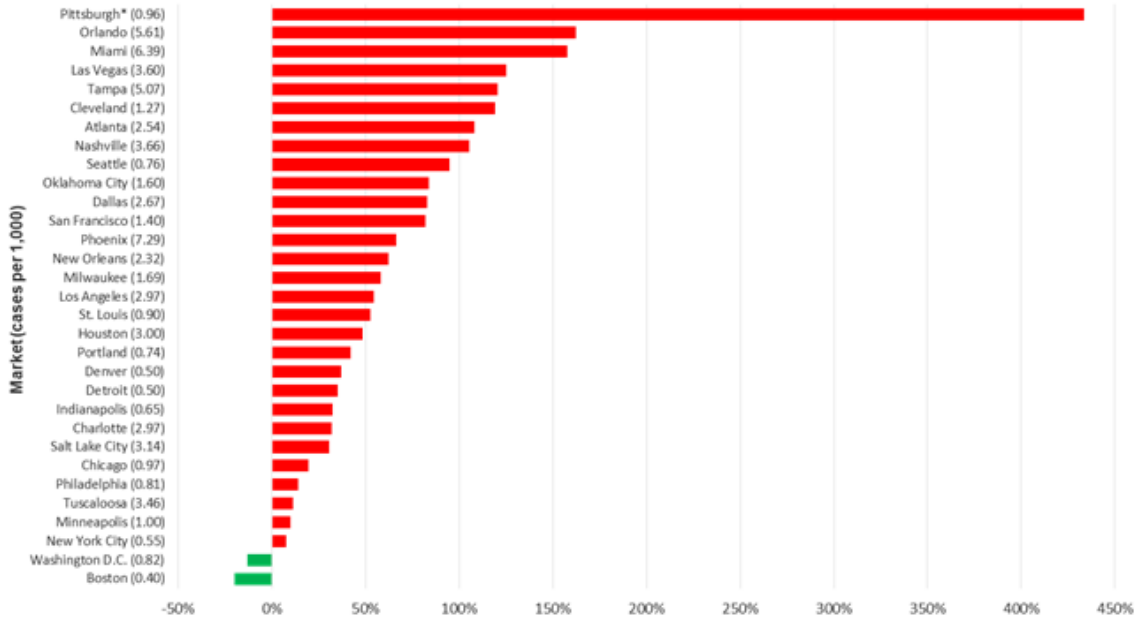
- Two weeks ago, we identified six former “Most Likely to Return” markets (Miami, Orlando, Phoenix, Tampa, Las Vegas, and Houston) where COVID-19 cases were rising fast and infection rates were above average. Based on a combination of recent COVID-19 cases and consumer behavior, the following shifts have occurred:
  - **Miami, Orlando and Phoenix** have shifted into the least likely Fan Demand Index, **Road to Recovery** markets (hardest hit by COVID-19). In these three markets, COVID-19 cases continue to rise and for the first time, consumer behavior has dropped. Visits to retail dropped by over 10% (17%, 11%, 18% respectively)
  - Additionally, **Tampa, Las Vegas and Houston** have shifted to the **Slow to Return** group. While cases have risen significantly in these markets, consumer behavior has not declined as sharply; for example, restaurant reservations remained constant
- **Positive Changes:**
  - **Boston** moved from the **Road to Recovery** to **Slow to Return** (markets characterized by lower recent cases and lower consumer behavior). Boston was one of two markets to experience a 20% drop in COVID-19 cases. As a result, the Fan Demand Index is up a modest 3% as consumer behavior remains constant, indicating more caution
- **Negative Changes:**
  - **Los Angeles** retreated into the **Road to Recovery** group as cases rose and consumer behavior and economic mobility dropped by 5%
  - **Salt Lake City, Charlotte, Denver, Nashville, and Dallas** all moved from **Most Likely to Return** to **Slow to Return**. These markets had increases in COVID-19 cases and simultaneously, restaurant reservations, consumer behavior, and economic mobility decreased

### TRACKING & EVALUATING NEW HOT SPOTS

In our [Week of June 29th Report](#), we compared week-on-week COVID-19 cases by market (Figure 2, page 4) to better understand infection surges.

- As noted earlier, only two markets (**Boston and Washington D.C.**) saw a **decrease in the percent change** in recent COVID-19 cases versus six markets in our last report
- Unfortunately, the three Florida markets (**Orlando, Miami, and Tampa**) remain in the most impacted markets, with recent cases up more than 120%

**FIGURE 2. PERCENT CHANGE IN RECENT CASES BY MARKET**



\*Note: Pittsburgh saw an increase from 0.18 to 0.96 infections per 1,000 people over two weeks

**KAGR FAN DEMAND INDEX CHANGES: WEEK-OVER-WEEK RANKINGS**

The KAGR Fan Demand Index decreased for the first time and is down 5% across markets. Most markets moved consistently and saw little movement in relative rankings, with a few exceptions:

- **Pittsburgh** and **Miami** were the most impacted; Pittsburgh fell 10 spots due to having the largest negative change in recent COVID-19 cases and visits to retail and recreation decreasing 23%. Miami fell 9 spots as visits to retail declined by 17%
- **New Orleans** had the largest increase in Fan Demand Index, jumping 8 spots driven off declining unemployment (-11%) and an increase in employees returning to work (7%)

**FIGURE 3. KAGR Fan Demand Index Rankings by Market**

Market	Rank 7/15	Rank 7/1	Rank 6/17	Change in Rank
Oklahoma City	1	1	2	0
Tuscaloosa	2	2	1	0
St. Louis	3	5	12	2
Milwaukee	4	3	6	-1
Houston	5	8	3	3
Tampa	6	9	5	3
Cleveland	7	4	4	-3
Salt Lake City	8	11	16	3
Indianapolis	9	7	10	-2
Minneapolis	10	12	20	2
Detroit	11	6	11	-5
Charlotte	12	13	14	1
Denver	13	14	21	1
Las Vegas	14	17	7	3
Nashville	15	15	13	0
Dallas	16	16	8	0

Market	Rank 7/15	Rank 7/1	Rank 6/17	Change in Rank
New Orleans	17	25	23	8
Atlanta	18	18	18	0
Boston	19	22	27	3
Pittsburgh	20	10	15	-10
Chicago	21	21	22	0
Philadelphia	22	24	25	2
Phoenix	23	19	9	-4
Orlando	24	23		-1
Portland	25	27	24	2
Washington D.C.	26	29	28	3
Seattle	27	26	26	-1
Los Angeles	28	28	19	0
Miami	29	20	17	-9
New York City	30	30	30	0
San Francisco	31	31	29	0





# FAN AVIDITY AT A GLANCE

With multiple leagues in various states of “bubbles”, media interest has dramatically increased as sports are once again available to watch. The sports world has been actively finalizing return-to-play logistics and executing on plans: NHL owners and players have approved a return-to-play schedule, the MLS is Back tournament is underway, and the NBA and WNBA have reported to their respective Florida bubbles. The success of these bubbles is critical to understand the ability of potential fans return to venues.

To that end, the NBA has enacted significant player safety protocols and with players in Orlando, the impact of extensive testing in containing COVID-19 will be tested. Many believe this is one of the biggest weeks for the NBA. **If the comprehensive NBA plan falters, how does this impact the next NBA season? And, what will it mean for sports planning to occur outside bubbles?**

Media coverage has been increasingly skeptical of season re-start plans across leagues especially in light of the surging COVID-19 cases. Opinions and perspectives are varied and evolving on a continuous basis.

- The Seattle Times published an article criticizing decisions across leagues stating that we won't know if they are wrong until it's too late, calling return-to-play activities the most dangerous of games
- With COVID-19 numbers surging, NBA fans are conflicted – yearning for competition, but concerned for player safety, questioning whether the bubble can sustain for two months and whether the ultimate champion will be a result of COVID-19 testing or legitimate competition
- The New York Times asked 500 epidemiologists whether they would feel comfortable going to a sporting event or concert this summer; only 3% agreed they would feel comfortable. Over **64% said they wouldn't feel comfortable for at least a year**

The intent is that other leagues are learning from the challenges soccer (both women's and men's) have experienced. The Orlando Pride withdrew from the NWSL tournament and two of the 24 MLS teams also withdrew due to COVID-19 testing:

- FC Dallas arrived in Orlando on June 27th, several players tested positive (total of 10 players plus one staff member). The team withdrew when it would not be able to meet the 14 day quarantine window before the first match
- Nashville SC players arrived on July 1st, players began testing positive and ultimately withdrew; disappointing fans and in a larger sense casting doubt that sports can come back altogether in the coming weeks and months

What can we learn from other leagues around the world? **Why have the European leagues including Germany's Bundesliga and English Premier League seen early success?** The COVID-19 spread is far more under control in these countries.





# PRODUCT/VENUE OVERVIEW

During our Future of Live Events and Sports series, we have evaluated venue capacity restrictions, highlighted differing safety approaches, shared learnings from early events with fans, and approaches to Season Ticket Member (STM) ticketing strategies for reduced capacity venues.

Today, as many leagues restart without fans, we will share how leagues and media organizations are enhancing delivery of live events and how this might ultimately, impact the in-venue experience. To begin, viewership of early events remains strong :

- **Soccer:** MLS viewership for last week's first four games was **up 27%** compared to pre-COVID viewing
- **Golf:** Approximately 2.9M viewers tuned in for the final round of the PGA's Rocket Mortgage Classic on July 5th, **up 56% from last year**. Of the 4 PGA tournaments aired on CBS this spring, **viewership is up 26% on average**

With viewership high, broadcasting networks including ESPN are exploring new angles, placing cameras and microphones in many new locations:

- Microphones will be embedded in the field of play, around the goals, on the referees, and other locations depending on the sport
- New camera angles will be introduced, including drones for MLS and NBA exterior shots
- Piped in audio will be left up to the league; for the English Premier League games, NBC Sports leaves that decision up to the fans with options to view with or without fake noise

The MLS is taking viewing enhancements another step forward introducing virtual technologies to incorporate fans and sponsors during matches. For the clubs, the digital boards around the pitch will also allow for make goods for local partners.

**Will these features remain when fans are back in venues? How much could these impact the in-venue experience?** New camera angles or portions of enhanced broadcasts could be shared on big screens. Coach to player communications may be available (assuming no competitive advantage). Or new ways to connect with fans in stadium through existing team and stadium apps can be introduced. Leagues, teams, and broadcasting networks have an opportunity now to innovate towards the future fan experience.

# 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](mailto:FutureSportsandEvents@kagr.com).

FIGURE 4. KAGR FAN DEMAND FRAMEWORK

