KAGR
KRAFT ANALYTICS GROUP

THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #5
July 29, 2020

BACKGROUND

With fans returning to live events, KAGR's "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", originally launched in May, is driving insights and sharing of best practices across the 31 markets we are tracking. In our 5th update, with COVID-19 cases increasing across the country and local municipalities define capacity constraints, our goal remains to **predict fan interest in attending games and live events as they resume**, to identify efforts organizations are undertaking to **address fan safety**, and to help the industry come back as quickly and safely as possible.

Using our framework[1] 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 29 2020: Update Overview

Live sports has returned as MLB and the WNBA kicked off their seasons while professional soccer progressed in their respective tournaments. Player testing and safety protocols in the bubbles have proven successful, with several leagues posting few, if any, positive COVID-19 cases. Meanwhile, the NFL is the latest league to formalize 2020 season logistics with pre-season games cancelled and teams finalizing capacity decisions based on local market guidelines. With limited fans allowed in stands, the core questions remain: **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:

- Continued COVID-19 setbacks and the impact of fan demand across markets
- Multiple fan engagement indicators as leagues return to play with no fans
- How venues can leverage real-time data to monitor crowd density and more effectively plan for operational adjustments

[1] See 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 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 continued to escalate in the past two weeks, up 47%** on average across markets (29 of 31 markets saw percent change increases) since our last report; St. Louis experienced the greatest negative effect in recent cases (172%)
- **Stabilizing Consumer Behavior**: On average, markets experienced a slight uptick in consumer behavior compared to the dramatic drop two weeks ago. Only 1 market (**Las Vegas**) saw visits to retail and recreation decrease; on average visits to retail and recreation were up 9%. Conversely, restaurant reservations were down 4%, with **15 markets** experiencing a decrease
  - Restaurants in 25 markets are now open for **dine-in**, (13 markets are considering increased restrictions or scaling back – i.e. further limiting capacity)
  - **21 markets** have allowed **movie theatres** to re-open (8 markets delayed their previous plans to reopen)
  - **Bars are open** in **17 markets**, up from 14 (5 markets have imposed increased restrictions including limited hours)

FIGURE 1. KAGR FAN DEMAND INDEX BY RECENT CONFIRMED CASES

Specific market level changes include:

- **Positive Changes:**
  - **Denver** moved from **Slow to Return** to **Most Likely to Return** based on a sizable increase in consumer behavior; visits to retail and recreation were up 14%, and restaurant reservations up 10%
- **Negative Changes:**
  - **New Orleans** retreated from **Slow to Return** to **Last to Return** based on COVID-19 cases, consumer behavior, and economic impact. New Orleans saw a 89% increase in COVID-19 cases, consumer behaviors decreased by 37%, and employment increased by 23%
  - **Pittsburgh** moved from **Most Likely to Return** to **Slow to Return** based on COVID-19 cases (60% increase)
  - **Miami** continues to regress within the **Last to Return group**, surpassing New York City for most cumulative cases per 1,000 people

For a visual on how the KAGR Fan Demand Index has shifted over time by market, please see our Future of Live Events and Sports page.

TRACKING & EVALUATING NEW HOT SPOTS

The percent change in recent COVID-19 cases continues to rise in a majority of markets (Figure 2, page 4), contributing to significant total COVID-19 cases. The average recent COVID-19 cases per 1,000 people nearly doubled (3.1 cases per 1,000) since our Week of July 13 Report (1.6 per 1,000).

- Only two markets (**Phoenix** and **New York City**) saw a **decrease in the percent change** in recent COVID-19 cases
- **St. Louis** has the highest percent change in recent COVID-19 cases; 172% increase and 2.45 cases per 1,000
- Last report, three Florida markets (**Miami, Orlando,** and **Tampa**) had the highest percent changes (all greater than 120%); while cases continue to rise, the rate of change has decreased, 71%, 14%, and 2% respectively

FIGURE 2. PERCENT CHANGE IN RECENT CASES BY MARKET
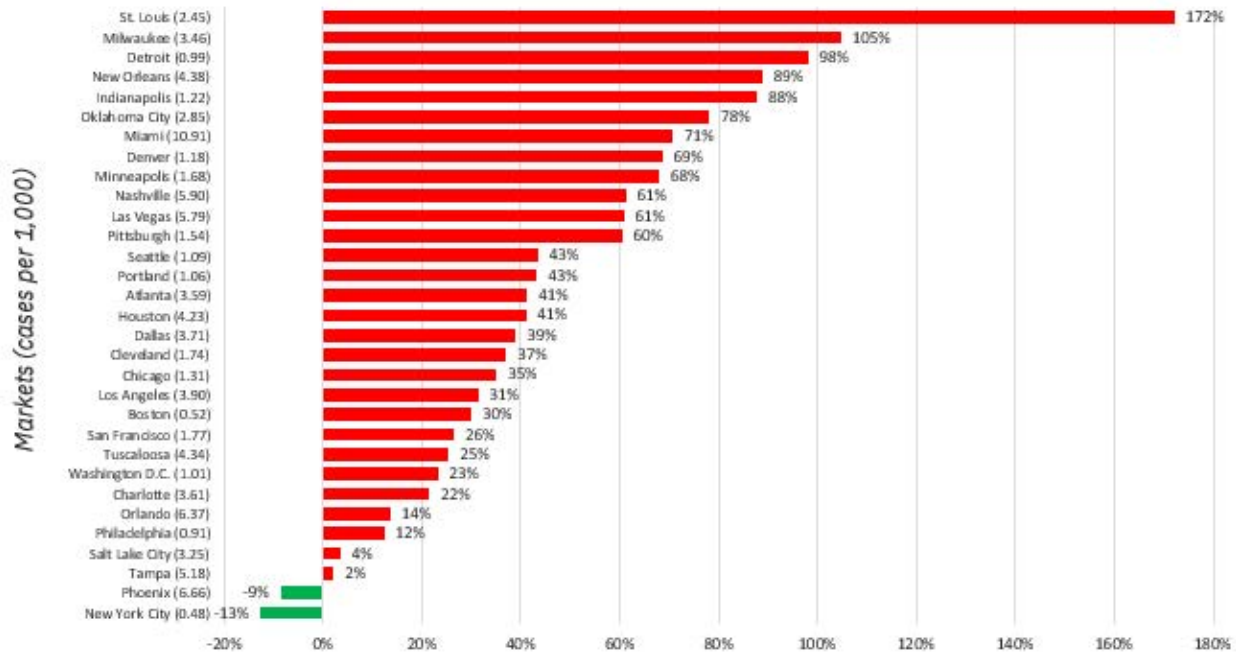
KAGR FAN DEMAND INDEX CHANGES: WEEK-OVER-WEEK RANKINGS

The KAGR Fan Demand Index decreased for the second straight update, decreasing 2.5% across markets, with a few exceptions:

- **Indianapolis** jumped 6 spots; Indianapolis has the lowest number of recent COVID-19 cases, restaurant reservations are up 18%, and employment gained 8%
- **Pittsburgh** climbed 5 spots after their massive drop earlier this month; consumer behaviors are up 19%, and the number of restaurants opened has doubled
- **New Orleans** dropped back 10 spots in ranking of Fan Demand Index, driven by consumer behavior and economic impact as mentioned above

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	7/1	7/15	7/29	
Oklahoma City	1	1	1	0
Tuscaloosa	2	2	2	0
Indianapolis	7	9	3	6
Milwaukee	3	4	4	0
Cleveland	4	7	5	2
Houston	8	5	6	-1
St. Louis	5	3	7	-4
Tampa	9	6	8	-2
Salt Lake City	11	8	9	-1
Minneapolis	12	10	10	0
Detroit	6	11	11	0
Denver	14	13	12	1
Las Vegas	17	14	13	1
Dallas	16	16	14	2
Pittsburgh	10	20	15	5
Charlotte	13	12	16	-4

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

FAN AVIDITY AT A GLANCE

With 4 leagues underway and the NBA, NHL, and NFL in training camp, media coverage has picked up. To define Fan Avidity, we evaluated interest along several consumption dimensions: viewership, social media engagement, and sports betting.

We know **fans want sports back**, but the degree to which is significant. ESPN's research from late June across 1000+ sports fans highlighted just how much:

- **78% were in favor of sports resuming despite restrictions** on fan attendance, a double-digit percentage (13%) increase from their mid-April poll
- 59% saying they can't wait to see sports back on television and are planning to watch as much as they can (5.4% higher)
- **64% of fans stated they had a greater appreciation for live sporting events**, with 84% of avid fans expressing the same sentiment

VIEWERSHIP

The MLB and MLS have found creative ways to engage fans including virtual stands and cardboard cutouts, **but are fans watching with interest and attention as more sports return?** The resounding answer is yes.

- **Baseball:**
  - MLB pre-season games viewership for July 19th exhibition game between the White Sox and Cubs was **up 64% from the average in March**, and the July 18th exhibition between the Yankees and the Mets were up 30% compared to March
  - MLB opening weekend had the **most-watched regular season MLB** Game on any network **since 2011**, with the Yankees and the Nationals generating an audience of 4 million viewers, up 232% from last year
- **Soccer**
  - The NWSL opened the Challenge Cup with 572,000 viewers on CBS, **up more than 200%** from previous record in 2014
  - The MLS is Back Tournament's opening game between Inter Miami and Orlando SC was the fifth highest most-viewed regular season broadcast in five seasons
- **Basketball**
  - WNBA posts its largest opening weekend audience in eight years; viewership of the Sparks-Mercury matchup on ABC was **up 19% over last year's first game** on the network

SOCIAL MEDIA ENGAGEMENT

The NFL is the latest league to determine logistics, safety protocols, and guidelines for the upcoming season with coordination across the Players Association, owners, and other entities. While details were unfolding, **several NFL stars went to Twitter using the hashtag "WeWantToPlay"** to express both support and concern. Social media engagement was significant, with a few seeing large (1000%) increases in engagement per post since March (Figure 4). Seattle's Russell Wilson led all NFL players with 126,500 comments, likes, and re-tweets, up 933% from his average engagement over the last four months.

FIGURE 4. PERCENT INCREASE IN ENGAGEMENT OF #WeWantToPlay TWEETS

	Name	#WeWantToPlay Tweet Engagement	% Increase in Engagement (on Tweets since March 2020)
1	Russell Wilson	126,500	933%
2	Drew Brees	78,400	1038%
3	Patrick Mahomes	45,238	363%
4	JJ Watt	30,300	181%
5	Richard Sherman	27,556	104%
6	Carson Wentz	20,213	49%
7	Todd Gurley	16,728	20%
8	Deshaun Watson	14,244	62%
9	Myles Garrett	12,172	41%
10	Derek Carr	9,864	1271%

SPORTS BETTING

As the status of professional sports leagues were in flux this spring, the sports betting industry continued to expand primarily due to Esports. Before COVID-19, the online gambling industry was growing exponentially; the global market was valued at $45.8 billion in 2017 with predictions of nearly $95 billion by 2024. The COVID-19 pandemic has fueled this global growth – engagement has soared and strides have been made for further expansion within the United States (Nevada has issued 13 new licenses for Esports leagues and tournaments since March).

- In the UK, the Gambling Commission released a report showing year-on-year increase of 2992% in Esports betting from March 2019 to March 2020, and that trend continued as April 2020 had a single month increase of 124%
- B2B iGaming supplier EveryMatrix outlined a 40x growth in esports betting in May; outlining 80 percent of betting volume stemming from NBA 2K and FIFA

As live sports returned in May and June, the United States sports betting industry is gaining steam. In the coming months, we will be paying close to attention to the growth and potential expansion across markets.

PRODUCT/VENUE OVERVIEW

When fans return to live events, significant restrictions are expected. Venue operators are working hard to carefully plan their operations, security, space utilization, and staffing. Many organizations are trying to provide support to accelerate and automate insights. Armored Things – a leading crowd intelligence solution with deployments across major universities, pro sports venues, and corporate campuses – has experienced a growth in expansion to sports as safety tracking evolves.

This AI-driven technology delivers insights via heatmaps of locations throughout a venue to inform planning and decision making from security details to ingress bottlenecks, when to open and close common areas, and how to plan for special events. Armored Things recently partnered with the University of Tennessee, Knoxville (UTK), focused on security, space utilization, and occupancy monitoring:

- UTK facilities now have the ability to **adjust cleaning schedules based on peak hours** of usage and occupancy patterns
- With integrations into the university scheduling system, operators can confirm that events are running as planned and make **changes in real-time**

As we look forward to specific COVID-19 challenges, several new data and analytics use cases have emerged to enable risk mitigation measures, increase fan confidence, and drive informed real-time decisions:

- Density alerting when commons areas are reaching capacity
- Understanding real-time occupancy counts to plan cleaning and sanitation efforts
- Track and manage flow in large shared spaces and proactively address concerns in advance through staffing
- Ability to audit and track to ensure compliance with local government and CDC guidelines/restrictions

Venue operators will increasingly seek to complement existing procedures with data and technology to be more flexible and adjust as preventative measures are increasingly defined.

ARTISTS DRIVE ENGAGEMENT AND INNOVATION WITH LIVESTREAM CONTENT

Beyond professional sports, artists and musicians are engaging with their fans in new and innovative ways. Many artists have shifted to streaming using paid ticketing and subscription options. While not ideal, these events are proving to keep artists engaged with fans and providing a much needed revenue stream for others. Ticketed events have ranged from $5 to $25.

- The virtual festival, Live from Out There, which ran over 10 weekends between mid-March and early June, featuring several jam bands, grossed more than $700K
- DICE, a digital ticketing company, enables friends to buy tickets to a livestream together and have their own private chat room at the show

Soon, fans will be welcomed back to venues and have a very different experience. With new entry procedures, more cashless options, smaller capacities, and safety concerns, Fan Demand will continue to vary by market.

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