



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #7
August 26, 2020



BACKGROUND

With fans returning to live events, KAGR's "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19" is driving insights and sharing of best practices across the 31 markets we are tracking. In our 7th update, 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 framework¹ 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.

August 26 2020: Update Overview

July's surging COVID-19 case numbers have started to retreat; however as the fall sports season comes into focus, the likelihood of fans in stands have waned. More than fifteen NFL teams will not have fans in venue to start the season, while some NCAA conferences have postponed play altogether (Big Ten and Pac-12 will not play sports this fall). MLS has had positive signs with fan returning; FC Dallas and Sporting Kansas City both hosted one event with approximately half of the possible capacity (5,000). However, the Kentucky Derby (scheduled for September 5th) which had originally announced having fans in a limited capacity, has reversed that decision. Significant speculation remains for when leagues, including the NBA and NHL, will re-start in-market following playoffs. With the opportunities for fans remaining limited in the near term, 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 explore:

- Reduction in new COVID-19 cases and initial rebound in fan demand rankings across many July hot spots
- Increase in viewership across major and niche leagues and events, while fan concern grows for fall sports plans
- In-venue amenities and fan guidelines for NFL stadiums that will welcome fans

¹ See Figure 4 on page 7, "KAGR Fan Demand Framework"

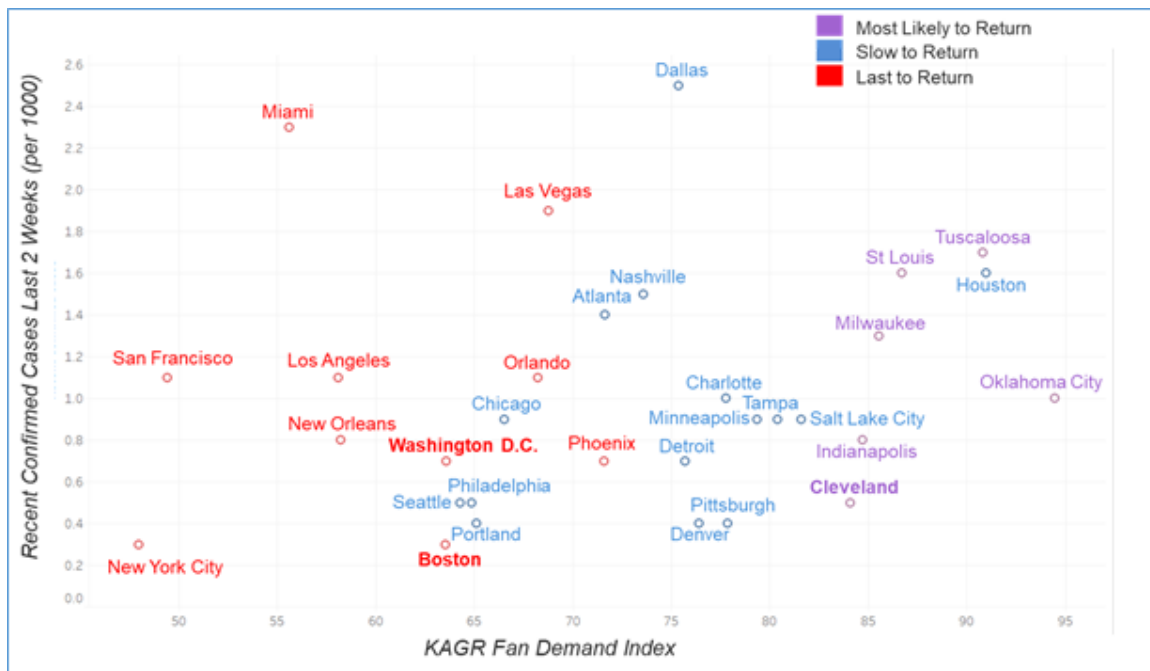


MARKET ANALYSIS

After a large improvement in our last report, the KAGR Fan Demand Index has stayed constant week-over-week. New COVID-19 cases have decreased and consumer behavior continues to move in a positive direction; however we will be keeping a close eye on both as students return to campus (Figure 1):

- **Decreasing COVID-19 Cases:** New confirmed **COVID-19 case numbers have decreased in all 31 markets past two weeks, down 60%** on average across markets
 - While cases are decreasing, 11 markets still have recent COVID-19 cases (per 1,000) higher than pre-July rates
 - Tracking Percent of Positive Tests across markets: The World Health Organization (WHO) states that the percent of positive COVID-19 tests should be below 5% if adequate testing is in place.) Only 10 of the 31 markets current meet this threshold (New York City is the lowest at 0.8% with Las Vegas the highest at 17.7%)
- **Consumer Behavior Continues to Rebound:** On average, restaurant reservations were up 23%, with **28 markets experiencing an increase** (Tuscaloosa and Philadelphia were the exceptions). Visits to retail and recreation stayed flat however.
 - Restaurants in **27 markets** are now open for **dine-in**, (Miami and Tampa have re-opened with 50% capacity over the last two weeks, 21 markets overall have limited restrictions)
 - **23 markets** have allowed **movie theatres** to re-open (Tuscaloosa, Miami, Denver, and Washington D.C. have re-opened recently)
 - **Bars are open in 16 markets**, down from 18 (7 markets have imposed increased restrictions including limited hours and only allowing outdoor bars to stay open); St. Louis issued a city order on August 13th reducing capacity in restaurants and bars

FIGURE 1. KAGR FAN DEMAND INDEX BY RECENT CONFIRMED CASES



* KAGR Fan Demand index uses a variety of market data including COVID-19 factors, economic indicators, and other consumer behavior information.

In this week's report, we see a spread of **Slow to Return** markets across Fan Demand Index. In general, **Slow to Return** markets have higher consumer behavior, specifically visits to retail and recreation, than those **Last to Return**. For example, while **Phoenix** is slightly different – while they have similar levels of consumer behavior to the **Slow to Return** markets, they have the 3rd highest total COVID-19 cases and very low restaurant reservations.

Additional market level insights include:

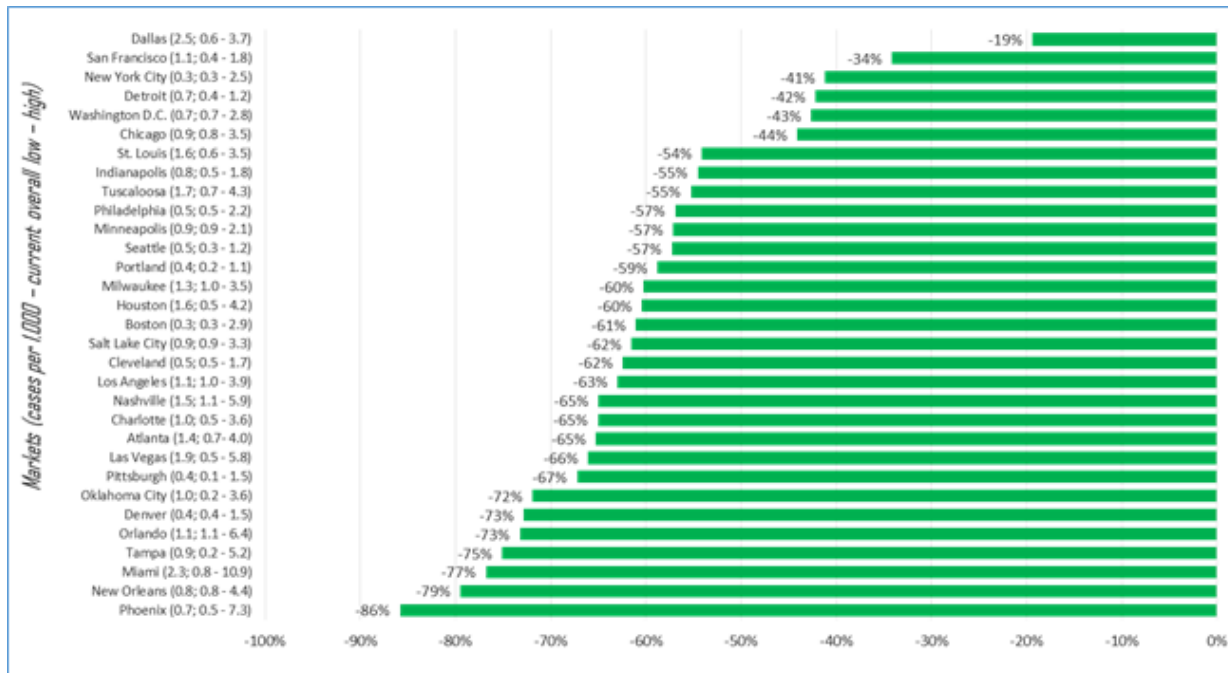
- **Positive Changes:**
 - **Cleveland** moved from **Slow to Return** to **Most Likely to Return** based on an increase in consumer behavior (restaurant reservations were up 36%) and an 18% decrease in state-wide unemployment
- **Negative Changes:**
 - **Boston** and **Washington D.C.** retreated back from **Slow to Return** to **Last to Return**; visits to retail and recreation decreased by 5% and 6%, respectively

TRACKING & EVALUATING RECENT COVID-19 CASES BY MARKET

Across all markets the percent change in recent COVID-19 cases was down 60% on average – the first time we have seen all markets with a percent change below zero (Figure 2).

- The average recent COVID-19 cases/1,000 people has decreased dramatically (1.0 cases per 1,000) since our Week of August 12 Report (2.8 per 1,000)
- **Miami** saw the greatest decrease in the number of recent COVID-19 cases per 1,000 (2.3, down from 9.91 the last report)
- Overall 10 markets have recorded the lowest percent change of recent COVID-19 cases, including Boston, Cleveland, Denver, Minneapolis, New Orleans, New York City, Orlando, Philadelphia, Salt Lake City and Washington D.C

FIGURE 2. PERCENT CHANGE IN RECENT CASES BY MARKET



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

The KAGR Fan Demand Index Rankings remained relatively constant on average across all markets. Some market specific highlights include:

- **Positive Fan Demand Index** changes:
 - **Minneapolis** jumped 5 spots with restaurant reservations up 66% and state-wide unemployment down 10%
 - **Houston** climbed 3 spots; recent confirmed COVID-19 cases are down 60% and 13% more restaurants are open compared to two weeks ago
 - **St. Louis** is also up 3 spots; restaurant reservations are up 10% and state-wide unemployment down 13%
 - **Miami** is slowly climbing back, up 2 spots; consumer behavior in Miami jumped 24%
- **Negative Fan Demand Index** changes:
 - **Philadelphia** dropped 6 spots; state-wide unemployment is up 5%, visits to retail and recreation is down 7%. Philadelphia was the only market to see a decrease in restaurant reservations (down 1%)
 - **Detroit** is down 5 spots; consumer behavior remained relatively constant week or week and recent COVID-19 cases were down 41% (however not as significant a decrease as most other markets)

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	7/29	8/12	8/26	
Oklahoma City	1	2	1	1
Houston	6	5	2	3
Tuscaloosa	2	1	3	-2
St. Louis	7	7	4	3
Milwaukee	4	3	5	-2
Indianapolis	3	6	6	0
Cleveland	5	4	7	-3
Salt Lake City	9	10	8	2
Tampa	8	8	9	-1
Minneapolis	10	15	10	5
Pittsburgh	15	13	11	2
Charlotte	16	11	12	-1
Denver	12	12	13	-1
Detroit	11	9	14	-5
Dallas	14	16	15	1
Nashville	19	14	16	-2

Market	Rank by Week			Change in Rank
	7/29	8/12	8/26	
Atlanta	17	19	17	2
Phoenix	20	20	18	2
Las Vegas	13	18	19	-1
Orlando	22	21	20	1
Chicago	18	23	21	2
Portland	23	24	22	2
Philadelphia	24	17	23	-6
Seattle	25	26	24	2
Washington D.C.	26	25	25	0
Boston	21	22	26	-4
New Orleans	27	27	27	0
Los Angeles	28	28	28	0
Miami	31	31	29	2
San Francisco	30	30	30	0
New York City	29	29	31	-2



FAN AVIDITY AT A GLANCE

As the possibility of fans in stands this September becomes less likely across many markets, we are keeping a close eye on the impact to fan avidity. **How are fans reacting to the evolving fall sports plans? How will the absence of fans in stands impact interest and enthusiasm? Will some leagues benefit more than others?**

Starting with fan feedback, we continue to triangulate surveys and polls to better understand fan sentiment around the return of live events with fans. Many show growing concern:

- According to an early August Marist poll, 69% of respondents (1,200) believe allowing large groups to attend religious, social, or sporting events is a bad idea
- In a poll conducted by Morning Consult (2,200 respondents)
 - **51% of NFL fans** believe that the NFL season should be **cancelled or postponed**
 - **58% of NCAA fans** believe that the college season should either be **postponed or cancelled**; and several conferences have followed suit

VIEWERSHIP

Live sports continue to drive strong viewership in the summer months, with total July numbers up as much as 150% year-over-year. While most leagues have enjoyed sizable increases, there are signs of challenges based on the number of games to be played with limited venues.

- Golf, NASCAR, Premier League soccer and the NHL are well above the pre-pandemic viewing levels; for the NHL specifically, who typically has the smallest audience amongst the four major leagues, the audience has **grown by 60% over the first 24 games**
- While NBA viewership is overall even with pre-pandemic levels, there have been fluctuations across programming windows:
 - According to Nielsen over 47 million tuned into the first 12 days of NBA's return to play, **up 49% from the first 12 days of the season**
 - **The playoffs** however have not been as strong overall, **down 30%** from last year despite a 16% increase in primetime games
 - Despite a handful of cancellations, **MLB viewership** has been strong especially among younger viewers, **up 29% from last year** (64% increase among men 18 to 34, and 83% increase among women of the same age)
- The viewership of the four UFC pay-per-view events since May is up 30% from the 2019 average

Some less known leagues have also reached a broader market, showing signs of optimism for the future:

- The **Premier Lacrosse League** (PLL) championship game viewership was **up 23%** from last year. Overall, viewers of the PLL tournament was up 33% from the 2019 season
- **Women's Golf** also saw a sizable uptick with U.S. Women's Amateur **up 105%** and opening round of theLPGA Tour Marathon Open largest turnout in several years

How can leagues and teams maintain and foster new fan and viewership segments? Those that can identify and target these groups will be able to cultivate new and innovative digital and in-venue fan experiences and drive increased engagement. What unique access can be provided to fans by a more nimble and smaller league? The focus for these organizations now should be on capturing new customer names and finding ways to keep fans active.



PRODUCT/VENUE AT A GLANCE

The final number of NFL teams with any fans in stands this fall remains to be seen – six teams have announced they will have fans in stands (Cowboys, Chiefs, Colts, Dolphins, Buccaneers, and Jaguars), all in a limited capacity, and 20 teams will not have fans for at least the start the season. While the remaining teams are finalizing announcements and approval from local government, those expecting fans are sharing new venue features and guidelines:

- The Kansas City Chiefs, who will have up to 22% capacity this fall, will be leveraging a UK tech firm (Tappit) for cashless in-venue experience through their mobile app
- The Dallas Cowboys issued their 2020 guidelines; they will also introduce mobile-only ticketing and cashless purchases in-venue, new seating pods for separate groups of fans, and face mask requirements
- The Miami Dolphins will be implementing staggered gate entry, with designated entry time on game tickets. The stadium will provide additional points of entry and exit and upgraded metal detectors for faster processing

The entire sports world will be watching and eager to learn – **will fans adhere to new guidelines? Will new in-venue features increase fan safety? How will teams need to adjust based on early season learnings?**

With the reduced capacity, will ticketed fans who bought tickets actually attend? Based on our Fan Demand market analysis, we expect demand to outpace supply in these early markets – and we will be closely tracking activity and pricing on the secondary market to understand the magnitude of this demand.

However, outside of the sports space, demand has been challenging to sustain and provides some areas to watch. Disney World recently announced they will be cutting back their park hours after Labor Day, citing smaller than expected crowds. Disney initially set capacity restrictions at 25% of peak attendance in early July. The decline in demand has primarily been a result of long-distance travel due on local and state restrictions. As restrictions continue to evolve, we will monitor how these factors and others may drive re-sale activity and the likelihood of NFL fans to attend.

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 4. KAGR FAN DEMAND FRAMEWORK

