



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #12
November 05, 2020

BACKGROUND

In KAGR's 12th update to the [“Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19”](#), we explore the impact of rising COVID-19 cases on our Fan Demand Index. We are closely tracking how our framework¹ is impacted based on **market-specific 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 continue adding new data sources and insights to track this rapidly changing situation.

November 5 2020: Update Overview

This week's election is on track to have the highest number of voters in U.S. history, indicating the significance of this election cycle and potential impact on this fall's returning sports. While we wait for the final tallies, we look forward to news of league starts and decisions on fans. The NBA and NHL are working through 2021 season start plans including a possible NBA season start in late December. The NFL has increased venue capacities in a handful of markets with promising results. However, as COVID-19 cases rise, limited capacity venues (when fans are allowed) are inevitable. With limited supply for the foreseeable future, we remain focused on defining: **which fans are attending, what do they increasingly expect as they return, and how has their willingness to pay changed?**

In this update, we explore:

- Impact of rising COVID-19 cases on KAGR Fan Demand Index and a growing divide with the Slow to Return market group
- Decline in overall sports viewership with continued expansion in sports betting and esports
- How learnings from summer “bubbles” are being leveraged to develop safety protocols for players, staff, and fans

¹ See Figure 3 on page 7, “KAGR Fan Demand Framework”

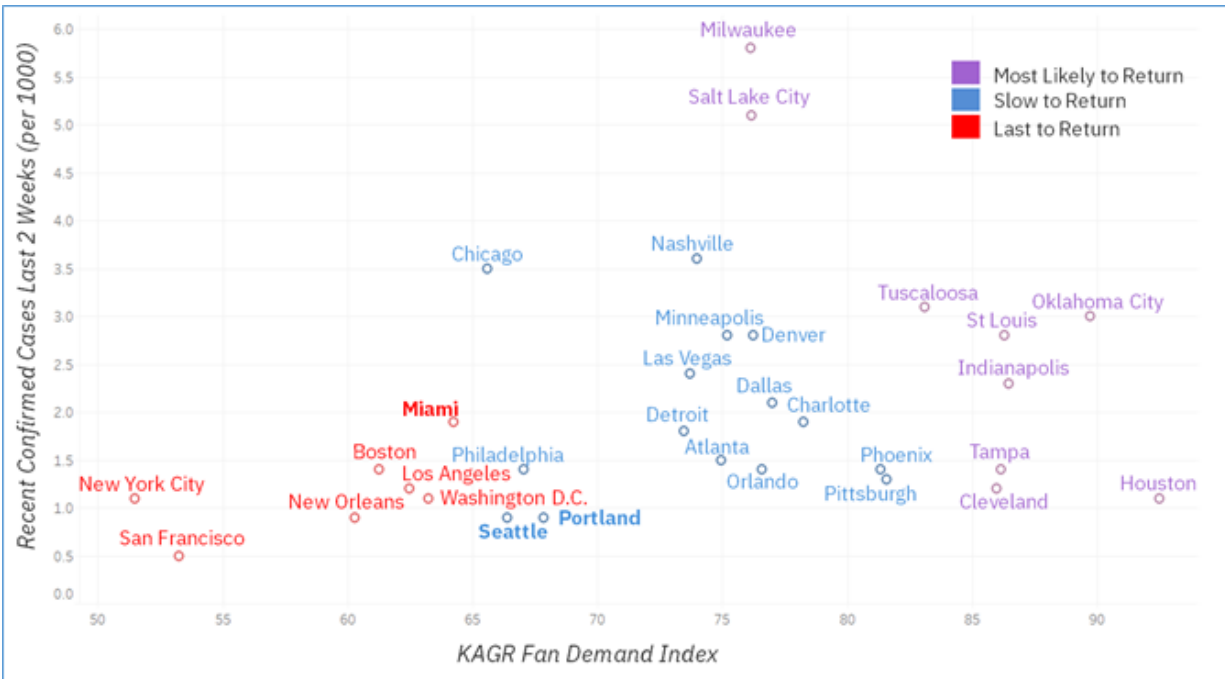


MARKET ANALYSIS

The **KAGR Fan Demand Index** slides back this week, down 1% overall, with shifts as high as 3% positive in Las Vegas and Portland and 8% negative in Tuscaloosa (Figure 1). This week's macro trends include:

- **COVID-19 Cases Continue to Rise:** recent confirmed COVID-19 cases are up 40%, led by Cleveland (100%) and Chicago (94%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) jumped up to 2.1 (from 1.1 two weeks ago); recent confirmed COVID-19 case numbers have not been above 2.0 since early August (2.8 per 1,000 on August 7th)
 - 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. Today, **10 of the 31 markets** currently meet this threshold (down 2 from last report); New York City, Boston, and Washington D.C. remain the lowest at 1%. Tuscaloosa is now the highest at 26% (up from 15%) with Las Vegas (23%) and Salt Lake City (16%) close behind
- **Consumer Behavior Fluctuates by Market:**
 - Consumer Behavior indicators are unchanged overall, with the following outliers:
 - **Positive week-over-week changes** include **New Orleans (+16%), San Francisco (+16%),** and **Seattle (+8%)**
 - **Negative week-over-week changes** occurred in 16 markets including **Denver (-30%), Washington D.C. (-13%),** and **Charlotte (-10%)**
 - Economic mobility² is also unchanged overall:
 - **Positive week-over-week changes** were minimal; **New Orleans, Charlotte, Las Vegas,** and **Oklahoma City** were all at +2%
 - **Negative week-over-week changes** include **Denver (-4%), Chicago (-3%),** and **Cleveland (-3%)**

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

² A measure of economic activity using consumer shopping behavior and visits to businesses

In this week's report, only three markets moved groupings – 2 positive and 1 negative. To follow overall market changes over time, see our [interactive Fan Demand Index visual](#).

Specific markets insights this week include:

- **Positive Changes: Slow to Return to Most Likely to Return**

- **Seattle** jumped from **Last to Return** to **Slow to Return** this week based on positive movement in both consumer behavior (up 8%) and unemployment (down 8%). While consumer activity has increased, restrictions remain in place, with hopes of hosting NFL fans last weekend dashed based on COVID-19 increases (+29%, 0.9 cases per 1,000)
- In **Portland**, 9% more restaurants opened and consumer behavior was up 4%. Recent confirmed COVID-19 cases also increased slightly (+13%); however like Seattle, Portland is also at 0.9 cases per 1,000 (second lowest amongst the 31 markets)

- **Negative Changes: Slow to Return to Last to Return**

- **Miami** fell back to **Last Return** after movement to **Slow to Return** last report; Miami saw a sizable increase in recent confirmed COVID-19 cases, up 58%. Restaurant reservations dropped 4% and economic mobility³ dropped 2%. **Miami** is one of the few **Last to Return** markets approved for NFL fans at limited capacity; attendance has fluctuated between 75% and 90% over the first eight weeks of the season
- **Outliers:** In Figure 1, we are also tracking a divide in KAGR Fan Demand Index within the **Slow to Return** group (with **Portland, Seattle, Philadelphia, and Chicago** all more than five points lower than other **Slow to Return** markets). Initial research shows tighter restrictions in Portland, Seattle, Philadelphia, and Chicago. Philadelphia is the only market of this group approved for NFL fans, with capacity significantly below 25%

³ A measure of economic activity using consumer shopping behavior and visits to businesses

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

After two months of small and steady increases, the overall KAGR Fan Demand Index decreased (-1%); 74% of markets experienced week-over-week changes. **Houston** returns to the top spot (+1). Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **Orlando** jumped 5 spots; restaurant reservations are up 9% while other consumer behavior indicators remain unchanged
 - **Indianapolis** climbed 3 spots; air travel increased 10% (Indianapolis was the only market to see a positive change last week)
 - **St. Louis** also jumped 3 spots; unemployment is down 30% with the number of restaurants open increasing by 11%
- **Negative Fan Demand Index** changes:
 - **Detroit** dropped 6 spots; recent confirmed COVID-19 cases are up 80% while air travel decreased by 15%
 - **Tuscaloosa** dropped 4 spots; air travel is down 18%, restaurant reservations dropped by 28%, and unemployment is up 18%
 - **Salt Lake City** also dropped 4 spots; recent confirmed COVID-19 cases are up 21%, becoming the second highest number cases per 1,000 (5.1). Unemployment was also up 22%

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	10/7	10/21	11/4	
Houston	2	2	1	1
Oklahoma City	1	1	2	-1
Indianapolis	9	6	3	3
St. Louis	5	7	4	3
Tampa	4	5	5	0
Cleveland	7	4	6	-2
Tuscaloosa	3	3	7	-4
Pittsburgh	10	8	8	0
Phoenix	8	11	9	2
Charlotte	11	9	10	-1
Dallas	13	12	11	1
Orlando	18	17	12	5
Denver	15	13	13	0
Salt Lake City	6	10	14	-4
Milwaukee	12	15	15	0
Minneapolis	14	18	16	2

Market	Rank by Week			Change in Rank
	10/7	10/21	11/4	
Atlanta	17	16	17	-1
Nashville	19	19	18	1
Las Vegas	20	20	19	1
Detroit	16	14	20	-6
Portland	21	23	21	2
Philadelphia	23	21	22	-1
Seattle	22	22	23	-1
Chicago	24	24	24	0
Miami	26	26	25	1
Washington D.C.	28	27	26	1
Los Angeles	27	28	27	1
Boston	25	25	28	-3
New Orleans	29	29	29	0
San Francisco	30	30	30	0
New York City	31	31	31	0



FAN AVIDITY AT A GLANCE

In this week's report, we check back in on sports viewership, track the increasing expansion of sports betting, and explore alternative ways for fans to engage in sports.

THIS WEEKS VIEWERSHIP UPDATES

With the World Series wrapping up last month, the last World Series game (Game 6 on October 27th) saw the highest number of viewers (12.27M) of all non-NFL sporting events since March. While positive for the MLB, sports viewership numbers overall are down, a trend consistent for presidential election years:

- 6 out of the top 10 most viewed non-NFL sporting events from March through the end of October were MLB playoff games (5 of which were the World Series), suggesting that the consistency in when sports are played from one year to another matters
- Despite the strong relative viewership of the MLB compared to other non-NFL sports, overall viewership between the same time period in 2019 (March – end of World Series) was significantly down (-47%)
- The Sunday Night NFL match up for week 8 (Cowboys-Eagles) saw 15.7M viewers, up from 12.3M for the same time slot one week prior

FAN ENGAGEMENT UPDATES

With limited fans in stands, interest in alternative fan engagement options is rising including expansion of sports books and avidity for esports. In fact, recent Nielsen analysis highlights a surge in esports with a combination of increased gaming (63% of gamers spending more time playing) and increased viewership of esports events.

- The world's largest sportsbook opened in Las Vegas at the new Circa hotel on October 28th. While the new sports book can hold up to 1,000 people, social distancing restrictions remain in place (up to 50% capacity). Early results show an increase in Circa Sports handle (which also has a mobile app)
- At the Capital One Arena in Washington D.C., the box office was turned into a sports book in September and averaged 3,800 bets per day, totaling \$12.2M. A permanent sports book in the arena is expected to open in 2021
- In the esports arena, Learfield IMG College and Electronic Arts recently launched a college esports league that will span more 2,500 schools. The initial tournament, Madden NFL 21, will begin November 9th. With many college sports seasons sidelined this fall and others through the winter, this launch represents a new way for students to compete and fans to support their colleges and universities



PRODUCT/VENUE AT A GLANCE

While capacity restrictions for some NFL stadiums loosen, other leagues including the NBA work through plans for a possible season start without fans. Some teams like the Golden State Warriors are bringing forward learnings to ensure health and safety for players and staff, and by extension fans. San Francisco has been consistently a **Last to Return** market (Figure 1) – hit hard initially by COVID-19 with strict restrictions remaining beyond many other markets. Thoughtful and comprehensive safety protocols will be important to their local fan base. The Warriors have put early plans into action to address those concerns:

- A “Dubble” was created for players and staff during training camp, starting with a week-long quarantine at home followed by a bubble at a local hotel. Cleaning crews for the facilities also took part in the quarantine. Players were tested each morning with results within 20 minutes. The key question now is how these protocols can effectively be applied beyond this initial camp
- Like we have seen for the NFL, NASCAR, and PGA, masks will be required for fans at the Chase Center; however, testing could also be on the table for future attendees
- The Chase Center was one of the first buildings to be accredited through Global Biorisk Advisory Council. Work is also being done to improve ventilation, with outdoor-like air quality as the gold standard

FOCUS ON INDOOR AIR QUALITY

Air quality and ventilation has been a significant area of focus for indoor venues – a topic that schools and essential buildings have tackled in many markets. Investments required in filtration for teams and venue operators could be significant depending on venue age and local market guidelines.

Independent of filtration requirements, we looked at sports fan comfort to attend an event outdoors versus indoors. In a recent Morning Consult study, 67% of sports fan said they would attend an outdoor event at 25% capacity versus 59% indoor at the same capacity. By comparison, 35% would feel comfortable in a full capacity outdoor venue versus 34% indoor.

As to what protocols would make these fans comfortable in attending, opinions vary: 73% expect masks, 69% would like to see air filtration improvements, 68% prefer temperature screenings, and 66% will look for in-venue traffic flow management. While compliance with league and local guidelines is expected, teams will need to understand the expectations of their specific fan base to inform required investment decisions.

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

