



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #13
November 18, 2020



BACKGROUND

In KAGR's 13th update to the "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", we explore the continued 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 18 2020: Update Overview

The NBA has issued their season start guidelines, with a handful of teams establishing reopening guides for fans. Postponed spring sporting events continue to play out over the fall season with no fans, including this past weekend's Master's golf tournament. With COVID-19 cases on the rise, industry leaders seek to innovate on ways to deliver live events while ensuring safety. As industry stakeholders evolve their protocols and policies, we remain focused on defining: **which fans will attend, what do they increasingly expect as they return, and how has their willingness to pay changed?**

In this update, we explore:

- Impact of the continued rise of COVID-19 on KAGR Fan Demand Index, including increased restrictions in several markets
- The impact of college football cancellations on fan demand and attendance
- Newly issued venue protocols from the NBA and Ticketmaster including required testing and potential proof of vaccine

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

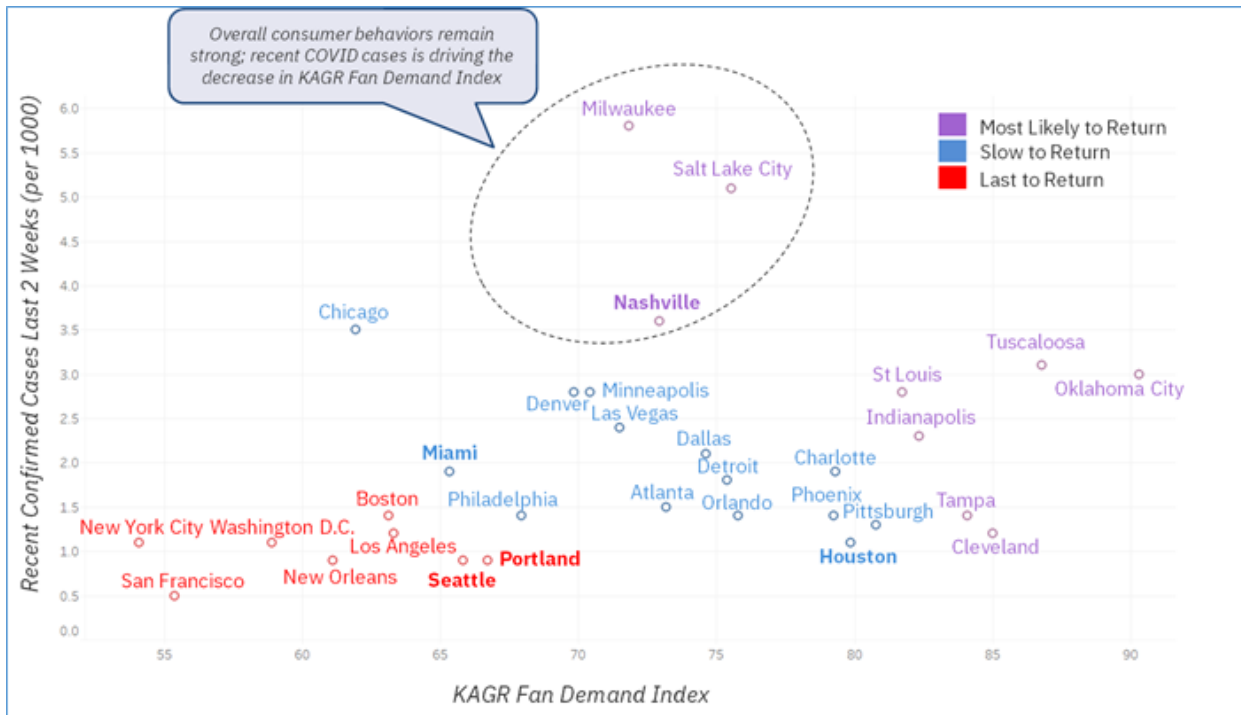


MARKET ANALYSIS

The **KAGR Fan Demand** Index slides back again this week, down 1.9% overall (and 3% since late October). Houston saw the greatest negative shift (-12%) along with Denver (-6.4%) while Tuscaloosa had the highest positive shift (+3.7%) with New York City (+2.6%) and San Francisco (+2.1%) close behind (Figure 1). This week's macro trends include:

- **COVID-19 Cases Continue to Rise:** recent confirmed COVID-19 cases are up 70%, led by Cleveland (200%) and Minneapolis (161%). All markets with the exception of Tuscaloosa (0%) saw an increase in recent confirmed cases:
 - The overall number of recent confirmed COVID-19 cases (per 1,000) jumped up to 3.5 (from 2.1 two weeks ago); recent confirmed COVID-19 case numbers have not been above 3.0 since late July (3.1 per 1,000 was the previous high on July 24th)
 - 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, **only 5 of the 31 markets** currently meet this threshold (down 5 from last report)
 - The average percent positive tests this week was 11.6% (up from 8.4% last report). New York City, Boston, and Washington D.C. remain the lowest Percent of Positive Tests at 2%. St. Louis is now the highest at 28% (up from 12%) with Tuscaloosa (27%) and Philadelphia and Pittsburgh (both at 20%) close behind
- **Consumer Behavior Fluctuates by Market:**
 - Consumer Behavior indicators are up 2%, heavily influenced by outlier markets:
 - **Positive week-over-week changes** occurred in 14 markets including Denver (+35%), New Orleans (+11%), and Oklahoma City (+10%)
 - **Negative week-over-week changes** occurred in 16 markets including Seattle (-10%), San Francisco (-10%), and Portland (-7%)
 - Economic mobility² is down 1% on average:
 - **Positive week-over-week changes** occurred in only 2 markets; New Orleans (3%) and Tuscaloosa (2%)
 - **Negative week-over-week changes** include three markets down 4% including Portland, Seattle, and Salt Lake City

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, five markets moved groupings – 2 positive and 3 negative. To follow overall market changes over time, see our [interactive Fan Demand Index visual](#).

Specific markets insights this week include:

- **Positive Changes: Last to Return to Slow to Return**
 - **Miami** jumped from **Last to Return** to **Slow to Return** this week due a sharp increase in flights (up 21%); recent confirmed COVID-19 cases did rise (+53%, 2.9 cases per 1,000), and therefore is still one of the lower KAGR Fan Demand index in the **Slow to Return** grouping
- **Positive Changes: Slow to Return to Most Likely to Return**
 - **Nashville** edged into the **Most Likely to Return** group this week; restaurant reservations are 13%; recent confirmed COVID-19 cases also rose (+28%, 4.6 per 1,000)
- **Negative Changes: Most Likely to Return to Slow to Return**
 - **Houston** fell back to **Slow to Return**; consumer behavior is down 2% and economic mobility³ dropped 2%. A recent county shutdown plan was defeated in court; however if the number of recent confirmed cases continue to rise (+36% in last two weeks), additional restrictions could be imposed including further capacity restrictions
- **Negative Changes: Slow to Return to Last to Return**
 - **Seattle** and **Portland** fell back to **Last to Return** after several weeks oscillating between groupings. In Seattle, consumer behavior is down 10% while recent confirmed COVID-19 cases were up 89%. In Portland, consumer behavior is down 7% and recent confirmed COVID-19 cases were up 111%; restaurant reservations are also down 18% in Portland
- **Outliers:** In Figure 1, we are also tracking a group of markets in the **Most Likely to Return** group (**Milwaukee, Salt Lake City, and Nashville**) with significant rises in recent confirmed COVID-19 cases. Consumer behavior indicators remain strong; we expect KAGR Fan Demand Index to rebound when cases decline

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

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

The overall KAGR Fan Demand Index decreased for the second report (-1.9%); 90% of markets experienced week-over-week changes. **Oklahoma City** returns to the top spot (+1) with Houston dropping significantly (-7). Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **Detroit** jumped 7 spots this week; restaurant reservations are up 10%, air travel up 5%, and consumer behavior up 1%
 - **Tuscaloosa** climbed 5 spots; restaurant reservations are up 43%, economic mobility up 2% (one of only two markets with positive movement), and Tuscaloosa was the only market that did not experience a positive increase in recent confirmed COVID-19 cases (0%)
- **Negative Fan Demand Index** changes:
 - **Houston** dropped 7 spots; significantly impacted by demographic data refresh from the recent 2020 presidential election
 - **Denver** also dropped 7 spots; recent confirmed COVID-19 cases are 118%, restaurant reservations are down 36%, and economic mobility⁴ is also down 2%

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

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

⁴ A measure of economic activity using consumer shopping behavior and visits to businesses



FAN AVIDITY AT A GLANCE

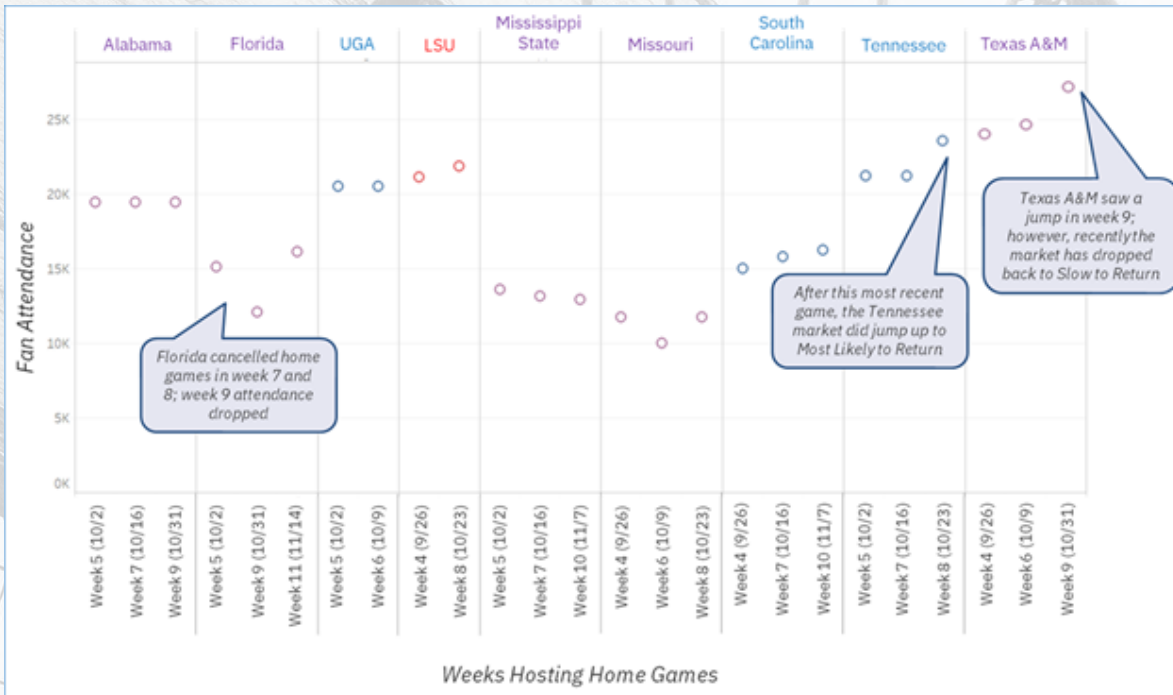
This week we explore college football attendance trends, but with a closer look at the SEC programs. Additionally, while viewership continues to be challenged, leagues are innovating digital engagement offerings, including new on-demand features released this past weekend at the Master’s golf tournament.

TRACKING COLLEGE FOOTBALL ATTENDANCE

In Figure 3, we track college football attendance across 9 SEC programs; those selected are located within 2 hours from a KAGR tracked market. Overall, KAGR’s Fan Demand Index identified in advance the likelihood of a drop in attendance due to a variety of potential factors. A few specific callouts:

- Two college markets, **Nashville** (University of Tennessee) and **Houston** (Texas A&M), recently experienced shifts in the KAGR Fan Demand Index; Nashville has jumped up to **Most Likely to Return** and Houston dropping back to **Slow to Return**. Tennessee did show a positive trend between the last two home games (+10%), the Texas A&M trend is less conclusive
- The University of Florida cancelled home games in week 7 (10/16) and week 8 (10/23) due to COVID-19 outbreak in October; the next home game in week 9 saw a 20% decrease in attendance
- Over the past weekend (11/14) five of these programs (Alabama, Georgia (UGA), LSU, Missouri, Mississippi State) had games postponed due to COVID-19 concerns; we will be tracking over the coming weeks the impact to subsequent attendance

FIGURE 3. SEC COLLEGE FOOTBALL MARKET ATTENDANCE OVER TIME



EVOLUTION OF MASTER’S GOLF TOURNAMENT ENGAGEMENT

Similar to other “out of season” events held this fall, the Master’s Golf Tournament viewership struggled – recording the lowest Sunday final round viewership (5.59 million). Despite the viewership challenge, the Master’s invested heavily in new digital ways to engage fans – sparking more personalized and on-demand options:

- The Master’s website and app debuted the “My Group” feature, allowing viewers to create customized groups of players to follow, in near real-time. This built on the “every shot from every player” option last year, feeding specific shots as they happen
- Drone cameras were also introduced this year at Augusta National sharing new shots of the course (similar to what the NBA and MLS sought to introduce this summer with new camera angles in the bubble); this advancement was met with strong social media reception

The PGA has shown over several tournaments how they are bringing new engagement features to their fans, providing more content, and leveraging new technologies to deliver in real-time.



PRODUCT/VENUE AT A GLANCE

In the last two weeks, the NBA and Ticketmaster took meaningful steps forward to define the future of fan experience, including expectations prior to entry and venue precautions that will be put in place to increase fan confidence, specifically in attending indoor events.

NBA 2020-21 SEASON PROTOCOLS

The NBA season tips off on December 22nd. Highlights from the [league issued memo](#) include specifics around social distancing, mask wearing, and alternatives for suite-goers:

- Fans must be seated 15 feet behind either the team bench or 10 feet from the court sideline
- Fans must fill out symptom and exposure survey and wear a mask if not eating or drinking
- Those with tickets within 30 feet of the court must undergo and return a negative coronavirus test two days before tipoff, or pass an NBA approved rapid test the day of the game
- Suite tickets do not require testing as long as capacity is limited to 25% or less

Oklahoma City has the highest KAGR Fan Demand Index Score this week and the Oklahoma City Thunder are ready for fans. The Thunder issued a comprehensive [re-opening guide](#) along with some of the steps Chesapeake Energy Arena and their tenets have taken to ensure a safe return:

- Upgraded venue HVAC system
- Reduced capacity in common spaces (elevators, restrooms)
- Full contactless mobile ticketing and cashless concessions
- Mobile food and beverage ordering via Thunder App

As discussed in the [last report](#), the Golden State Warriors have been diligent in their planning – issuing a plan this past week to enable [50% capacity](#). This plan includes testing of every fan, player, and Warriors staff leveraging a rapid PCR (polymerase chain reaction) test with results in 15 minutes. The initial stages will require fans to be tested at the Chase Center or at drive-up locations within 48 hours of tip-off. It remains to be seen whether state and local officials will grant approval, but the plan certainly provides guidance to the industry.

TICKETMASTER TO REQUIRE FAN CREDENTIALS

In line with the Golden State Warriors desire to ensure safety and maximize fans in venue, Ticketmaster issued a similar message in the past week. Ticketmaster is working on a set of guidelines that would require [proof of vaccine or a recent negative COVID-19 test](#), leveraging their app along with key third party health information integrations. The Ticketmaster app would support the certification of a fan, issuing a credential in advance for entry. While health information exchange is not widely approved by the FDA and other authorities, the demand for digital screening services is expected to skyrocket, and Ticketmaster is innovating alongside.

Advancement in digital capabilities and engagement will be critical to deliver, track, and manage fan and event level data. Leagues and teams that can evolve and capitalize on new technology and innovation will be at a significant competitive advantage.

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

