



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #14
December 02, 2020



BACKGROUND

In KAGR's 14th update to the "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", we explore the impact of soaring COVID-19 cases on venue re-opening plans and how teams and leagues are engaging fans outside the stadium. Importantly, we look to understand how fans are engaging differently with sports teams and leagues, including increased shift to social media. Of course, we continue to closely track 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.

December 02, 2020: Update Overview

The NFL continues adjusting to COVID related postponements and local market restrictions. Meanwhile, college basketball has kicked off and is facing similar challenges to college football as many teams battle COVID-19 outbreaks. The NBA's pre-season starts on December 11th with the season close behind; to date, four NBA markets will host fans for game 1. As leagues and teams adjust to changing market level restrictions, 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:

- The largest two-week increase in recent confirmed COVID-19 cases and impact on KAGR Fan Demand Index
- A significant shift in fans engagement on social media representing new opportunities for leagues and team during and after the pandemic

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

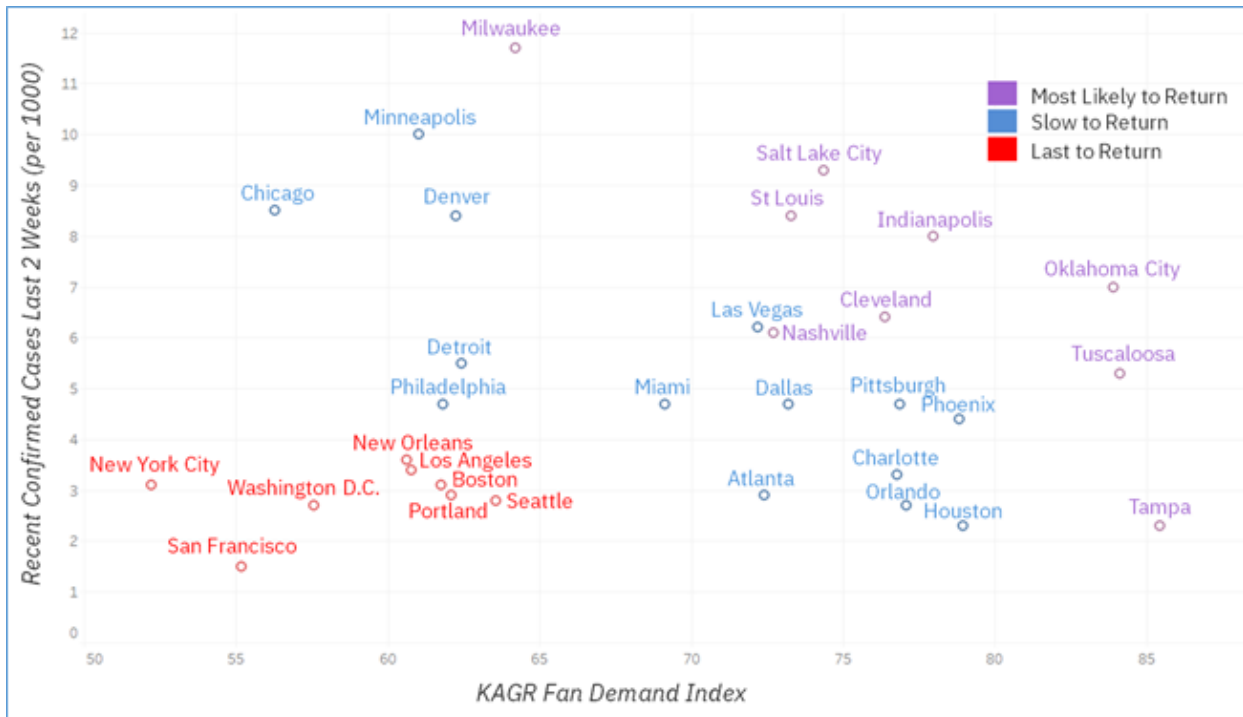


MARKET ANALYSIS

The **KAGR Fan Demand Index** drops 4% this week, down 5.5% since early October, and the lowest KAGR Fan Demand Index score since late July. Detroit saw the greatest negative shift (-12%) along with Cleveland (-8.6%) and St. Louis (-8.4%) while Miami saw the highest positive shift (+3.8%) with only 3 other markets having positive shifts (Tampa, Orlando, and Las Vegas) (Figure 1). This week's macro trends include:

- COVID-19 Cases Soar:** recent confirmed COVID-19 cases are up 61%, led by New Orleans (+227%), Pittsburgh (+114%), and Los Angeles (+113%). All markets saw an increase in recent confirmed cases:
 - The overall number of recent confirmed COVID-19 cases (per 1,000) jumped up to 5.2 (from 3.5 two weeks ago); the highest we have seen since starting the Future of Live Events and Sports series in early May
 - 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 3 of the 31 markets** currently meet this threshold (down 2 from last report). The average percent positive tests this week was 12.6% (up from 11.6% last report)
 - New York City, Boston, and Washington D.C. remain the lowest Percent of Positive Tests at 2%. Tuscaloosa, Philadelphia, and Pittsburgh recorded the highest Percent of Positive Tests at 27%
- Consumer Behavior Down on Average across Markets:**
 - Consumer Behavior indicators are down 3%:
 - Positive week-over-week changes** occurred in 10 markets including Miami (+9%) and Orlando (+6%)
 - Negative week-over-week changes** occurred in 18 markets including Portland (-13%), Detroit (-12%), and Seattle (-10%)
 - Counter to other indicators, economic mobility² did move up 3% on average:
 - Positive week-over-week changes** occurred in 27 markets including Los Angeles (+9%) and three markets at +7% (Boston, Seattle, and Miami)
 - Negative week-over-week changes** occurred in one market, Minneapolis (-1%)

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

For the first time, no markets moved groupings. To track prior market changes over time, see our [interactive Fan Demand Index visual](#).

Specific markets insights this week include:

- **Outliers:**

- In our [last report](#), we identified a group of markets in the **Most Likely to Return** group (**Milwaukee**, **Salt Lake City**, and **Nashville**) with significantly lower KAGR Fan Demand Index scores. This week, we see the KAGR Fan Demand Index for **Salt Lake City** and **Nashville** shift closer to other **Most Likely to Return** markets, with relatively lower recent confirmed COVID-19 case increases in both markets
- KAGR Fan Demand Index for **Milwaukee** remains low due to recent confirmed COVID-19 cases (11.7 per 1,000). Consumer behavior indicators remain in line with other **Most Likely to Return**; we expect KAGR Fan Demand Index to rebound in the same way when cases decline

- **Tracking Fan Restriction Changes across Markets:**

- Four NBA teams have announced plans to have fans in stands: **Atlanta** (10%), **Memphis** (20%), **Oklahoma City** (TBD), and **Salt Lake City** (1,500 fans)
 - 3 teams are located in or near **Most Likely to Return** markets, with **Atlanta** in the top half of the **Slow to Return** markets
- Several NFL teams reverted away from previous fan in-venue decisions, including **Denver** (**Slow to Return**) and **Philadelphia** (**Last to Return**). Additionally, **San Francisco** (**Last to Return**), [will play week 13 and 14 games in Arizona](#) as contact sports in Santa Clara County are restricted for the next three weeks

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

The overall KAGR Fan Demand Index decreased for the third report (-4%); 25 of 31 markets experienced week-over-week changes. **Tampa** jumps to the top spot (+3) with **Cleveland** and **Detroit** dropping significantly (-7). Several markets across the Midwest have imposed increased restrictions over the past two weeks. Notable market highlights include:

- **Positive Fan Demand Index changes:**
 - **Tampa** jumped 3 spots this week; consumer behavior is up 4% while restaurant reservations are up 15%. Recent confirmed COVID-19 cases were up 15% (second lowest among markets)
 - **Miami** climbed 7 spots; restaurant reservations are up 64%, consumer behavior up 9%, and economic mobility³ up 7%
 - **Phoenix** is up 5 spots; consumer behavior is up 2% while 13% more restaurants opened in the past two weeks
- **Negative Fan Demand Index changes:**
 - **Cleveland** dropped 7 spots; restaurant reservations decreased by 65% and consumer behavior is now 6%
 - **Detroit** also dropped 7 spots; restaurant reservations decreased by 93% and consumer behavior is now 12%
 - **Minneapolis** is down 6 spots; restaurant reservations decreased by 97% with 90% less restaurants open due to imposed restrictions

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	11/4	11/18	12/2	
Tampa	5	4	1	3
Tuscaloosa	7	2	2	0
Oklahoma City	2	1	3	-2
Houston	1	8	4	4
Phoenix	9	10	5	5
Indianapolis	3	5	6	-1
Orlando	12	11	7	4
Pittsburgh	8	7	8	-1
Charlotte	10	9	9	0
Cleveland	6	3	10	-7
Salt Lake City	14	12	11	1
St. Louis	4	6	12	-6
Dallas	11	14	13	1
Nashville	18	16	14	2
Atlanta	17	15	15	0
Las Vegas	19	18	16	2

Market	Rank by Week			Change in Rank
	11/4	11/18	12/2	
Miami	25	24	17	7
Milwaukee	15	17	18	-1
Seattle	23	23	19	4
Detroit	20	13	20	-7
Denver	13	20	21	-1
Portland	21	22	22	0
Philadelphia	22	21	23	-2
Boston	28	26	24	2
Minneapolis	16	19	25	-6
Los Angeles	27	25	26	-1
New Orleans	29	28	27	1
Washington D.C.	26	29	28	1
Chicago	24	27	29	-2
San Francisco	30	30	30	0
New York City	31	31	31	0

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

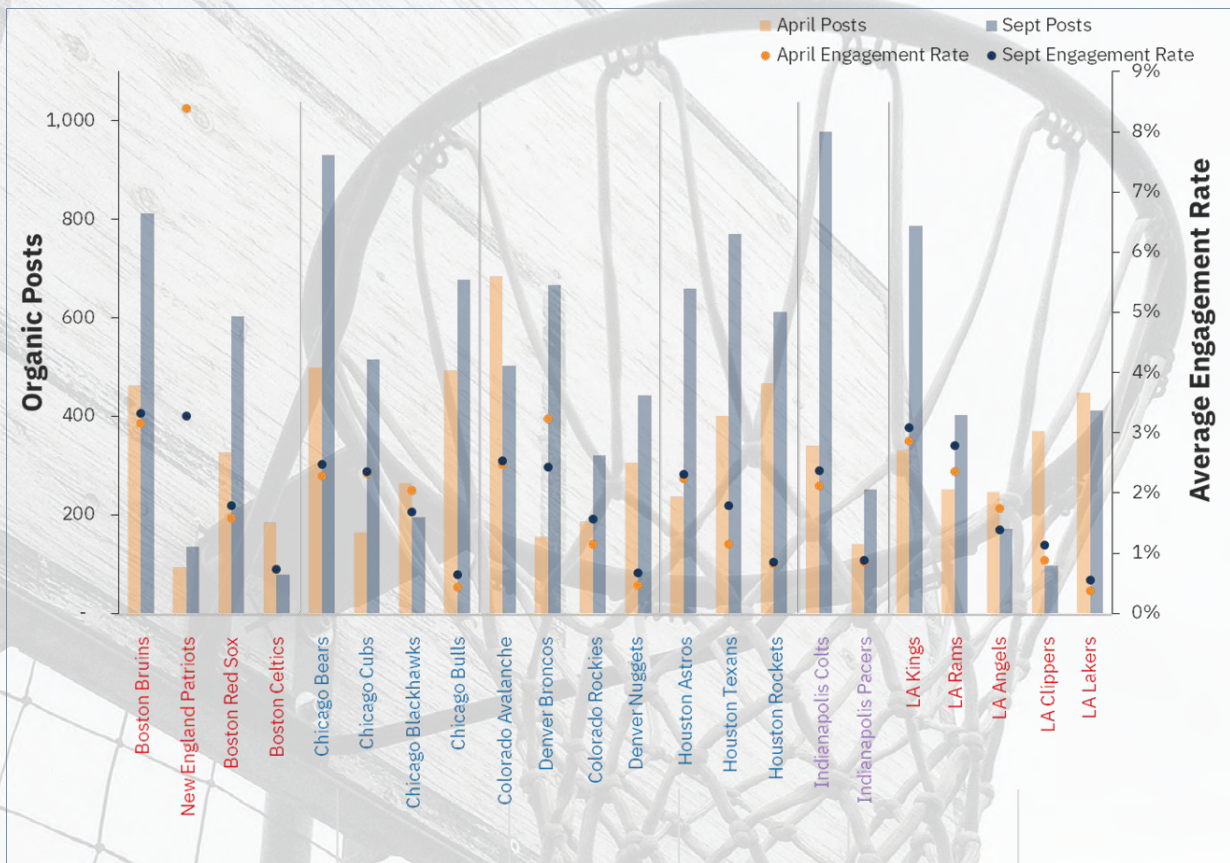


FAN AVIDITY AT A GLANCE

The sports world has lamented the drop in viewership with questions surrounding leagues playing out-of-season, more competition for fans given season overlap, and the rise of GenZ or sports fans waning interest. To better understand fan engagement, we partnered with Zoomph⁴ to figure out if fans are more or less engaged on social media throughout the pandemic.

Of course, social media has been a focus for many leagues, teams, and industry groups, as organizations seek to re-define ways to attract, maintain, and strengthen fan engagement. Our goal is to compare engagement over time (April 2020 v. September 2020) for four professional leagues (MLB, NBA, NFL, and NHL) in six markets (Boston, Chicago, Denver, Houston, Los Angeles, and Indianapolis). To ensure diversity and allow comparison, these markets are geographically distributed, represent various KAGR Fan Demand market groupings, and have teams across multiple major professional leagues.

FIGURE 3. SOCIAL MEDIA ENGAGEMENT BY TEAM (APRIL 2020 VS SEPTEMBER 2020)



* Colors of team labels represent this week's KAGR Fan Demand market groupings; red equates to Last to Return markets, blue to Slow to Return markets, and Purple to Most Likely to Return.

⁴ Measuring Social Engagement: Zoomph is a leading platform for digital intelligence at the intersection of sports and sponsorship analysis. Engagement is tracked across multiple social sites – the source for our analysis includes all owned and earned mentions of the official league and team handles on Facebook, Twitter, and Instagram. Engagement rate is measured per impression.

In Figure 3 (page 5), we track average engagement rate and total organic posts by team in April 2020 and September 2020. April represents a period of shutdown across markets, with games cancelled entirely. In September, all four leagues were in various stages of competition – the NBA and NHL in playoffs, MLB in the last month of regular games, and the kickoff of the NFL season. Some key insights include:

- The **total number of social media posts are up 43%** between April 2020 and September 2020; the **MLB saw the biggest jump (+115%)**, followed by the NFL (+76%)
- The **NFL is the most active in terms of average number of posts per team** (453 and 796 in April and September) with the NBA in a distant second (344 and 500 in April and September)
- The **NBA saw the highest increase in average engagement (+20%)** in the six markets between April and September 2020; the NHL was the only league to experience a decrease (-43%)
- **Boston had the highest average social media engagement** by market both in April 2020 and September 2020 (3.47% and 2.29% respectively). Boston has one significant outlier with the Bruins in April 2020; however even when removing the Bruins, Boston is still highest among markets (1.83% and 1.95% respectively for April and September)
- **Houston had the highest increase (+18%) in average engagement** by market between April and September 2020

It is certain that leagues and teams will need to adapt and optimize strategies to engage fans while quantifying the value of partnerships. The absence and limits of in-person attendance has amplified the need to reach fans on social. Equal if not more important is the need to accurately measure owned and earned content across social channels.

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

