



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #16
January 13, 2021



BACKGROUND

In KAGR's 16th update to the "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", we explore the impact of holiday travel and consumer behavior on KAGR Fan Demand. 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.

January 13 2021: Update Overview

Three major professional leagues are in full swing and addressing depleted rosters and it's impact on scheduling. Several NFL teams are hosting fans in limited capacities for the playoffs, the NHL kicks off their season 2021 season this evening with three teams announcing plans to host fans, and the NBA is adjusting in real-time to positive player tests and postponements. As we look to 2021 seasons and events, we remain focused on defining: **which fans will attend, what do they expect when they return, and how has their willingness to pay changed?**

In this update, we explore:

- Impact of market-based restrictions on KAGR Fan Demand, despite increasing air traffic and consumer trends
- Innovative broadcast and engagement concepts that offer differentiated fan experiences
- New in-venue health and safety compliance guidelines

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

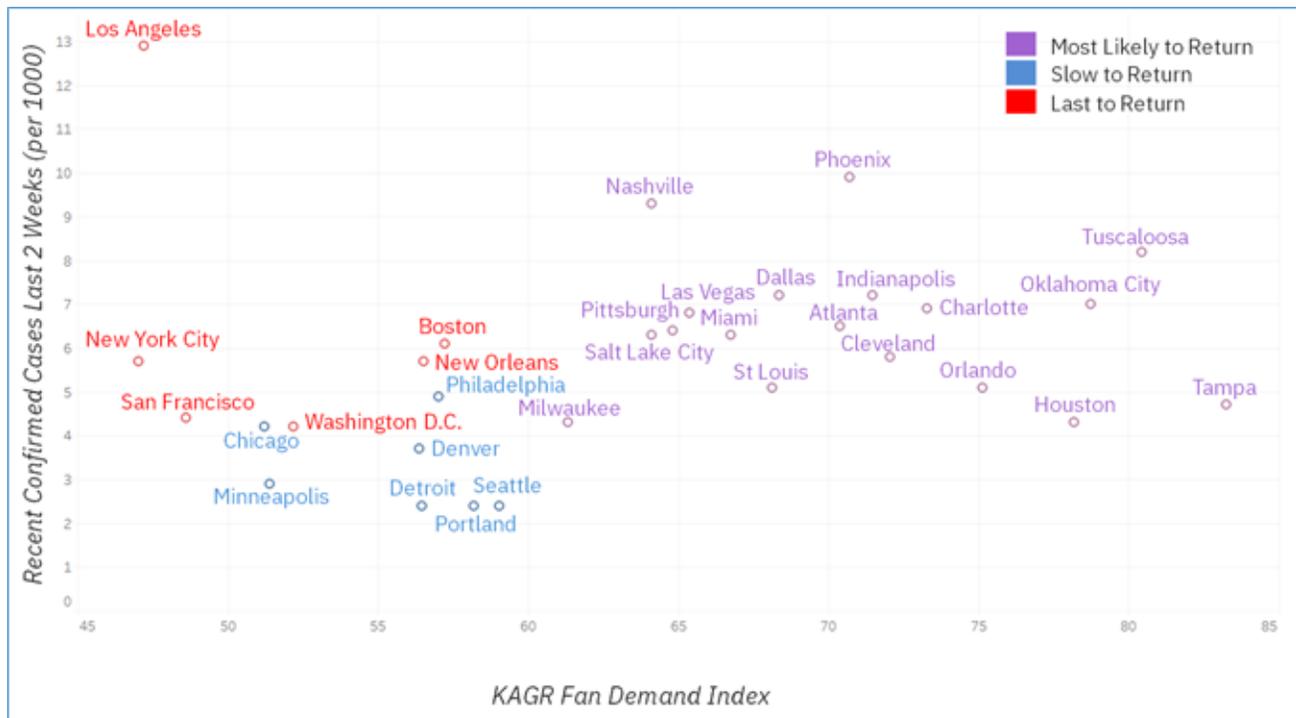


MARKET ANALYSIS

The **KAGR Fan Demand Index** **dropped 3% this week**, down 11% from October, with increased restrictions still in effect for 11 markets. Pittsburgh saw the greatest negative shift (-9.5) along with Minneapolis (-9.1). Six markets saw KAGR Fan Demand Index increases led by New Orleans (+2.8). This week's macro trends include:

- COVID-19 Cases decrease on average, with outliers:** recent confirmed COVID-19 cases are down 4%. Markets with decreases include Minneapolis (-69%), Detroit (-64%), and Denver (-46%). Despite that, significant increases were seen in Los Angeles (+90%), San Francisco (+63%), and Atlanta (+59%):
 - The overall number of recent confirmed COVID-19 cases (per 1,000) is now at 5.8 (down from 6.1 on December 16th)
 - 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 1 of the 31 markets** meet this threshold (same as last report). The average percent positive tests this week was 17.1% (up from 14.1% last report)
 - Washington D.C. remains the lowest Percent of Positive Tests at 2%. Tuscaloosa (47%, up from 36%), Philadelphia and Pittsburgh (both 44%, up from 37%) recorded the highest Percent of Positive Tests
- Economic Mobility up on average across Markets:**
 - Over the past month, economic mobility² did move up 5% on average, with outliers:
 - Positive week-over-week changes** occurred in 27 markets including Denver (+15%), Miami (+12%), and Las Vegas (+12%)
 - Negative week-over-week changes** occurred in only 3 markets including Minneapolis (-5%) and Pittsburgh (-4%)

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

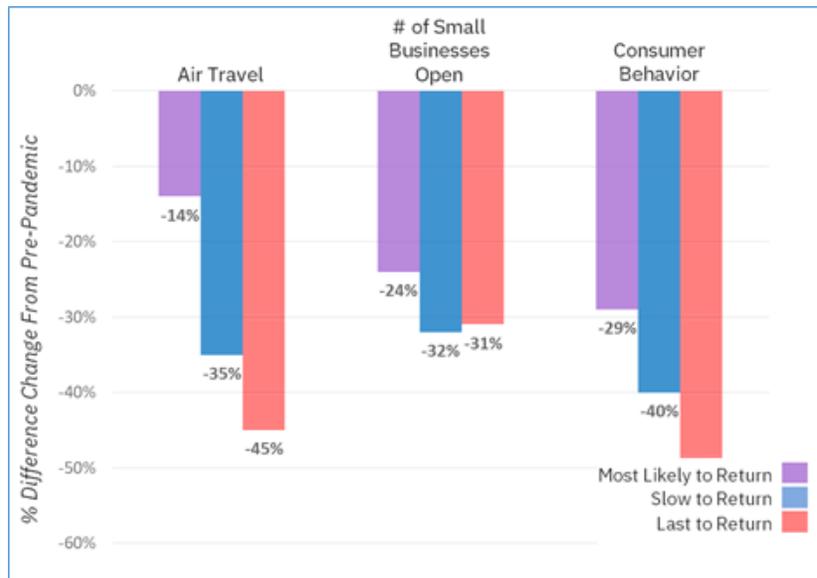
² A measure of economic activity using consumer shopping behavior and visits to businesses

After significant market movement across groups (11 markets) on December 16th, no markets moved groups this week. To track prior market changes over time, see our [interactive Fan Demand Index visual](#).

Specific markets insights this week include:

- **Significant COVID-19 cases among Last to Return markets:**
 - Recent confirmed COVID-19 cases for **Last to Return** markets (**Boston, Los Angeles, New Orleans, New York City, and Washington D.C.**) are now at 6.5 (per 1,000) up from 5.1. Cases in Los Angeles rose significantly, now at 12.9 per 1,000 (up from 6.8 on December 16th)
 - Average recent confirmed COVID-19 cases are also 6.5 (per 1,000) for **Most Likely to Return** markets, with **Slow to Return** markets at 3.3 (per 1,000)
 - To better understand the difference between market groups, despite similar average COVID-19 cases, we refresh market group trends across a subset of key indicators (Figure 2). Like last report, we see **Most Likely to Return** markets more “open” and experiencing less consumer and economic impact:

FIGURE 2. DIFFERENCE IN KEY MARKET INDICATORS FROM PRE-PANDEMIC LEVELS



- **Most Likely to Return markets to host live events with fans:**
 - Looking forward, [comprehensive plans for the NCAA men’s college basketball tournament were announced](#). The entire tournament will take place in and around **Indianapolis** (a market that has consistently ranked in the **Most Likely to Return** group). Leveraging learnings from previous professional league bubbles, players will be housed centrally with games happening at a number of venues around Indianapolis. [The NCAA women’s tournament will also be played in a central location](#), preliminary talks are underway in San Antonio

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

The overall KAGR Fan Demand Index decreased for the fourth report (-3%); 24 of 31 markets experienced week-over-week changes. Tampa retained the highest KAGR Fan Demand Index while Pittsburgh dropped significantly (-8). Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **New Orleans** jumped 7 spots this week; dining and entertainment activity increased by 27% with air travel up 30%
 - **Cleveland** climbed 6 spots; recent confirmed COVID-19 cases are down 25%. Dining and entertainment activity also increased by 129% with air travel up 23%
 - **Indianapolis** also climbed 6 spots; recent confirmed COVID-19 cases are down 22%. Dining and entertainment activity increased by 118%
- **Negative Fan Demand Index** changes:
 - **Pittsburgh** dropped 8 spots; percent positive tests are 44.1%. Dining and entertainment activity is significantly down (-74%) based on market level restrictions over the holidays; those restrictions were lifted on January 4th
 - **Minneapolis** fell back 5 spots; while recent confirmed COVID-19 cases decreased (-69%), consumer behavior dropped 18% and restaurants remain closed
 - **Salt Lake City** is also down 5 spots; consumer behavior is down 7%

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

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

Market	Rank by Week			Change in Rank
	12/3	12/16	1/13	
Salt Lake City	11	12	17	-5
Milwaukee	18	19	18	1
Seattle	19	18	19	-1
Portland	22	21	20	1
Boston	24	25	21	4
Philadelphia	23	24	22	2
New Orleans	27	30	23	7
Detroit	20	20	24	-4
Denver	21	23	25	-2
Washington D.C.	28	29	26	3
Minneapolis	25	22	27	-5
Chicago	29	27	28	-1
San Francisco	30	28	29	-1
Los Angeles	26	26	30	-4
New York City	31	31	31	0



FAN AVIDITY AT A GLANCE

In this week's report, we explore new broadcast innovations introduced for the NFL playoffs, creative fan engagement strategies, and viewership for the NBA season start and NCAA college football bowl and end of season events.

BROADCAST INNOVATION FOR NFL PLAYOFFS

After offering the MegaCast for college football for the past few years, ESPN launched their NFL MegaCast with Sunday's (1/10) first AFC Wild Card matchup, the Tennessee Titans and Baltimore Ravens. The offering consisted of five different broadcast offerings across six channels. The simulcasts combined for 24 million viewers and included:

- A traditional broadcast on both ABC and ESPN
- The Film Room, with expert and insider analysis on ESPN2
- The Watch Party, with conversations on pop culture and on field action (and a halftime performance by DJ Khaled) on Freeform
- A Spanish-language telecast on ESPN Deportes
- Between the Lines, an analytics and sports-betting focused broadcast on ESPN+

ViacomCBS also put their own spin on Wild Card weekend, hosting two different broadcasts for the Chicago Bears and New Orleans Saints matchup on Sunday (1/10), a traditional one on CBS and the other, a kid-friendly broadcast on Nickelodeon. The latter consisted of rule explanations from Nickelodeon personalities, SpongeBob SquarePants in the booth, and slime effects, including on Saints coach Sean Payton after their victory. Nickelodeon generated its highest viewership in four years with 2.06 million viewers, bringing the total viewership to 30.7 million.

SEVERAL TEAMS INTRODUCE NEW FAN ENGAGEMENT CONCEPTS

While in-person fan engagement is limited, several teams and leagues are testing creative fan engagement strategies including special events with former athletes, new virtual features, and business ventures.

- The San Francisco 49ers launched a virtual escape room with NFL Hall of Fame member Jerry Rice using iconic plays and artifacts from the team's history. Through a team poll, the 49ers identified that 27% of their fans feel more connected by virtual events - the escape room provides an additional opportunity to connect directly to their fanbase
- The Milwaukee Bucks developed a ghost kitchen concept out of Fiserv Forum, Cream City Cluckery, using the team's kitchen staff. Within the first week, the Cluckery reached its monthly revenue target and was profitable in month 1. The team is considering opening a retail location and expanding the offerings through franchising and licensing because of the success
- Recently, the Washington Wizards debuted a second screen experience, "Virtual Gameday", allowing fans globally to access live statistics, chat rooms, pregame warmup streams, halftime performances, and cheering function
- The NHL will host two outdoor games on February 21 and 22 over two days at Lake Tahoe's Edgewood Tahoe Resort. No fans will be in attendance, but the league hopes that the events will provide for appointment viewing and virtual fan engagement

THIS WEEK'S VIEWERSHIP UPDATES

Viewership was strong across several early season NBA match-ups, a good sign and a significant improvement from this summer's bubble. NCAA College Football Playoff experienced both highs and lows. While viewership for this past weekend's NFL Wild Card round saw a dip.

- Compared to 2019, NBA Viewership was up 67% over the first three days of the season (Dec 22-25), with 3.4 million viewers across networks, in addition to a 36% increase in video views on social media platforms
- Both College Football Playoff semifinal matchups averaged 19 million fans, accounting for the best non-NFL sporting event across all networks since last year's final matchup between Clemson and LSU. However, the College Football Championship saw a 27% drop compared to last year.
- Despite two additional games this year, viewership for this past weekend's NFL Wild Card round, was down 22% from last year. The top performer of the weekend was Sunday's New Orleans Saints and Chicago Bears matchup, averaging 28.6 viewers, down 29% from last year



PRODUCT/VENUE AT A GLANCE

As plans for live events in 2021 continue to take shape, we examine changes to the in-venue experience including fan expectations and requirements.

FAN SPECIFIC REQUIREMENT CHANGES

While teams and venues seek to introduce new technology to drive fan safety and confidence, the expectations of the fan will undoubtedly change. New guidelines have been introduced in certain NFL venues and for the upcoming NHL season:

- In Buffalo, the Bills required all fans to obtain a negative test result prior to this past weekend's game
- Three NHL teams plan to host fans to start the season. Of note, Arizona will require all attendees to fill out a health questionnaire before entering the arena through a partnership with Health Pass by CLEAR and will have assigned entry and exits based off each fan's section

Will increased expectations of compliance deter fans from attending live events? The Buffalo Bills did not see the impact of these guidelines, but when introduced into regular season games for the NHL and other leagues, will there be an impact? We will continue track learnings as venues adapt fan entry policies.

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

