



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES #18
FEBRUARY 10 2021



BACKGROUND

In KAGR's 18th update to the [“Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19”](#), we examine the impact of decreasing COVID-19 cases and begin to incorporate vaccination data as those numbers slowly increase (7.9% across all markets have received at least one shot).

Of course, we continue to closely track how our framework 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**.

FEBRUARY 10 2021 OVERVIEW

This past weekend's Super Bowl provided a large-scale reduced capacity event framework for teams and leagues to examine, including several innovations and new guest experience features. Additionally, the NBA and NHL continue to play and adjust to cancellations. In the month ahead, we keep an eye on the start of MLB, as well as Men's and Women's college basketball March Madness. With vaccinations increasing and that impact on fan demand, 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:

- Positive rebound in KAGR Fan Demand Index
- Fan activity & engagement at the Super Bowl
- Insights on gate entry procedures for the Australian Open and early MLB Spring Training plans

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



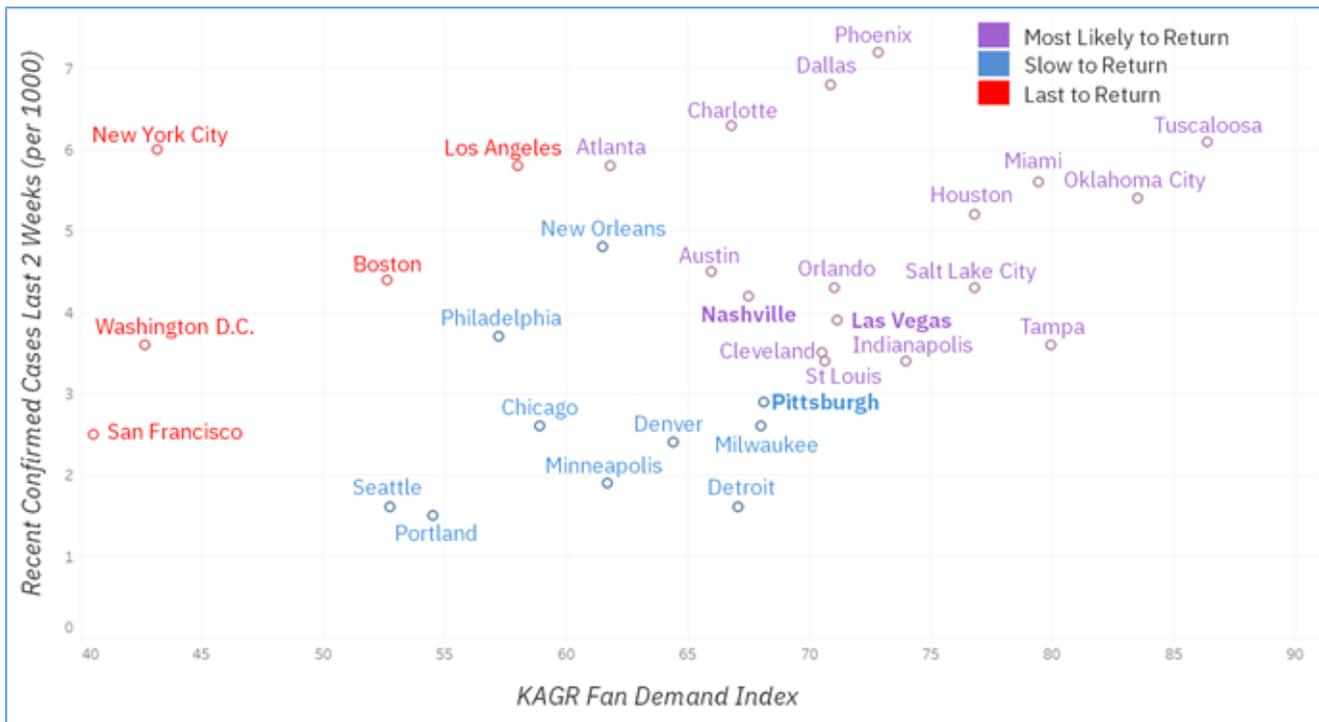
MARKET ANALYSIS

The **KAGR Fan Demand Index** improved 10% and is now on par with pre-December holiday numbers. Los Angeles, saw the greatest week-over-week jump (+42%) along with Miami (+26%) and Chicago (+24%). Only six markets saw KAGR Fan Demand Index decreases led by San Francisco (-12%). This week's macro trends include:

- **COVID-19 Cases down 31%:** all markets with the exception of Tuscaloosa (+20%) saw recent confirmed COVID-19 case numbers decrease this week
 - Significant decreases were seen in Los Angeles (-50%), San Francisco (-49%), and Indianapolis (-46%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) is down to 4.1 (down from 6.0 on January 27th). The lowest per capita markets include Portland (1.5), Detroit (1.6), and Seattle (1.6); highest is Phoenix (7.2)
 - Tracking Percent of Positive Tests across markets: **9 of the 32 markets** (Washington D.C., Portland, Denver, Minneapolis, Boston, Chicago, Milwaukee, and New York City) have percent of positive COVID-19 tests below the 5% threshold (up 4 from last report). The average percent positive tests this week was 9% (down from 12% last report)
 - Washington D.C., Boston, and Chicago are amongst the lowest Percent of Positive Tests at 3%. Tuscaloosa (30%) and Atlanta (15.7%) recorded the highest Percent of Positive Tests
- **Consumers Behaviors remain low across all markets:**
 - Over the last two weeks, restrictions in several markets have been lifted (including Los Angeles and Chicago). Despite these market-based actions, consumer behaviors have remained low. Economic mobility² dropped 7%, with all markets recording decreases, including Chicago (-14%), Milwaukee (-14%), and Indianapolis (-11%)

Despite the changes in our Fan Demand Index, only 3 markets moved groupings this week; 1 from Most Likely to Return to Slow to Return and 2 in the reverse direction. Check out market changes over time in our [interactive Fan Demand Index visual](#).

FIGURE 1. KAGR FAN DEMAND INDEX BY RECENT CONFIRMED CASES



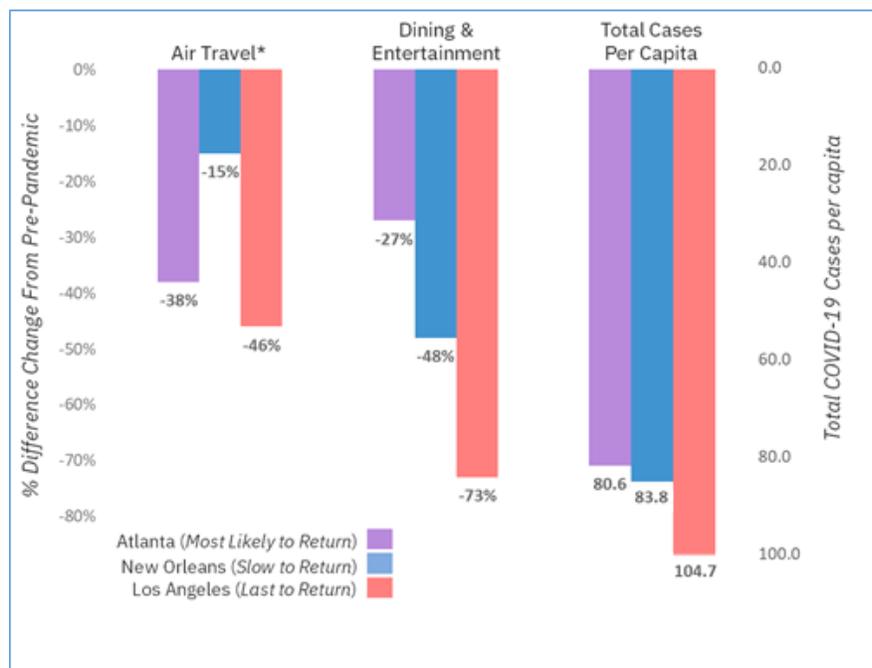
* KAGR Fan Demand index uses a variety of market data including COVID-19 factors, economic indicators, and other consumer behavior information

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

Specific markets insights include:

- **Positive Changes: Last to Return to Slow to Return**
 - **Las Vegas** jumped from **Slow to Return** to **Most Likely to Return** this week due to a decrease in recent confirmed COVID-19 cases (-41%) and overall higher consumer behaviors than the Slow to Return markets
 - **Nashville** also jumped back to Most Likely to Return; similar to Las Vegas, Nashville also saw a decrease in recent confirmed COVID-19 cases (-39%). Restaurant reservations are also up 23%. Nashville does also have the highest percentage of two vaccine doses administered across our 32 markets (3%)
- **Negative Changes: Most Likely to Return to Slow to Return**
 - **Pittsburgh** fell back to **Slow to Return**; consumer behaviors are down 8% with air travel also down (-5%)
- **Exploring Regional KAGR Fan Demand Index Trends:**
 - In this week's report, we saw several sizable market shifts, including three markets with now very close Fan Demand Index values despite being in different groupings (**Los Angeles, Atlanta, and New Orleans**). To help understand the difference in these three markets, we look specifically at a handful of market indicators (Figure 2):

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



* Percent change in Air Travel has been greatly impacted by international travel restrictions; international travel makes up 77% and 18% of flights for Los Angeles and Atlanta

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

The overall KAGR Fan Demand Index increased for the first time in six reports (+10%); all markets experienced week-over-week changes. **Tuscaloosa** returned to the top spot while **Austin** (-13) and **Charlotte** (-10) had the largest week-over-week drops. Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **Miami** jumped 9 spots this week; dining and entertainment activity rose 20%
 - **Las Vegas** climbed 8 spots; recent confirmed COVID-19 cases fell 41%
 - **Milwaukee** also climbed 8 spots; recent confirmed COVID-19 cases are down (-46%) and dining and entertainment activity increased by 16%
- **Negative Fan Demand Index** changes:
 - **Austin** dropped 13 spots after their initial debut at the sixth spot last report; recent confirmed COVID-19 are down (-26%), though not as significant as in other markets
 - **Charlotte** fell back 10 spots; consumer behaviors dropped 8%
 - **Seattle** is also down 9 spots; overall consumer behavior remains low and recent unemployment shows an 13% increase (6.8% unemployment)

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank	Market	Rank by Week			Change in Rank
	1/13	1/27	2/10			1/13	1/27	2/10	
Tuscaloosa	2	2	1	1	Detroit	24	24	17	7
Oklahoma City	3	3	2	1	Charlotte	6	8	18	-10
Tampa	1	1	3	-2	Austin		6	19	-13
Miami	13	13	4	9	Denver	25	21	20	1
Houston	4	4	5	-1	Atlanta	10	14	21	-7
Salt Lake City	17	15	6	9	Minneapolis	27	18	22	-4
Indianapolis	8	11	7	4	New Orleans	23	27	23	4
Phoenix	9	12	8	4	Chicago	28	28	24	4
Las Vegas	14	17	9	8	Los Angeles	30	32	25	7
Orlando	5	5	10	-5	Philadelphia	22	25	26	-1
Dallas	11	16	11	5	Portland	20	22	27	-5
St. Louis	12	10	12	-2	Seattle	19	19	28	-9
Cleveland	7	9	13	-4	Boston	21	26	29	-3
Pittsburgh	15	7	14	-7	New York City	31	31	30	1
Milwaukee	18	23	15	8	Washington D.C.	26	30	31	-1
Nashville	16	20	16	4	San Francisco	29	29	32	-3



FAN AVIDITY AT A GLANCE

Eyes were on Raymond James Stadium this past Sunday as the Tampa Bay Buccaneers hosted the Kansas City Chiefs, setting several records (high and low) and Super Bowl “firsts” including the 30,000 cardboard cutouts positioned throughout the stands (outnumbering the 25,000 fans).

Despite the smaller inventory, the median tickets remained consistent year-over-year, sending mixed signals about the willingness of fans to return to venue. Those that did attend enjoyed additional perks including gift cards for concessions:

- In the two weeks leading up to the Super Bowl, ticket prices ranged from \$15,000+ to \$6,800. Sportico reported that last minute tickets hovered around a median price of \$8,300, slightly below a median prices of \$8,500 last year
- In stadium, average spend set a Super Bowl record, with fans spending an average of \$124 on food and beverages, and \$212 when including merchandise. Many fans did receive gift cards (\$255 in estimated value) as a replacement for traditional pregame events to spend in venue

SUPER BOWL FAN ENGAGEMENT ACROSS CHANNELS

As we have seen throughout the pandemic, viewership numbers continue to wane, but strong signals of avidity and engagement were seen through sports betting and retail.

- With respect to viewership, Nielsen estimated viewership for the game at 96.4 million viewers, including 91.63 million viewers on CBS and a streaming audience for of 5.7 million. While viewership across all platforms was the lowest since 2007, and a 9% decline from last year, the streaming audience did show a dramatic 68% increase year-over-year
- Sports betting numbers from the Super Bowl were staggering with reports of over 23 million Americans planning to bet \$4.3 billion dollars on the game. New Jersey alone brought in \$117.4 million dollars on Sunday, a 116% increase from last year’s game
- According to Fanatics, Tom Brady became the best-selling NFL player ever in the two weeks leading up to the Super Bowl. Top markets for Brady merchandise included Tampa, New York, Boston, Orlando, and Miami



PRODUCT VENUE AT A GLANCE

This week we look at the Australian Open for learnings on gate entry protocols and early plans for welcoming fans to this year's MLB Spring Training season.

AUSTRALIAN OPEN: GATE ENTRY PROCEDURES

In Australia, the state of Victoria is welcoming up to 30,000 fans per day to the Australian Open (running from February 8th-21st). This equates to roughly 50% capacity. The organizers incorporated many of the precautionary measures that we have seen across events, including social distancing, mobile ticketing, and cashless payments. Masks are only required in the indoor arenas.

Gate entry procedures is a hot topic across many venue operators. To combat ingress / egress bottlenecks, Open organizers have defined three 'zones.' Fans are assigned to these zones at ticket purchase for entry/ exit and entertainment. Beyond managing flow, these zones also provide the opportunity is to track capacity and increase their ability to perform contact tracing at the venue.

As for ticket sales and attendance, there were only 17,922 fans in attendance for day 1 (60% of the limited inventory available). For comparison, the first week attendance in 2020 was 78,663 on average per day (including both ticketed seats and ground passes). Organizers point to a few factors – the tournament was delayed three-weeks (starting this year after the local summer holiday) while others speculate safety and health concerns. We will continue to monitor over the coming weeks.

MLB SPRING TRAINING PLANS VARY BY CLUB

With Major League Baseball's Spring Training slated to start in mid-February, the approach to welcome fans differs by team. MLB clubs are split evenly between the Cactus (Arizona) and Grapefruit Leagues (Florida); markets which have consistently remained in our **Most Likely to Return** group. Despite being co-located by state, local mayors are setting guidelines (after an attempt from the mayors to delay to start date last month) and driving variations across the league.

Cactus League (AZ)

- The Chicago Cubs plan on welcoming single game purchasers to their Cactus League ballpark in Arizona in pods of two, four, or six tickets, with mobile ticketing, mask requirements, and cleaning protocols
- The Los Angeles Angels have not yet made a formal announcement that it will have fans in attendance. The city of Tempe, where the Angels' spring training ballpark is located, has announced that the park can be open at a 25% capacity (2,000 fans)

Grapefruit League (FL)

- The Minnesota Twins announced that they will have about 28% capacity (2,400 fans). Existing past Spring Training season ticket members will be allowed first access to single-game tickets
- The Detroit Tigers will also welcome back fans to their ballpark, with the plan to allow 20% capacity (2,000 fans)

In addition to capacity restrictions, fans will not be allowed to view workouts or seek autographs, a traditional activity of the spring training fan experience. As spring events and seasons come into focus, we will continue to monitor the prevailing guidelines, required precautions, and importantly, the fan response.

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

