KAGR
KRAFT ANALYTICS GROUP

THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES #20
MARCH 10 2021

BACKGROUND

In KAGR's 20th update to the "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", we explore the return of fans across leagues as COVID-19 cases decrease and local market restrictions continue to lift.

Of course, we continue to closely track how our framework[1] 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**.

MARCH 10 2021 OVERVIEW

This week, several teams across the NBA and NHL welcomed fans for the first time this season and plans for the spring, specifically the MLS and MLB, continue to unfold. March Madness is just a week away and both Indianapolis and San Antonio prepare for the men's and women's tournaments to kick off with capacities expected at 25%. As more markets contemplate and initiate plans ranging from partial to full capacity, 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:

- Fan Demand Index rebound in all markets as COVID-19 cases continue to drop and pace of vaccine rollout increases
- Capacity plans by league this spring and initial fan demand trends
- COVID-19 testing requirements as venues open for fans

[1] *See Figure 4 on page 7, "KAGR Fan Demand Framework"*

MARKET ANALYSIS

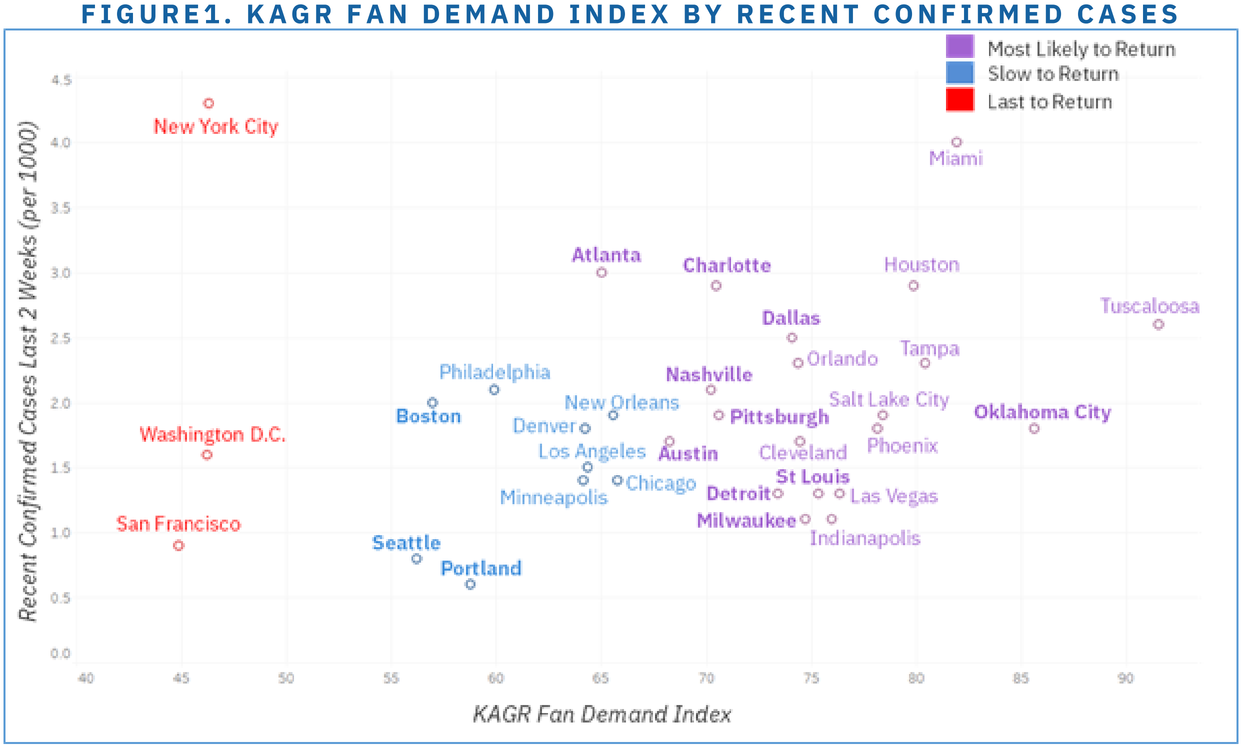
The **KAGR Fan Demand Index is up 5.8%** week over week, with all markets experiencing increases. Portland, saw the greatest week-over-week jump (+26%) along with Oklahoma City (+22%) and Austin (+19%). This week's macro trends include:

- **COVID-19 Cases down 32%**: all markets saw recent confirmed COVID-19 case numbers decrease with the exception of two, Detroit (+30%) and Houston (+21%)
    - Significant decreases were seen in San Francisco (-44%), and three markets (Los Angeles, Oklahoma City, and Nashville) had 42% decreases
    - The overall number of recent confirmed COVID-19 cases (per 1,000) is down to 1.9 (from 2.5 on February 24th). The lowest per capita markets include Portland (0.6), Seattle (0.8), and San Francisco (0.9); highest is New York City (4.3)
    - Tracking Percent of Positive Tests across markets: **17 of the 32 markets** have percent of positive COVID-19 tests below the 5% threshold (up 3 from last report). The average percent positive tests this week was 4.9% (down from 6.1% last report)
    - New to our data set this month is the percent of vaccine rollout by market; rollout of one shot (15.7%) is up 4% in the past two weeks. Oklahoma City (+58%), Minneapolis (+50%), and Boston (+46%) saw the greatest week-over-week changes

- **Consumers Behaviors see gradual increases across all markets**:
    - **Economic mobility[2] increased 4%**, with a few outliers
        - **Positive week-over-week changes** occurred in 22 markets, including Austin (+28%), Oklahoma City (+25%), and Portland (+23%)
        - **Negative week-over-week changes** occurred in 10 markets including Las Vegas (-8%), Salt Lake City (-6%), and Orlando (-4%)

This week 13 markets moved groupings, including 10 markets which experienced changes last week. Notably, 20 markets are now within the **Most Likely to Return** market grouping, including Tuscaloosa which moves to our highest all-time KAGR Fan Demand Index score this week. Check out market changes over time in our interactive Fan Demand Index visual.

FIGURE1. 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 Change: **Last to Return** to **Slow to Return**
    - **Boston** moved to the second step of phase 3 on March 1st, with Phase 4 planned for March 22nd. With this initial Phase 3 step, an increase in consumer behavior (+9%) and dining and entertainment activity (+29%) was observed. Boston is also the highest ranking market in terms of % population vaccinated (19% have at least 1 dose administered)
    - **Seattle** and **Portland** jumped to **Slow to Return** this week based on a post-winter storm rebound. Consumer behaviors rose in both markets, +16% in Seattle and +37% in Portland. Dining and entertainment activity almost doubled in both cities
- Positive Change: **Last to Return** to **Most Likely to Return**
    - **Austin** experienced a significant post-winter storm rebound, moving back to **Most Likely to Return** this week. Dining and entertainment activity almost tripled, consumer behavior improved 19%, and economic mobility was also up 30%
- Positive Change: **Slow to Return** to **Most Likely to Return**
    - Six markets (**Atlanta, Charlotte, Dallas, Nashville, Oklahoma City,** and **St. Louis**) bounced back to **Most Likely to Return** over the past two weeks. All markets saw dining and entertainment activity increase (+76% on average) and cases drop (-31% on average).
    - After several months in Slow to Return, Milwaukee makes the move back to Most Likely to Return. Recent confirmed COVID-19 cases are down 27% with consumer behaviors up 15%

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

The overall **KAGR Fan Demand Index increased 5.8%** week-over week. **Tuscaloosa** held on to the top spot and **Oklahoma City** (+11), **Dallas** (+7), and **Austin** (+7) had the largest week-over-week jumps. Notable market highlights include:

- **Positive Fan Demand Index** changes:
  - **Oklahoma City** jumped 11 spots; recent confirmed COVID-19 cases fell 42% and dining and entertainment activity rose over 200% in the past two weeks
  - **Dallas** climbed 7 spots; recent confirmed COVID-19 cases dropped 31% and air travel rebounded 80%
  - **Austin** also jumped up 7 spots; in addition to increases in consumer behavior (+19%) mentioned above, recent confirmed COVID-19 cases were down 11%
- **Negative Fan Demand Index** changes:
  - **Orlando** dropped 5 spots; despite a 21% drop in recent confirmed COVID-19 cases, consumer behaviors and dining and entertainment activity remained flat. Orlando also had the third smallest increase week over week in vaccinations (+25%)
  - **Atlanta** fell back 4 spots; similar to Orlando, recent confirmed COVID-19 cases dropped 12%, with consumer behaviors up 6%. Atlanta has the lowest week over week increase in vaccinations (+20%) amongst markets analyzed
  - **Denver** is also down 4 spots; recent confirmed COVID-19 cases have only decreased by 5%. The number of restaurants open decreased by 45%

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	2/10	2/24	3/10	
Tuscaloosa	1	1	1	0
Oklahoma City	2	13	2	11
Miami	4	2	3	-1
Tampa	3	3	4	-1
Houston	5	7	5	2
Salt Lake City	6	4	6	-2
Phoenix	8	5	7	-2
Las Vegas	9	6	8	-2
Indianapolis	7	9	9	0
St. Louis	12	15	10	5
Milwaukee	15	11	11	0
Cleveland	13	10	12	-2
Orlando	10	8	13	-5
Dallas	11	21	14	7
Detroit	17	12	15	-3
Pittsburgh	14	14	16	-2

Market	Rank by Week			Change in Rank
	2/10	2/24	3/10	
Charlotte	18	16	17	-1
Nashville	16	17	18	-1
Austin	19	26	19	7
Chicago	24	23	20	3
New Orleans	23	19	21	-2
Atlanta	21	18	22	-4
Los Angeles	25	22	23	-1
Denver	20	20	24	-4
Minneapolis	22	24	25	-1
Philadelphia	26	25	26	-1
Portland	27	29	27	2
Boston	29	27	28	-1
Seattle	28	28	29	-1
New York City	30	30	30	0
Washington D.C.	31	31	31	0
San Francisco	32	32	32	0

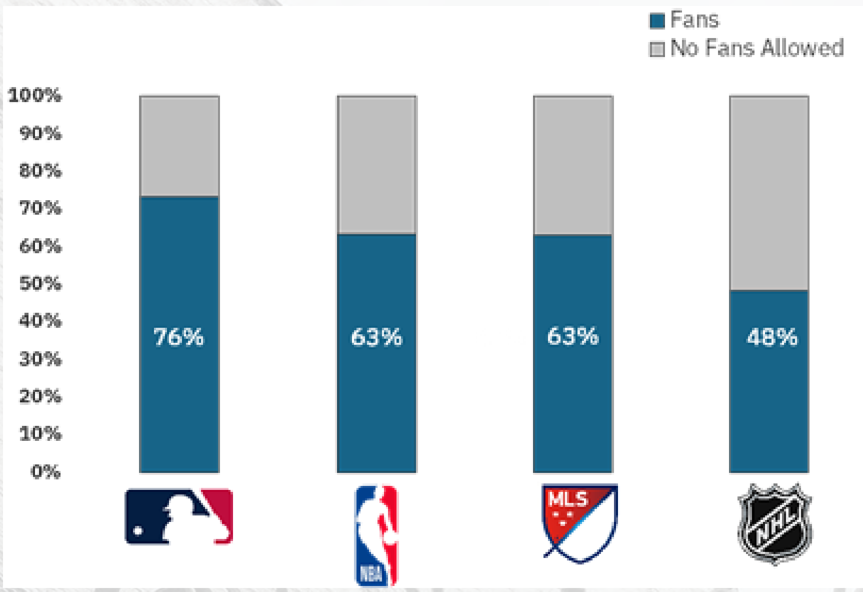
FAN AVIDITY AT A GLANCE

This week, we have increasing optimism as more teams across leagues release plans to welcome fans this winter and spring and fans are responding positively. The University of Alabama became the first major university program to announce 100% capacity games this upcoming season.

FANS ALLOWED BY LEAGUE

As markets open up and fans are welcomed back in venues, we are tracking the number of teams across leagues (Figure 4) and closely follow fan demand trends as capacities increase, including pricing, attendance, and customer demographic trends.

FIGURE 3. PERCENT TEAMS ACROSS LEAUGES HOSTING FANS (AS OF MARCH 2020)



Outdoor

- MLB is out in front with 76% of teams with capacities ranging from 3% (Detroit Tigers) to 42.6% (Colorado Rockies)
- MLS has 17 teams with capacities ranging from 12% (New England Revolution) to 30% (Houston Dynamo FC)

Indoor

- NBA is now up to 19 teams with capacities ranging from 3.5% (Detroit Pistons) to 25% (Houston Rockets, Indianapolis Pacers)
- NHL has 15 teams hosting or with plans to host fans ranging from 7.5% (St. Louis Blues) to 30% (Dallas Stars): the New York Islanders (10% capacity) have sold out all seven games through April 9th to season ticket members

While we begin to collect and monitor ticketing trends as capacity restrictions lift, the Buffalo Bills have made a first a meaningful step to capitalize on a successful 2020 season. This week the Buffalo Bills announced an increase to their ticket prices by an average of $8 per seat across their stadium, citing analysis of historical sales, comparable NFL markets, and determining the market value for each seat. The Carolina Panthers also announced an increase for season ticket members (+$3 per seat on average).

PRODUCT VENUE AT A GLANCE

Across leagues, many officials and team executives weigh decisions on COVID-19 testing and vaccination requirements. Earlier this year, we saw the Buffalo Bills require COVID-19 testing in advance of their home playoff games. In the past month, the second New York sports team required testing.

IN-VENUE FAN REQUIREMENTS

The Brooklyn Nets hosted fans beginning on February 23rd and are authorized up to 10% capacity (~2,000 fans). However, the Nets have limited attendance to just 300 fans and implemented strict protocols:

- Fans have to obtain a 'Green Health Pass' through CLEAR, receive a negative PCR COVID-19 test within two days of the game, fill out a health survey on the CLEAR app, and use a special entry to the arena. All tickets include the cost of the test
- Arrivals are staggered to allow fans to receive an antigen test and temperature check
- Fans can only order food to their seats through the team app and have assigned bathroom areas based on their seat location

This past fall, the University of Texas required student ticket holders to take COVID-19 tests before attending their football season opener. The university provided the tests free to the students. Students felt that the requirement was unnecessary since other ticket holders were not required to test negative.

As we assess testing decisions and plans, we looked back at Sportico's "Fan Experience in a Post-COVID World" survey from January. Only **33% of the public felt that the rapid tests upon entry were critical** for them to feel safe enough to return. Generationally, "Boomers" topped the list with 37% believing that rapid tests are necessary. While teams need to weigh local government guidelines and their specific fan base needs, Sportico's survey provides guidance about the significance of this effort for fan confidence.

		Gender		*Generation*				*Vaccine Plans*	
Category	General Public *N=1951*	Men *N=936*	Women *N=1015*	Gen Z *N=204*	Millennial *N=558*	Gen X *N=484*	Boomers *N=552*	Likely to Get Vaccine *N=1322*	Not Likely to Get Vaccine *N=629*
Rapid Test Critical?	33%	36%	31%	29%	30%	33%	37%	37%	24%

Data: Sportico Survey, "Fan Experience in a Post-COVID World", January 2021

ORLANDO MAGIC LAUNCH FLEXIBLE TICKETING OFFERINGS

The Orlando Magic have relaunched their Fast Break Pass in partnership with Season Share, signaling continued progress toward more flexible ticketing offerings across professional sports. With this program, fans can purchase a one-time pass or a recurring subscription. Once purchased, fans receive a text message confirming attendance for the game and receive a ticket from available game inventory.

The Fast Break Pass is one of the few flexible ticketing opportunities that would allow fans to make a "game-time" decision on whether they feel safe that week to return. Magic fans' response will provideperspective across the industry as we all collectively learn more.

SUMMARY

With over a half of all teams across leagues set to welcome fans in the coming months, decisions ranging from safety protocols, testing requirements, and ticketing options will be at play. Organizations will need to carefully leverage data, not only historical but from newly cultivated engagement channels, to weigh options and assess impact. The fanbase will likely evolve as a result of these decisions. We will continue to explore the opportunities for innovation and where organizations should expand their product to meet the changing sports business landscape.

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