



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES #21
MARCH 24 2021

BACKGROUND

In KAGR's 21st 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 vaccine distribution accelerates.

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**.

MARCH 24 2021 OVERVIEW

The first two rounds of NCAA's March Madness tournaments are in the books with teams enjoying a small, but enthusiastic fan base in stands. This summer's Olympics in Tokyo announced no international fans are allowed at the games. Many of this summer's large venue music tours have rescheduled to a later date. Meanwhile in the Dallas area, plans have been announced to [host 60K \(75% capacity\) for a May 8th middleweight boxing bout at AT&T Stadium](#), and the Texas Rangers plan to welcome full capacity when the 2021 season opens at Globe Life Field later in early April. As 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:

- KAGR's Fan Demand Index stabilizing after meaningful shifts recently
- March Madness fan engagement trends and the digital broadcasting evolution in reaching new fans
- The rise of NFT popularity and potential impact to the products that leagues, teams, and artists offer

¹ See Figure 4 on page 6, “KAGR Fan Demand Framework”



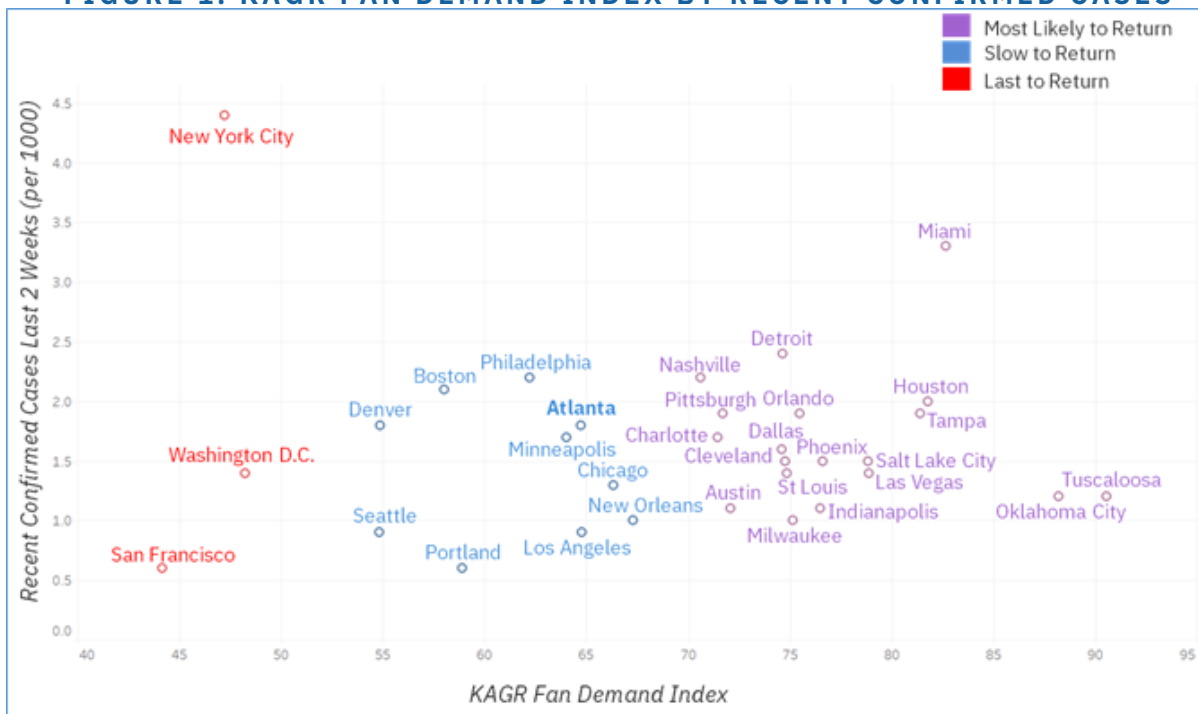
MARKET ANALYSIS

The **KAGR Fan Demand Index improved <1%** week over week, after sizable growth since mid-January (+10%), and puts this week's KAGR Fan Demand Index on par with November levels. Austin, saw the greatest week-over-week jump (+5%) along with Washington D.C. (+4%). Denver experienced the biggest drop (-15%), with seven other markets with drops less than 3%. This week's macro trends include:

- **COVID-19 Cases down 12%:** majority of our 32 markets saw recent confirmed COVID-19 case numbers decrease with the exception of nine, including Detroit (+85%) and Minneapolis (+21%)
 - Significant decreases were seen in Tuscaloosa (-54%), New Orleans (-47%), and Charlotte (-41%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) is down to 1.6 (from 1.9 on March 10th). The lowest per capita markets include San Francisco (0.6), and Portland (0.6); highest is New York City (4.4, up from 4.3 on March 10th)
 - Tracking Percent of Positive Tests across markets: **25 of the 32 markets** have percent of positive COVID-19 tests below the 5% threshold (up 8 from last report)
 - The average percent positive tests this week was 4.1% (down from 4.9% last report)
 - **New to our data set** this month is the percent of vaccine rollout by market; rollout of one shot (22.1%) is up 6.5% in the past two weeks. Salt Lake City (+54%) and four teams at +50% (Cleveland, Pittsburgh, Philadelphia, New York City) saw the greatest week-over-week changes
- **Consumers Behaviors see gradual increases across all markets:**
 - **Economic mobility² increased 3%**, with a few outliers
 - **Positive week-over-week changes** occurred in 27 markets, including New York City, Philadelphia, and Washington D.C., all at +7%
 - **Negative week-over-week changes** occurred in 4 markets with Denver recording the biggest drop (-10%); Denver had significant winter storms over the past few weeks

This week only one market moved groupings. 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 Change: **Last to Return** to **Slow to Return**
 - **Atlanta** fell back to **Slow to Return** after one week at **Most Likely to Return**; Atlanta is the lowest amongst the 32 markets in vaccine rollout of one-shot (17%) as it struggled early to find the most efficient way for distribution. In addition to the slower vaccine rollout, dining and entertainment activity was down slightly (-1%)

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

The overall **KAGR Fan Demand Index** increased less than 1% week-over week (+0.5%). **Tuscaloosa** retained the top spot and **Orlando** (+3) and **Austin** (+3) had the largest week-over-week jumps. Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **Orlando** jumped 3 spots; dining and entertainment activity rose 15% in the past two weeks with unemployment down 18%
 - **Austin** also jumped 3 sports; recent confirmed COVID-19 cases were down 35% and consumer behavior increased by 7%
- **Negative Fan Demand Index** changes:
 - **Denver** dropped 4 spots; partially due to a significant winter storm, consumer behaviors decreased by 12% with dining and entertainment activity also down 32%
 - **St. Louis** fell back 2 spots; recent confirmed COVID-19 cases increased by 8% with the number of open restaurants dropping by 40%

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	2/24	3/10	3/24	
Tuscaloosa	1	1	1	0
Oklahoma City	13	2	2	0
Miami	2	3	3	0
Houston	7	5	4	1
Tampa	3	4	5	-1
Las Vegas	6	8	6	2
Salt Lake City	4	6	7	-1
Phoenix	5	7	8	-1
Indianapolis	9	9	9	0
Orlando	8	13	10	3
Milwaukee	11	11	11	0
St. Louis	15	10	12	-2
Cleveland	10	12	13	-1
Detroit	12	15	14	1
Dallas	21	14	15	-1
Austin	26	19	16	3

Market	Rank by Week			Change in Rank
	2/24	3/10	3/24	
Pittsburgh	14	16	17	-1
Charlotte	16	17	18	-1
Nashville	17	18	19	-1
New Orleans	19	21	20	1
Chicago	23	20	21	-1
Los Angeles	22	23	22	1
Atlanta	18	22	23	-1
Minneapolis	24	25	24	1
Philadelphia	25	26	25	1
Portland	29	27	26	1
Boston	27	28	27	1
Denver	20	24	28	-4
Seattle	28	29	29	0
Washington D.C.	31	31	30	1
New York City	30	30	31	-1
San Francisco	32	32	32	0



FAN AVIDITY AT A GLANCE

This week we explore engagement and activity with this year's NCAA college basketball tournaments, analyze the impact of new digital broadcasting deals in reaching fans, and check back in on professional teams releasing plans for fans in stands for the upcoming spring seasons.

MARCH MADNESS FAN TRENDS

After a hiatus due to COVID-19 in 2020, the March Madness tournaments are back on 2021 and setting records. Contrary to what we have seen with other events over the pandemic, viewership was strong this weekend and sports betting, specifically, the number of fans placing bets, skyrocketed. Key trends include:

- The "First Four" men's games (defined as the four lowest-seeded automatic qualifiers, and the four lowest-seeded at-large teams) to air on Friday combined for an average of 2 million viewers, up 47% from 2019. The UCLA-Michigan State matchup in particular marked the most-watched game the 10-year history of "First Four" measurement
- On the sports betting side, expected number of brackets heading into the opening weekend was in line with 2019 levels, but actual number of fans placing bets was expected to be up 72% (30.6 million people placing bets) from 2019. Given that sports betting is now legal in 25 states and Washington D.C., roughly 74 million more Americans will be free to bet on March Madness compared to 2019

DIGITAL BROADCAST EVOLUTION

The NFL made a sizeable splash in the digital broadcast evolution last week with the announcement of the 11 year broadcast deal. The deal maintains relationships with current partners and highlights an exclusive deal for Amazon's with Thursday Night Football. While games will be on national broadcast television networks, digital simulcasts will be available.

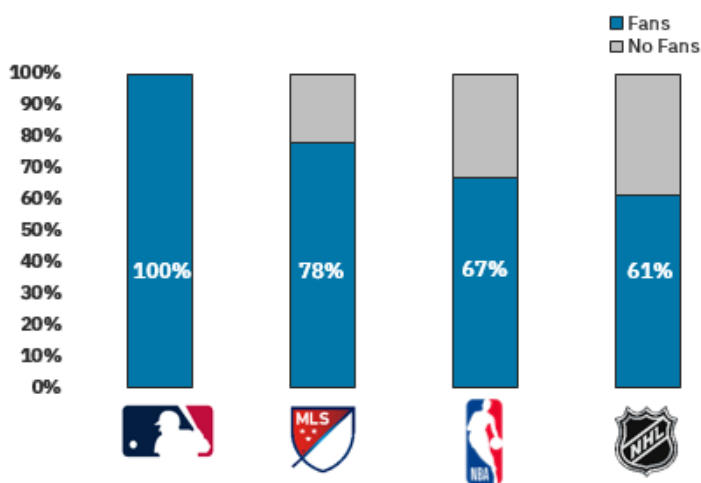
- CBS: AFC games, with simulcasts available on Paramount+
- ESPN/ABC: Monday Night Football, with simulcasts on ESPN+
- Fox: NFC games, with simulcasts available on Tubi
- NBC: Sunday Night Football, with simulcasts available on Peacock

As the demographics of the general sports fan, and NFL-specific, evolve as a result of the pandemic, the NFL's latest deal positions for extended reach and ability to capture new and potentially younger fans. It also signifies an important evolution of TV and streaming which we will be following closely.

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 3) and closely follow fan demand trends as capacities increase, including pricing, attendance, and customer demographic trends.

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



Outdoor

- MLB is out in front with 100% of teams with capacities ranging from 10% (Multiple) to 100% (Texas Rangers)
- MLS has 19 teams with capacities ranging from 12% (New England Revolution) to 30% (Houston Dynamo FC)

Indoor

- NBA is now up to 20 teams with capacities ranging from 3.5% (Detroit Pistons) to 25% (Houston Rockets, Indianapolis Pacers); the Miami Heat became the first team to provide a specific section for vaccinated fans, reducing social distancing to only one seat between fans
- NHL has 19 teams hosting or with plans to host fans ranging from 4% (Detroit Red Wings) to 30% (Dallas Stars)



PRODUCT VENUE AT A GLANCE

In a previous report, we explored the growth of NBA Top Shot, the NBA's blockchain platform in partnership with Dapper Labs. Outside of sports, artists, including Kings of Leon, are leveraging non-fungible tokens (NFTs) to offer exclusive content, experiences, and albums. As blockchain and NFTs become more of the everyday vernacular, the impact to the traditional ticketing product seems inevitable. This week we explore several early trends at leveraging these technologies to drive the industry, forward thinking, and new incentives to accelerate fans interest in returning to games.

INNOVATION TRENDS WITH NFTs

On the heels of the NBA's recent success, several other leagues have sought strategies to deliver incremental value and content to fans:

- The Oakland Athletics announced they would offer six person, full season suites for \$64,000 or 1 bitcoin; the Athletics become the first MLB club to use cryptocurrency for ticket sales. With the price of a bitcoin fluctuating, the Oakland believe this creates a 'serendipitous' opportunity for fans. NBA's Sacramento Kings and Dallas Mavericks also offer tickets and merchandise for payment by bitcoi
- Of note, the MLB was one of the first into the space, launching MLB Crypto Baseball in 2018 and had more than \$5 million dollars in sales; the partnership has now been discontinued. We will be watching to see whether MLB jumps back into the digital collectible space
- The NHL is also in discussions with Dapper Labs for their own digital highlight platform
- The NFL is also exploring potential partners for digital collectables and highlights with athletes including Rob Gronkowski and Patrick Mahomes already in on the action with sales of digital collectible cards

Digital collectibles certainly represent an initial gateway for sports fans, and the possibility of blockchain application across ticketing products could be a natural extension. In a recent Sportico article, Ted Leonsis, Monumental Sports & Entertainment CEO, ideates a new digital ticketing experience, pointing to the ability for teams to better track chain of custody for a ticket without the reliance of secondary data.

Outside of sports, blockchain has been applied to medical records and food supply chains with early success. The ability for widespread adoption will be incumbent on a number of infrastructure, regulatory, and security considerations, but as more applications become mainstream, meaningful impact on the sports and entertainment industry does not feel so far out of reach. At a very minimum, initial application has created buzz, interest, and a captive audience for other ticketing product and fan engagement innovation.

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

