



# THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES #22  
APRIL 07 2021



# BACKGROUND

In KAGR's 22<sup>nd</sup> update to the [“Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19”](#), we begin to explore ticket sell-through across markets and assess the impact of vaccine distribution.

Of course, we continue to closely track how our framework<sup>1</sup> 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**.

## APRIL 07 2021 OVERVIEW

All eyes were on Arlington, TX on Monday as the Texas Rangers hosted the Toronto Blue Jays for opening day in front of a sold out full-capacity stadium. Across the rest of the league, stadiums welcomed fans in all markets in a limited capacity. Turning to this upcoming weekend, the Master's anticipates close to 25% capacity on the Augusta National grounds with strict protocols in place. As the number of markets and teams hosting fans continues to increase, 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:

- The impact of increased COVID-19 case numbers on KAGR Fan Demand Index
- Ticket sell-through trends for the NBA and NHL across markets
- Introduction of a digital vaccination passport as a requirement for several large and small venues

<sup>1</sup> See Figure 5 on page 7, “KAGR Fan Demand Framework”



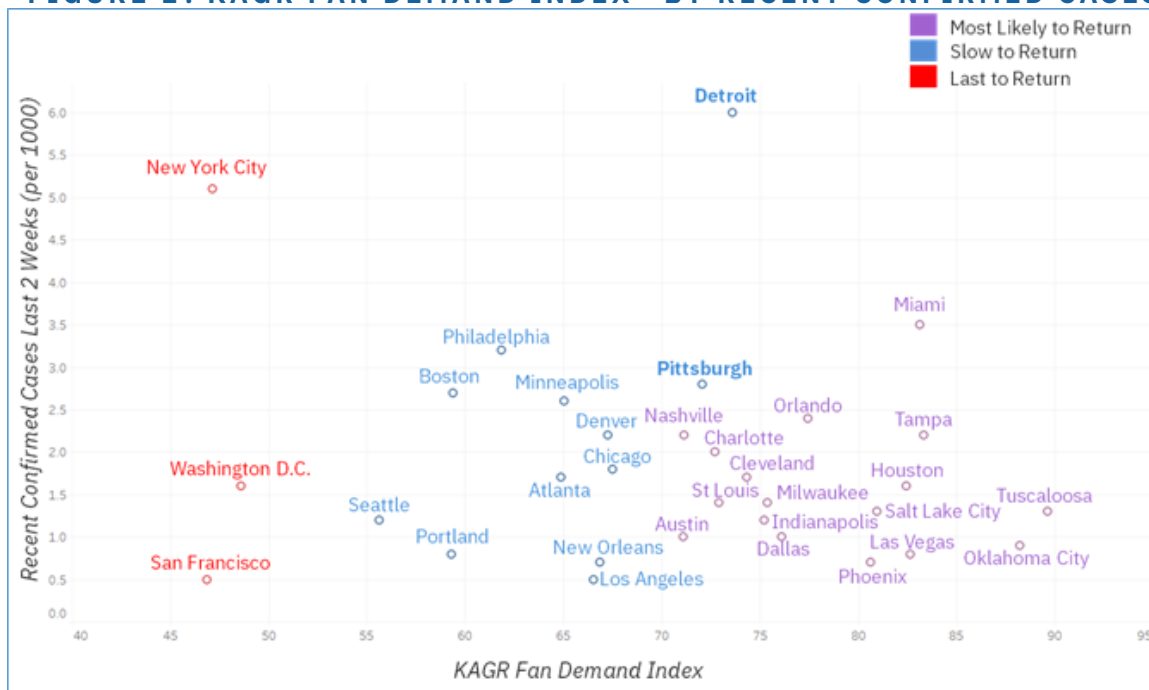
# MARKET ANALYSIS

The **KAGR Fan Demand Index improved another 1.5%** week over week, and remains on par with November levels. Denver saw the greatest week-over-week jump (+23%) along with San Francisco (+6%) and Phoenix (+5%). It was also the first week that we didn't see significant Fan Demand Index setbacks, with St. Louis recording the biggest drop at -3%. This week's macro trends include:

- **COVID-19 Cases up 19%:** 19 of 32 markets saw recent confirmed COVID-19 case numbers increases
  - Significant increases were seen in Detroit (+150%), Minneapolis (+53%), and Pittsburgh (+47%); despite these changes, sizable decreases were still seen Phoenix (-53%), Los Angeles (-44%), and Las Vegas (-43%)
  - The overall number of recent confirmed COVID-19 cases (per 1,000) is back up to 1.9 (from 1.6 on March 24th). The lowest per capita markets include San Francisco (0.5) and Los Angeles (0.5); highest is Detroit (6.0, up from 2.4 on March 24th)
  - Tracking Percent of Positive Tests across markets: 19 of the 32 markets have percent of positive COVID-19 tests below the 5% threshold (down 6 from last report). The average percent positive tests metric this week was 5.1% (up from 4.1% last report)
  - The percent of vaccine rollout by market: rollout of one shot (28.9%) is up 31% in the past two weeks. Washington D.C. (+47%), Atlanta (+41%), and Denver and Chicago (both at +36%) saw the greatest week-over-week changes
- **Consumers Behaviors see gradual increases across all markets:**
  - **Economic mobility<sup>2</sup> remained flat this week (<1% difference)**, with a few outliers
    - **Positive week-over-week changes** occurred in 10 markets, including Denver (+23%) and Las Vegas and Los Angeles (both +7%)
    - **Negative week-over-week changes** occurred in 18 markets with Nashville recording the biggest drop (-9%), with Houston (-8%) and Atlanta, Tuscaloosa, and Oklahoma City (all at -7%) close behind

This week two markets dropped from Most Likely to Return to Slow to Return. Check out market changes over time in our [interactive Fan Demand Index visual](#).

**FIGURE 1. KAGR FAN DEMAND INDEX\* BY RECENT CONFIRMED CASES**



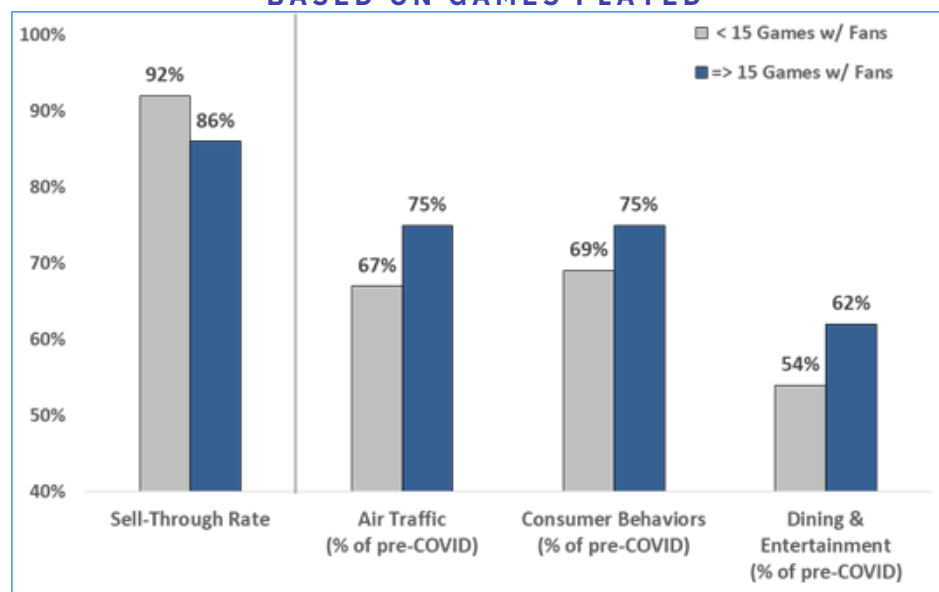
\* KAGR Fan Demand index uses a variety of market data including COVID-19 factors, economic indicators, and other consumer behavior information

<sup>2</sup> A measure of economic activity using consumer shopping behavior and visits to businesses

Specific markets insights include:

- Negative Change: **Most Likely to Return to Slow to Return**
  - **Detroit** fell back to **Slow to Return** with a surge in recent confirmed COVID-19 cases (+150%) and a Percent Positive Tests of 14.3%. Detroit also faces challenges in vaccine rollout (29% of market population having received one shot) as many local residents struggle with access to mass vaccination sites
  - **Pittsburgh** also fell back this week; recent confirmed COVID-19 cases are up 47% and economic mobility decreased by 2%
- Exploring early ticket sell-through and markets trends:
  - In addition to market based data, we are tracking ticket sell-through across professional leagues hosting fans (NBA, NHL, and early MLB games). In Figure 2, we explore the difference in sell-through from teams and markets hosting 15 games or more, which include those markets that have historically had the lowest level of restrictions in place
  - 8 (of the KAGR analyzed) markets have hosted at least 15 games; 7 of these markets have been amongst those **Most Likely to Return** (with teams including Cleveland Cavaliers, Houston Rockets, Arizona Coyotes, and Dallas Stars)
  - **Our analysis shows an initial “pent up demand” to return to live events** despite greater impact on key market indicator; this demand appears to wane over time:
    - **Teams hosting more than 15 games have a 6% lower sell-through rate** than markets hosting less than 15 games
    - Beyond “pent up demand,” we believe fan confidence in safety protocols and precautions plays a role, especially in **Last to Return** and **Slow to Return** markets. We will be tracking long term sustainability as teams continue to host throughout the remainder of the season

**FIGURE 2. EARLY SELL-THROUGH AND MARKET TRENDS BASED ON GAMES PLAYED**





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

The overall **KAGR Fan Demand Index** increased 1.5% week-over week. **Tuscaloosa** retained the top spot and **Denver** (+7) and **Dallas** (+5) had the largest week-over-week jumps. Notable market highlights include:

- **Positive Fan Demand Index** changes:
  - **Denver** jumped 7 spots; dining and entertainment activity rose 25% in the past two weeks after recovering from a significant winter storm
  - **Dallas** also jumped up 5 spots; recent confirmed COVID-19 cases were down 38% consumer behavior increased by 5%
- **Negative Fan Demand Index** changes:
  - **Indianapolis** dropped 3 spots; recent confirmed COVID-19 cases increased by 9% with consumer behaviors dropping 2%. Indianapolis is also amongst the slowest in vaccine rollout with only 26% of the population having received at least one shot, the lowest of all Fan Demand Index markets is Atlanta and Tuscaloosa at 24%
  - **St. Louis** also fell back 3 spots; St. Louis experienced minimal week over week market changes, but like Indianapolis, only 26% of the market's population has received one shot
  - **Austin** dropped 3 spots after a jump last report; dining and entertainment activity dropped 11% in the past two weeks and consumer behaviors are also down 5%

**FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET**

Market	Rank by Week			Change in Rank		Market	Rank by Week			Change in Rank
	3/10	3/24	4/7				3/10	3/24	4/7	
Tuscaloosa	1	1	1	0		Pittsburgh	16	17	17	0
Oklahoma City	2	2	2	0		Nashville	18	19	18	1
Tampa	4	5	3	2		Austin	19	16	19	-3
Miami	3	3	4	-1		Chicago	20	21	20	1
Las Vegas	8	6	5	1		Denver	24	28	21	7
Houston	5	4	6	-2		New Orleans	21	20	22	-2
Salt Lake City	6	7	7	0		Los Angeles	23	22	23	-1
Phoenix	7	8	8	0		Minneapolis	25	24	24	0
Orlando	13	10	9	1		Atlanta	22	23	25	-2
Dallas	14	15	10	5		Philadelphia	26	25	26	-1
Milwaukee	11	11	11	0		Boston	28	27	27	0
Indianapolis	9	9	12	-3		Portland	27	26	28	-2
Cleveland	12	13	13	0		Seattle	29	29	29	0
Detroit	15	14	14	0		Washington D.C.	31	30	30	0
St. Louis	10	12	15	-3		New York City	30	31	31	0
Charlotte	17	18	16	2		San Francisco	32	32	32	0



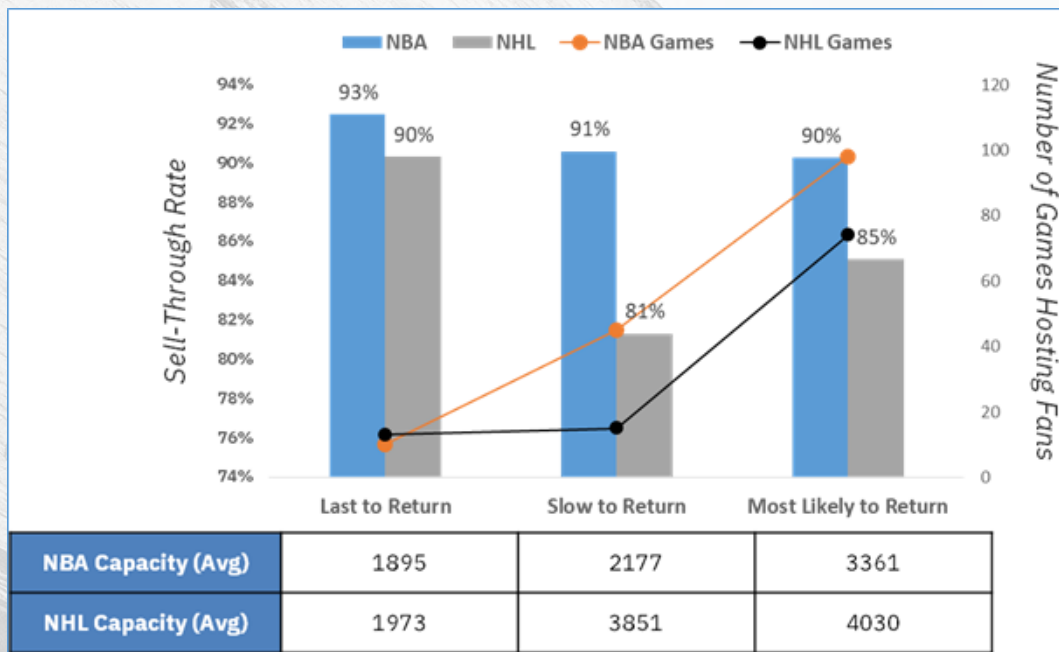
# FAN AVIDITY AT A GLANCE

This week we explore ticket sell-through across leagues, seeking insights across KAGR Fan Demand Index and marketing groupings. While fans are increasingly welcomed back to venues, some pandemic driven innovations including digital engagement technology, could be here to stay and offer additional avenues for fans to interact and connect in and out of the venue.

## SELL-THROUGH TRENDS ACROSS LEAGUES

In Figure 4, we examine sell-through for the NBA and NHL since January, specifically looking at sell-through by market groupings compared to the number of games hosted and the average capacity. It is clear that **Most Likely to Return** markets are leading the charge both with number of games hosted and average capacity across leagues with a slight drop-off on sell-through as we examined in Figure 2.

**FIGURE 4. SELL-THROUGH RATE FOR NBA AND NHL ACROSS MARKET GROUPINGS (JANUARY-MARCH 2021)**



- Since January, the **NBA hosted 50% more games than the NHL** and has seen a **higher sell-through rate (+6%) across markets**. The sell-through difference is particularly stark in Slow to Return markets where NHL's available capacity exceeds the NBA by 37%
- The difference in supply across market groups is also sizable; NBA teams in **Most Likely to Return** markets are able to **host 73% more fans** than those in Last to Return markets. NHL teams are able to **host 92% more fans** between the same market groups

As we move forward we will explore other market factors to better understand the sustainability of strong early sell-through success. **Will leagues with younger demographics, like the NBA and MLS, be able hold onto higher sell-through? How will these rates change as capacities increase? How much more important will be marketing, personalization, and fan engagement strategies be to drive and sustain demand?**

## FAN ENGAGEMENT: DIGITAL MEDIA

With the Toronto Raptors temporarily re-located to Tampa for the rest of the season, the Maple Leaf Sports and Entertainment (MLSE) group launched a “digital arena” concept for both Raptor and Maple Leafs fans. The concept is located within the team’s mobile application – fans can interact with a noisemeter, the arena Jumbotron, play trivia and games, and also chat within private chat rooms while they watch the games. Early adoption is strong – indicating engagement of new and existing fans in a variety of ways.

- 60% of team’s mobile app base have participated in the digital arena with fans spending up to 25% longer on the team app and an increase in repeat visits
- Beyond the Raptors and Maple Leafs, the Portland Trail Blazers and San Antonio Spurs also launched their own versions of the digital arena using MLSE’s technology

Further to the importance of digital engagement, in a recent study conducted by Oracle, 30% (of 3,000 fans) were strongly in favor of participation in a virtual crowd and 31% would like to join live chats and communities with other fans during the game. As the digital arena concept evolves – we expect new real-time and on-demand ways to share team, game, and player content. All are opportunities to drive deeper connection with the fans.





# PRODUCT VENUE AT A GLANCE

Beyond the sports and entertainment world, the concept of a “health passport” is gaining traction. Governments and the travel industry have been considering how to digitize the health validation process to make it easier for people to travel between countries and how that could be leveraged to entry to a variety of other locations and events.

## DIGITAL VACCINATION PASSPORT

New York has taken the first step in launching a digital pass to provide verification of COVID-19 vaccine. New York’s “Excelsior Pass” (developed by IBM with a backbone in blockchain) allows entry above the state's current social-gathering limit seeking a balance between adherence to public safety precautions and the ability for businesses to resume operations. Madison Square Garden and Albany’s Time Union Center will begin to use the app along with smaller venues around the state.

Earlier in the pandemic, CLEAR announced a similar vaccine and/or proof of negative COVID-19 test passport for use across travel, sporting events, concerts, and more. While many teams have selected CLEAR to help manage health screenings for fans attending games, they have not elected to use their digital vaccination record capability.

## SUMMARY

As fans are welcomed back across venues, operations leaders will be pushed to optimize public safety with the needs of the business. The mobile ticketing requirement puts digital, including today's league and team apps, front and center. The digital health passport evolution presents a real opportunity to drive assurances beyond compliance of in-venue safety protocols (i.e. masks and social distancing measures).



# 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](mailto:FutureSportsandEvents@kagr.com).

FIGURE 5. KAGR FAN DEMAND FRAMEWORK

