



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES # 23
APRIL 21 2021

BACKGROUND

In KAGR's 23rd update to the [“Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19”](#), as COVID-19 case numbers rise, we explore the impact regionally on early season demand for spring sports.

We continue to closely track how our framework¹ for understanding Fan Demand 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 21 2021 OVERVIEW

Spring professional sports leagues are in full swing, with Major League Soccer (MLS) kicking off last week. The Premier Lacrosse League (PLL) announced their return to a tour-based model this June, visiting eleven cities across the country. The first WWE event with fans in over a year, Wrestlemania 37, was held in Tampa; the event was held in front of over 50,000 fans over two nights and enjoyed significant fan engagement across social and merchandise platforms. As the diversity of events hosting fans continues to expand, 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:

- Slight setback in KAGR Fan Demand Index as COVID-19 cases rise and consumer behavior fall in two-thirds of markets
- Early season demand across MLB markets
- Important learnings on new venue innovations

¹ See Figure 5 on page 7, “KAGR Fan Demand Framework”



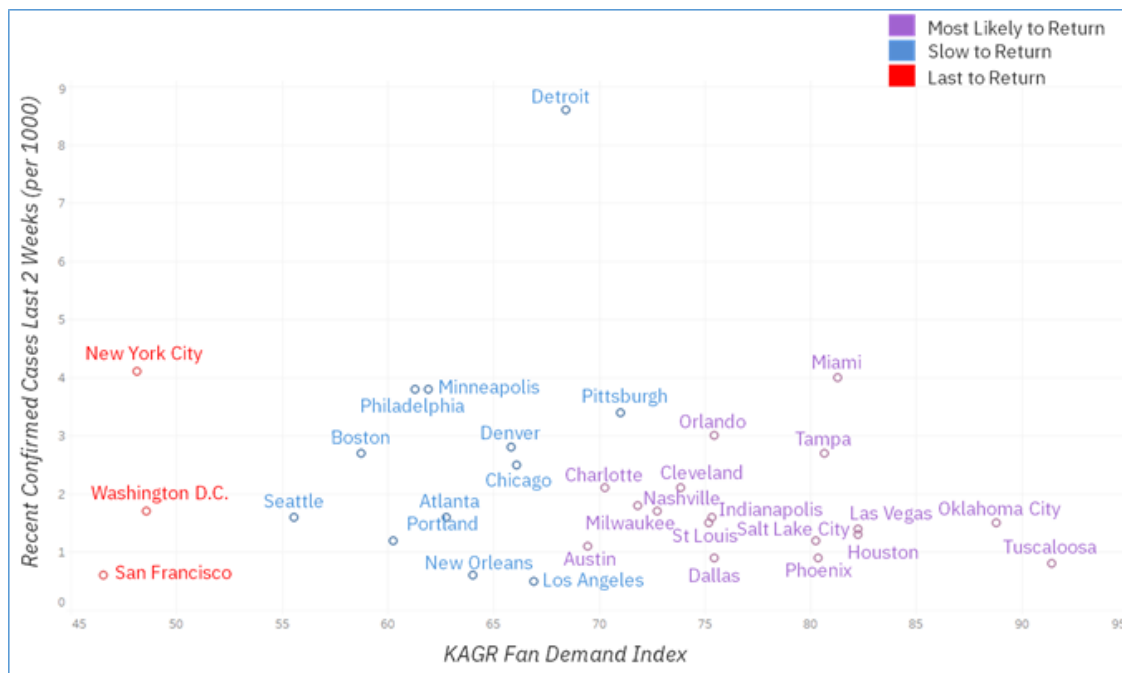
MARKET ANALYSIS

The **KAGR Fan Demand Index** dropped **1%** week over week. Denver, saw the greatest week-over-week decrease (-7%) along with Minneapolis (-5%) and New Orleans (-4%). 9 out of 32 markets experienced increases, led by St. Louis (+3%) and New York City (+2%). This week's macro trends include:

- **COVID-19 Cases up 16%:** 22 of 32 markets saw recent confirmed COVID-19 case numbers increases:
 - Significant increases were seen in Las Vegas (+75%), Oklahoma City (+67%), and Portland (+50%); despite these changes, sizable decreases were still seen in Tuscaloosa (-38%), New York City (-20%), and Houston (-19%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) is up to 2.2 (from 1.9 on April 7th). The lowest per capita markets include Los Angeles (0.5), New Orleans (0.6), and San Francisco (0.6); highest is still Detroit (8.6, up from 6.0 on April 7th)
 - Tracking Percent of Positive Tests across markets: **14 of the 32 markets** have percent of positive COVID-19 tests below the 5% threshold (down 5 from last report). The average percent positive tests metric this week was 5.9% (up from 5.1% last report)
 - The percent of vaccine rollout by market: rollout of one shot (36.7%) is up 27% in the past two weeks. Washington D.C. (+36%), Denver (+33%), and Los Angeles, San Francisco, and New York City (all at +32%) saw the greatest week-over-week changes
- **Consumers Behaviors fall back across most markets:**
 - **Economic mobility² dropped 5% this week**, with a few outliers
 - **Negative week-over-week changes** occurred in 24 markets with Indianapolis and Detroit recording the biggest drop (-13%), with Milwaukee (-12%) and Chicago (-11%) close behind
 - **Positive week-over-week changes** occurred in only 3 markets, including Atlanta (+4%), Nashville (+3%), and Charlotte (both +1%)

With relatively small market indicator fluctuations this week, no markets moved groupings (Figure 1). 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

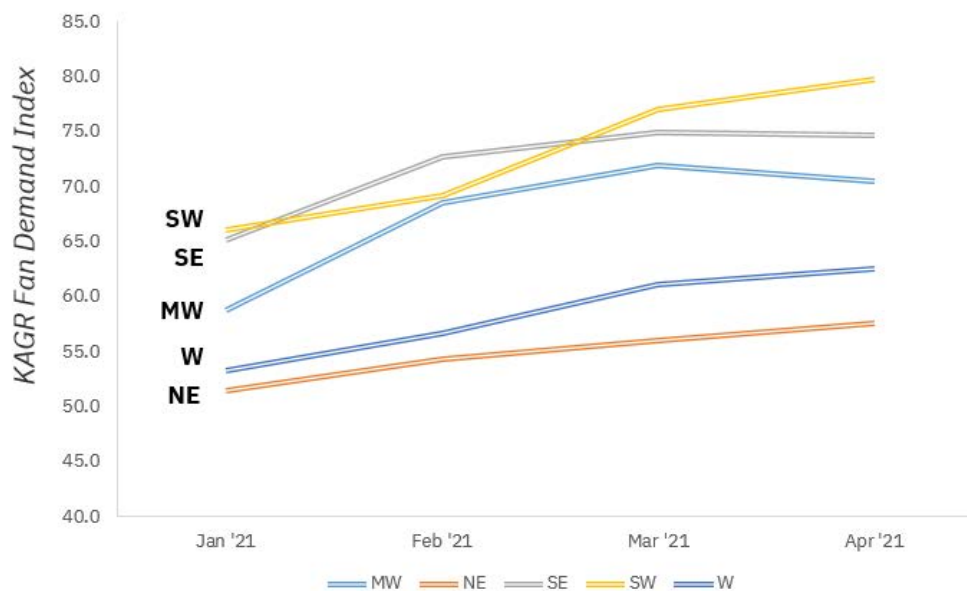
² A measure of economic activity using consumer shopping behavior and visits to businesses

Specific markets insights include:

- **Exploring Regional KAGR Fan Demand Index Trends:**

- To better understand changes in the KAGR Fan Demand Index over the past quarter, we explore regional trends (Figure 2). The Fan Demand Index low across regions occurred in January, but has since rebounded
 - The **Southwest** region has seen the biggest jump in KAGR Fan Demand Index since January (+17.2%), with both **Las Vegas** (+28%) and **Phoenix** (+21%) driving the increase
 - The **West** region saw the largest variance within market specific changes; the West region is up 14.8% since January with significant outliers including **Los Angeles** (+39%) and **Seattle** (-4%)
 - The **Midwest** and **Southeast** regions have experienced a slight decrease over the past month after significant improvements between January and March, specifically in the Midwest region (+18.5% since January)
 - In addition to Los Angeles and Las Vegas, **Chicago** (+28%), **Milwaukee** (+23%), and **Miami** (+23%) saw sizable increases in KAGR's Fan Demand Index

FIGURE 2. KAGR FAN DEMAND INDEX TRENDS BY REGIONS* (JAN-APRIL 2021)



* Regional breakdowns include:

- **Midwest (MW):** Chicago, Cleveland, Detroit, Indianapolis, Milwaukee, Minneapolis, St Louis
- **Northeast (NE):** Boston, New York City, Philadelphia, Pittsburgh, Washington DC
- **Southeast (SE):** Atlanta, Charlotte, Miami, Nashville, New Orleans, Orlando, Tampa, Tuscaloosa
- **Southwest (SW):** Austin, Dallas, Houston, Oklahoma City, Phoenix, Las Vegas
- **West (W):** Denver, Los Angeles, Portland, Salt Lake City, San Francisco, Seattle

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

The overall KAGR Fan Demand Index decreased 1% week-over week. **Tuscaloosa** retained the top spot and **Houston, St. Louis, Nashville**, and **Los Angeles** (all at +3) had the largest week-over-week jumps. Notable market highlights include:

- **Positive Fan Demand Index** changes:
 - **Houston** (+3): recent confirmed COVID-19 cases decreased by 19%
 - **St. Louis** (+3): dining and entertainment activity increased by 4%
 - **Nashville** (+3): recent confirmed COVID-19 cases decreased by 18% and consumer behaviors were up 7%
 - **Los Angeles** (+3): dining and entertainment activity increased by 15%
- **Negative Fan Demand Index** changes:
 - **Detroit** (-5): recent confirmed COVID-19 cases increased by 43% with percent positive tests up to 18%
 - **Tampa** (-3): recent confirmed COVID-19 cases increased by 23% with percent positive tests up to 10%
 - **Milwaukee** (-3): consumer behaviors dropped back 12%

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

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



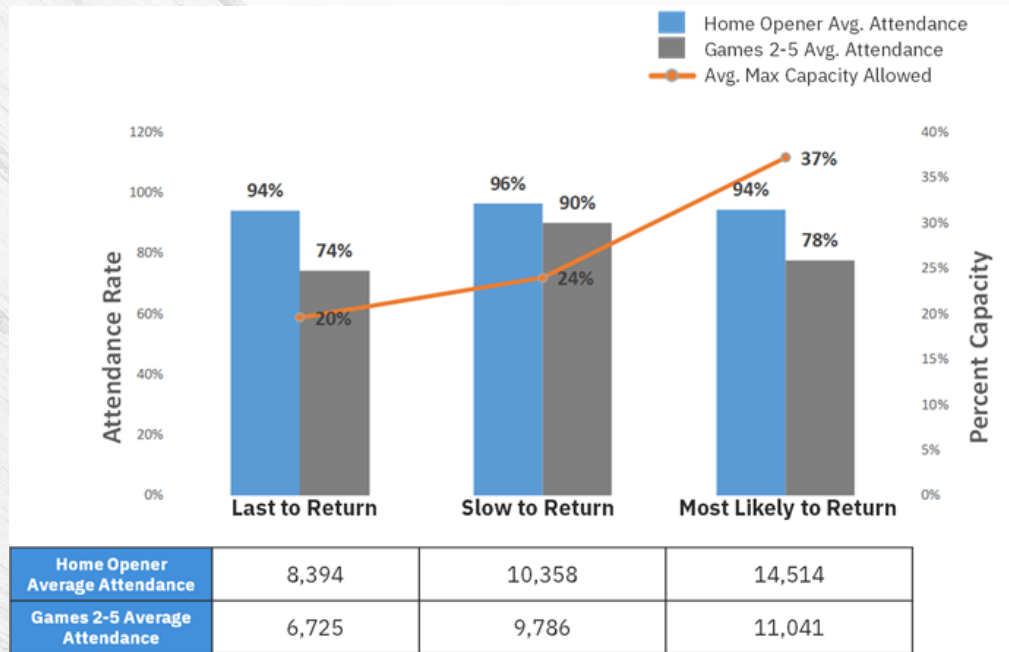
FAN AVIDITY AT A GLANCE

This week we explore Major League Baseball including early season demand and a new fan engagement concept looking to capitalize on the recent NFT interest across other leagues.

MLB OPENING WEEK DEMAND

In Figure 4, we examine attendance rates for MLB's Opening Day and subsequent home games. 26 of MLB's 30 teams reside in markets currently analyzed in our analysis.

**FIGURE 4. MLB OPENING DAY AND EARLY SEASON DEMAND
ACROSS KAGR MARKET GROUPINGS
(APRIL 1-14 2021)**



- On average, **MLB teams saw 95% attendance for Opening Day**, but then a sharp drop-off in attendance rate for games 2-5 (82%)
 - Milwaukee** (Brewers) and **Los Angeles** (Dodgers) were among the KAGR analyzed markets to experience the highest attendance rate for both Opening Day and subsequent 4 games; both teams were able to host approximately 25% of stadium capacity and all games recorded 100% attendance
 - Tampa Bay** (Rays), **New York** (Mets), and **Pittsburgh** (Pirates) experienced the most significant drop-off in demand from Opening Day; 40%, 30%, and 25% decreases respectively
- Markets grouped as **Last to Return** (Figure 1) had 30% less capacity, but were on par with **Most Likely to Return** markets for Opening Day attendance (94%). Critically, **Last to Return** markets experienced a sharp decline in demand for the subsequent 4 games (74%), compared to 81% for the **Most likely to Return** markets. This suggests strong demand, but a smaller pool of potential fans given lower fan capacity.

MLB INNOVATION WITH NFTs

On the heels of the rapid success of NBA TopShot, long time trading card powerhouse Topps has teamed up with Worldwide Asset eXchange (WAX) to produce a new NFT (non-fungible token) in partnership with the MLB. Unlike the NBA's TopShot product where buyers own a short video clip of a play (or "Moments"), the Topps MLB product is static without any video and becomes a digital copy of physical form baseball cards. This NFT service is set to launch on April 20th.

Initial fan and industry reaction is mixed, with skepticism that this NFT format lacks creativity and fails to fully leverage the digital possibilities that exist for NFTs. The MLB has a longstanding reputation for being protective of their game film, so the decision to leave video out of their NFTs comes as no surprise.

While baseball has always had the largest market share of any sport within the trading card world, we'll have to wait and see whether that success will be able to translate to the digital space. If successful, MLB will have an opportunity to further drive engagement with a new and younger fan base and capitalize on initial viewership momentum (64% increase in MLB viewing among men 18 to 34, and 83% increase among women of the same age) last summer.



PRODUCT VENUE AT A GLANCE

In order to comply with local government and social distancing guidelines, many teams were forced to invest in new technology and venue innovations. These enhancements ranged from increased cashless and mobile purchasing to ingress/egress changes and new fan engagement concepts. As spring leagues shift from planning to welcoming fans back in venue, several learnings have been reported that can be applied across leagues.

LEARNINGS FROM INITIAL RETURN OF FANS

Issues with mobile ticketing and in-venue applications are not new – several leagues and teams have tackled similar challenges prior to the pandemic by increasing on-site personnel, enabling additional concierge like services, and developing robust communications strategies.

- In **Los Angeles**, the Dodgers decided to suspend their mobile food ordering system within the MLB Ballpark App due to issues with the order system; the venue will instead opt for walk-up ordering with social distance guidelines in place
- In **Phoenix**, Diamondbacks fans encountered similar issues on mobile devices, citing challenges with ordering from concessions and waiting in lines (and in some cases, missing several innings). Diamondbacks President put forth plans to compensate both single game and season ticket members with free tickets and other offers
- In **Seattle**, challenges were also encountered during on-sale for the Seattle Sounders MLS team; the ticketing requests system failed multiple times on the release day of tickets. The Sounders surveyed their fans prior to wide distribution of the COVID-19 vaccine and as a result, they underestimated demand and only went on sale for the first 5 games

SUMMARY

As fans are welcomed back across venues, teams and organizations may face challenges with the launch of new in-venue enhancements and digital innovation. Leaders have an opportunity to leverage these changes to increase engagement and communications with their fans and seek feedback to inform current and future initiatives. While issues will undoubtedly arise, organizations that have established more direct engagement lines with their fans will more easily adapt as they test and learn along the way.

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 5. KAGR FAN DEMAND FRAMEWORK

