



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

REGULAR UPDATES # 24
MAY 6 2021

BACKGROUND

In KAGR's 24th update to the "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19", we explore the impact of vaccination roll out on market behaviors and fan demand.

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**.

May 6 2021: Update Overview

Two significant spring events were held this past weekend. The Kentucky Derby welcomed fans back, hosting 30% of the 2019 total attendance (160,000). The NFL Draft also hosted 50,000 fans in Cleveland – all events were held outdoors, with rules for distancing, mask-wearing, and special vaccinated fan sections. With the summer concert season closing in, a small number of artists will push forward with this year's tours, following similar capacity guidelines as we have seen with professional sports. As more events host fans, 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 vaccination rate on consumer behaviors across markets
- Sell-through trends for MLB, NBA, and NHL as capacity limits are increased
- New fan engagement innovation with NFTs and gaming

¹ See Figure 5 on page 6 "KAGR Fan Demand Framework"



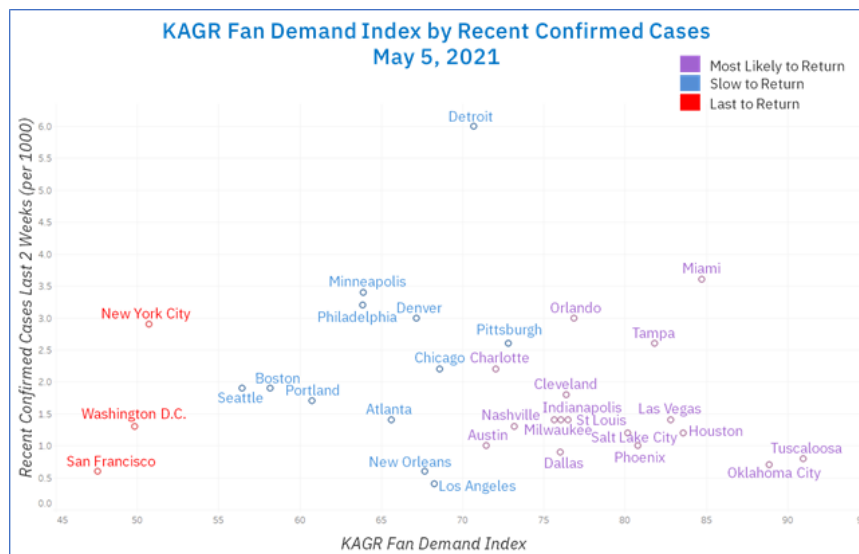
MARKET ANALYSIS

The **KAGR Fan Demand Index** jumped up 2% week over week, after a small set back mid-April. New Orleans saw the greatest week-over-week increase (+5.7%) with New York City (+5.4%) and Atlanta (+4.6%) close behind. Only 3 out of 32 markets experienced minor decreases; led by Boston (-1%). This week's macro trends include:

- **COVID-19 Cases down 9%:** 20 of 32 markets saw recent confirmed COVID-19 case numbers decrease (numbers in 7 markets stayed consistent week-over-week)
 - Significant decreases were seen in Oklahoma City (-53%), Detroit (-30%), and Boston (-30%); despite these changes, sizable increases were still seen in Portland (+42%), Seattle (+19%), and Phoenix (+11%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) also dropped to 1.9 (from 2.2 on April 21st). The lowest per capita markets remain Los Angeles (0.4), New Orleans (0.6), and San Francisco (0.6); highest is still Detroit (6.0, down from 8.6 on April 21st)
 - 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 metric this week was 4.9% (down from 5.9% last report)
 - The percent of vaccine roll out by market: roll out of one shot (42%) is up 14% in the past two weeks
 - Markets with highest percent of the population vaccinated include: Boston (55%), Pittsburgh (49%), and Philadelphia (49%)
 - Markets with the lowest vaccinated rate include: Tuscaloosa (32%) and New Orleans (32%)
- **Consumers Behaviors climb slightly across most markets:**
 - **Economic mobility² increased 2% this week**, with a few outliers
 - Positive week-over-week changes occurred in 18 markets, including Indianapolis (+7%, after a -13% drop two weeks ago) and four markets with an increase of +6% (New York City, Chicago, Detroit, and Houston)
 - Negative week-over-week changes occurred in 8 markets with Atlanta recording the biggest drop (-6%), with Los Angeles and Charlotte close behind (both at -4%)

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

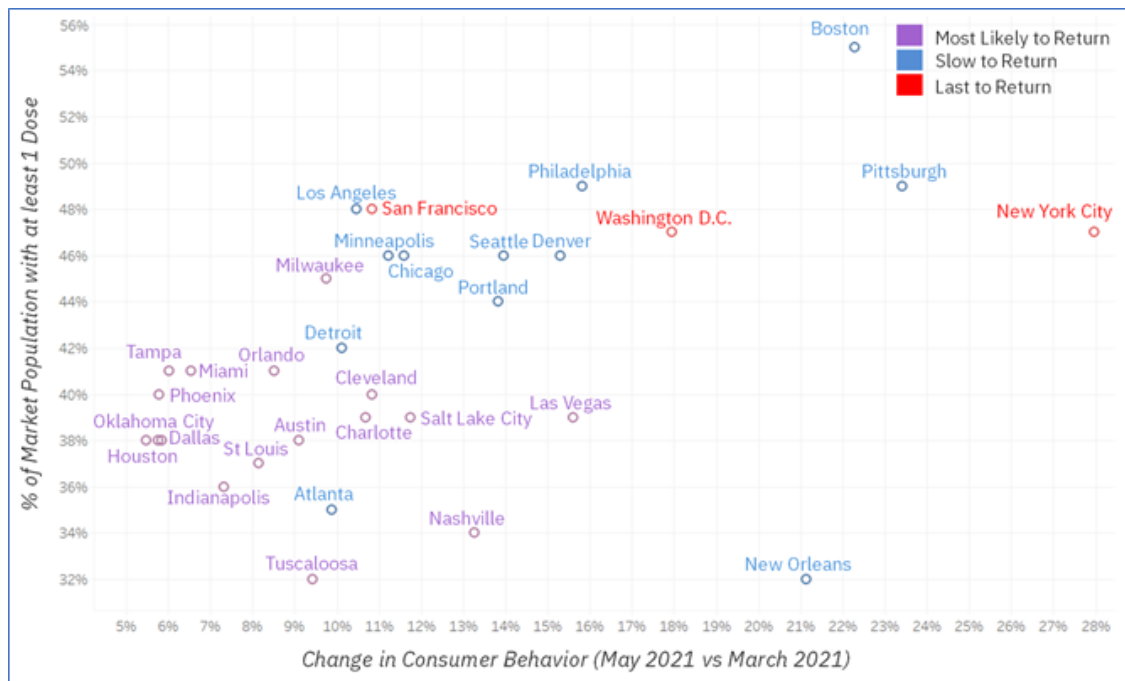
Specific markets insights include:

- **Exploring Impact of Vaccination on Market Mobility:**

- To better understand the impact of vaccinations on market indicators, we explore the change in consumer behaviors between March 2021 and May 2021 (Figure 2):
 - With few exceptions, the **Most Likely to Return** markets are among the least impacted (% change in consumer behaviors) during this time period; they also have the lowest on average percent vaccinated (38.5%)
 - **Boston, Pittsburgh, and New York City** have the highest percent vaccinated and enjoyed similar increases in consumer behaviors as market restrictions have been lifted; all three markets welcomed fans back to indoor events in late March and early April
 - **New Orleans** is an outlier with significantly lower vaccinated rate, yet a sizable increase in consumer behaviors

As we continue to explore trends, we will be watching the impact of vaccination rates on market and fan behaviors. In which markets will vaccination significantly impact fan demand? Will fan demographics change in markets where vaccination rates are lower? And how will leagues and teams be impacted as COVID-19 cases fluctuate?

FIGURE 2. CHANGE IN CONSUMER BEHAVIOR (MAR-MAY 2021) VS. % POPULATION WITH 1+ VACCINE DOSES ADMINISTERED





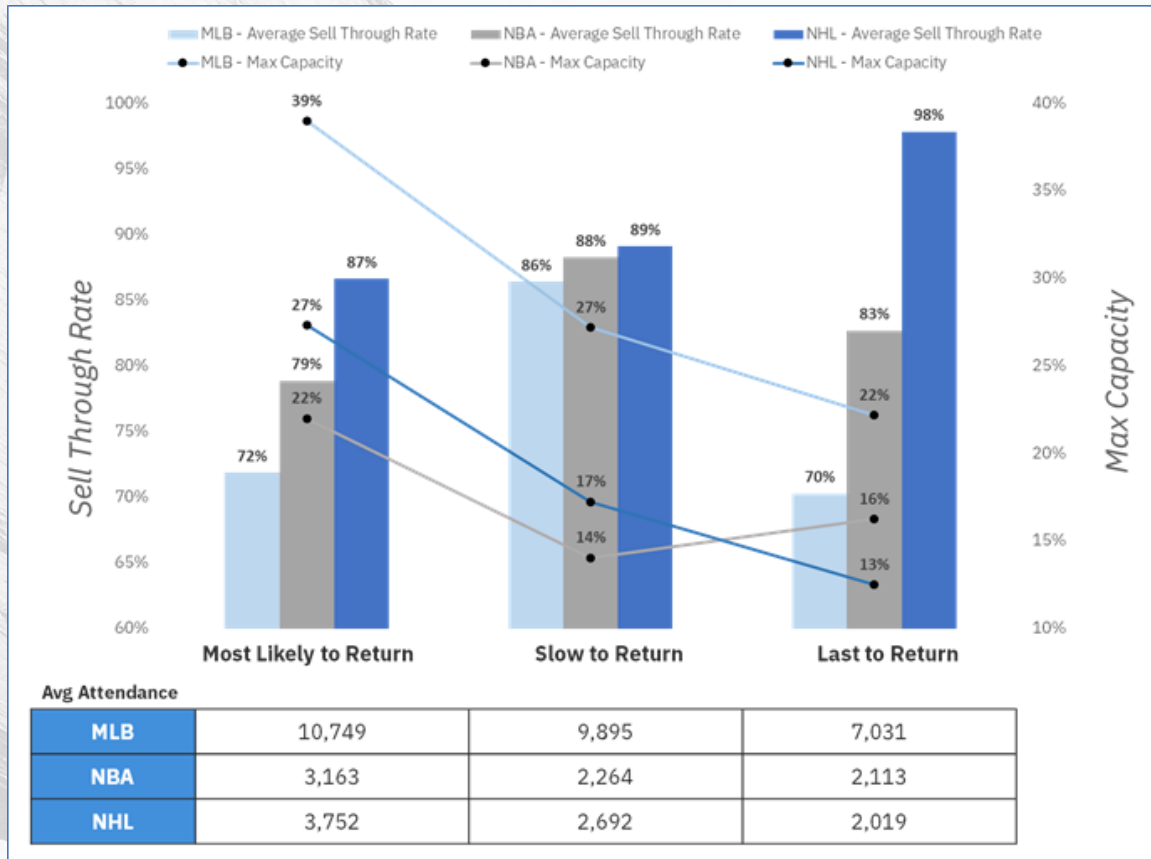
FAN AVIDITY AT A GLANCE

This week we look at sell-through trends across markets for MLB, NBA, and NHL teams. We also explore new innovations with NFTs and gaming as broadcast networks, teams, and players engage with fans in new ways.

MLB, NBA, AND NHL SELL-THROUGH TRENDS

In Figure 4, we examine sell-through over the past two weeks across MLB, NBA, and NHL, including a handful of markets where capacity limits have recently increased (i.e. Atlanta Braves increasing from 33% to 50% and the Washington Nationals increasing from 12% to 25%).

FIGURE 4. MLB, NBA AND NHL SELL-THROUGH ACROSS KAGR MARKET GROUPINGS (APRIL 22 2021-MAY 2 2021)



- On average, **MLB teams has seen a significantly higher capacity**, on average 60% greater than the NBA and 56% greater than the NHL. Because of the higher capacity, the **MLB trails both leagues in ticketing sell-through**; the MLB sees 17% less sell-through than the NHL and 9% less sell-through than the NBA
- On average, as capacity restrictions are loosened, sell-through rates across leagues have decreased, with **Most Likely to Return** markets performing on par or worse than other market groupings. In Figure 2, we also saw consumer behaviors in these markets impacted the least by increased vaccinations, signaling fan behaviors are likely to stay consistent even when restrictions are lifted
- The KAGR **Slow to Return** markets continue to outperform both Most Likely to Return and Last to Return markets across all leagues; the most significant difference is within the MLB, with **Slow to Return markets selling through 18% more**. The analysis shows that current fan demand and available capacity for these markets are well aligned

As the last few weeks of the NHL and NBA regular seasons unfold, we will keep an eye on fan demand for playoff contenders. The NHL Stanley Cup playoffs begin on May 11th with the NBA starting on May 22nd. Both leagues will have playoffs that extend into July.

FAN ENGAGEMENT & INNOVATION TRENDS

NFT innovation continues at a rapid clip with increased athlete participation and the first professional team (Golden State Warriors) to launch an NFT collection. UFC also announced this week that they will launch a fan token this June³, providing exclusive access, content, and fan voting. On the broadcast side, ESPN and Marvel partnered to integrate of new gaming concept into a live event.

- Megan Rapinoe, Sue Bird, and at least five other athletes are launching limited digital collectible cards through Zora⁴, an Ethereum-based platform. The launch also will include top WNBA draft picks Charli Collier and Aari McDonald, Olympic fencer Ibtihaj Muhammad, and Paralympian Scout Basset. Zora allows more creative control over the launches, allowing the seller to choose a buyer or set a price
- The Golden State Warriors became the first professional team to launch an NFT collection last week⁵. They developed digital championship rings and digital ticket stubs from their most historically important games for sale on OpenSea, the largest NFT marketplace in the world. Some of the proceeds will go to the Warriors Community Foundation to promote educational equity in the Bay Area
- ESPN and Marvel launched the first ever Marvel inspired game presentation⁶ for the Golden State Warriors vs. New Orleans Pelicans game this week. The broadcast incorporated iconic characters like Iron Man, Captain Marvel, and Black Widow. Players from both teams were tracked with 'Marvel Hero Points' through scoring points, rebounds, assists, steals, and blocks. Points were deducted for missed field goals, free throws, or turnovers

Interest in digital innovation is significant and the speed at which new offerings are unveiled is extraordinary. These offerings continue to provide new and compelling content for their fan base and new ways for leagues, teams, and athletes to communicate and engage.

• ³ <https://www.theblockcrypto.com/linked/103788/ufc-chiliz-partnership-fan-token>

• ⁴ <https://www-sportico-com.cdn.ampproject.org/c/s/www.sportico.com/business/commerce/2021/uswnt-wnba-olympic-athletes-nft-collection-1234627493/amp/>

• ⁵ https://www-espn-com.cdn.ampproject.org/c/s/www.espn.com/nba/story/_/id/31344010/golden-state-warriors-become-first-pro-team-launch-nft-collection?platform=amp

• ⁶ <https://www-marvel-com.cdn.ampproject.org/c/s/www.marvel.com/amp/articles/culture-lifestyle/espn-marvel-to-offer-first-nba-special-edition-marvel-s-arena-of-heroes>

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

