KAGR
KRAFT ANALYTICS GROUP

THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #8
September 9, 2020

BACKGROUND

With fans attending live events, KAGR's "Future of Live Events & Sports: The Re-Emergence of Fans Post Covid-19" provides insights and shares best practices across 31 markets. In our 8th update, our goal remains to **predict fan interest in attending games and live events**, to identify **fan safety** efforts taken organizations, and to help the industry come back as quickly and safely as possible. Our Fan Demand Index identifies the trends and this data visualization highlights the changes since inception in May.

The KAGR Fan Demand Index is rooted in our framework[1] to track the **impact on fan demand based on market 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.** We continue adding new data sources and insights to track this rapidly changing situation.

September 9 2020: Update Overview

The NFL Season kicks off this week with fans expected in Kansas City and Jacksonville. The ACC and Big 12 are set to start their college football seasons as well. Fan guidelines vary greatly by team and school, with many initial plans revised as COVID-19 case numbers continue to fluctuate on college campuses. The NBA and NHL playoffs have heated up and viewership numbers continue to stay strong indicating pent up demand for live sports. Teams and venue operators finalize precautions and protocols for this weekend's games to drive safety, limit fan interaction, and leverage additional technology. As the fall sports season begins, the core questions remain: **which fans will attend, what will they expect when they return, and how has their willingness to pay changed?**

In this update, we explore:

- Continued decrease in new COVID-19 cases and a rise in consumer behavior, while many markets begin the school year remote
- Viewership trends as the number of live events increase
- Fan guidelines for this weekend's NFL and college football games, as well as the evolution of new technology to increase safety and fan compliance

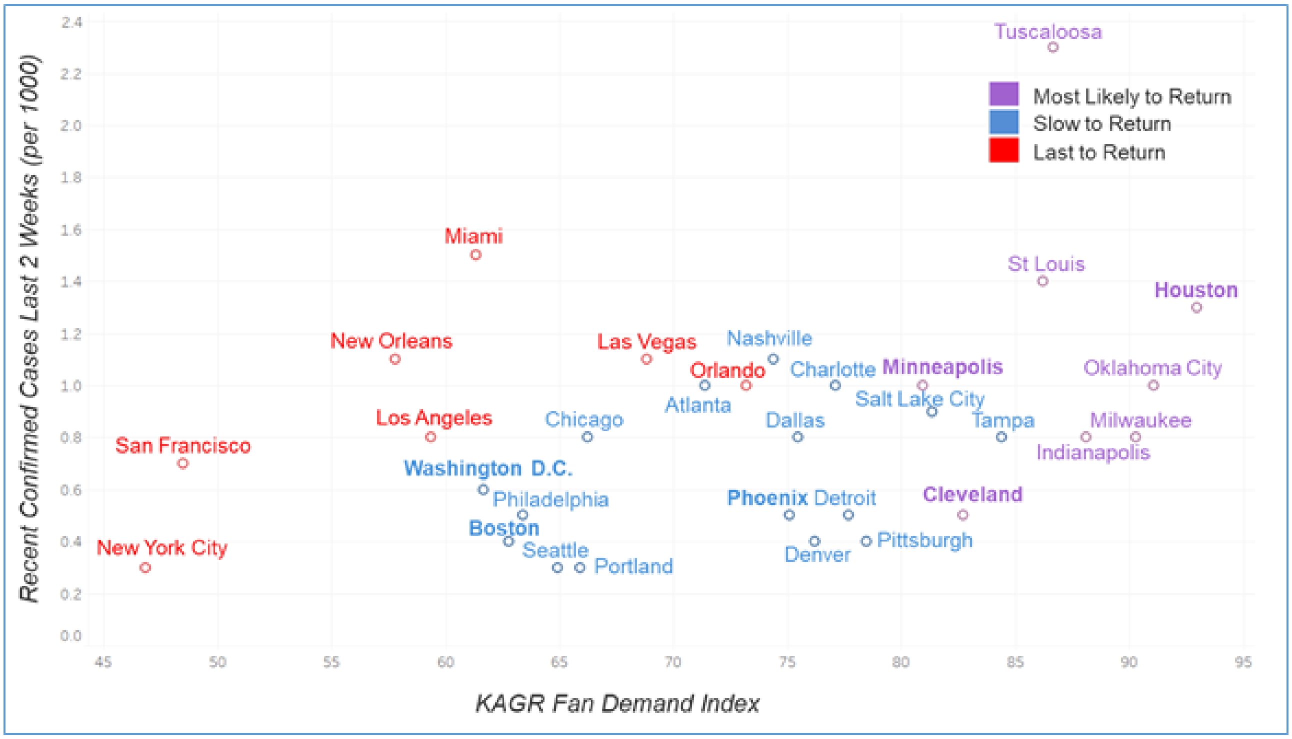
1 See Figure 4 on page 7, "KAGR Fan Demand Framework"

MARKET ANALYSIS

The **KAGR Fan Demand Index** improved slightly week-over-week, up 1% on average. New COVID-19 cases continues to decrease and consumer behavior is on the rise (Figure 1):

- **Decreasing COVID-19 Cases:** recent confirmed COVID-19 cases are down 12%, with Dallas experiencing the greatest decrease (68%)
  - The overall number of recent confirmed COVID-19 cases (per 1,000) have fallen below 1.0 (0.8); the lowest we have seen since starting the "Future of Live Events and Sports" series
  - Tracking Percent of Positive Tests across markets: The World Health Organization (WHO) states that the percent of positive COVID-19 tests should be below 5% if adequate testing is in place. Today, **11 of the 31 markets** current meet this threshold (up 1 market from last report); New York City is the lowest at 0.8% (same as last report) with Las Vegas now the second highest at 14.3% (down from 17.7%) and Tuscaloosa now measuring the highest at 15.1%
- **Consumer Behavior Strengthens in Several Markets:** On average, restaurant reservations were up 35%, with two significant outliers, Miami and Orlando (up 286% and 107%). And visits to retail and recreation increased (+7%) after staying flat for several weeks
  - Three markets contributed substantially to this consumer behavior increase: Boston (+26%), New York City (+45%), and Washington D.C. (+22%)
- **Majority of Markets Returning to School "Fully Remote": 25 of the 31 markets have re-opened public schools as fully remote** with many re-assessing in October. 4 markets are currently in-person (Detroit, Orlando, Tampa, and Tuscaloosa) with options for remote if applicable. New Orleans will start in person for a subset of younger students and New York City has pushed back the start date to September 21st to allow more time to prepare for in-person schooling. We believe early learnings from the school year will be a key indicator of the state and local guidance for live event venues

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.*

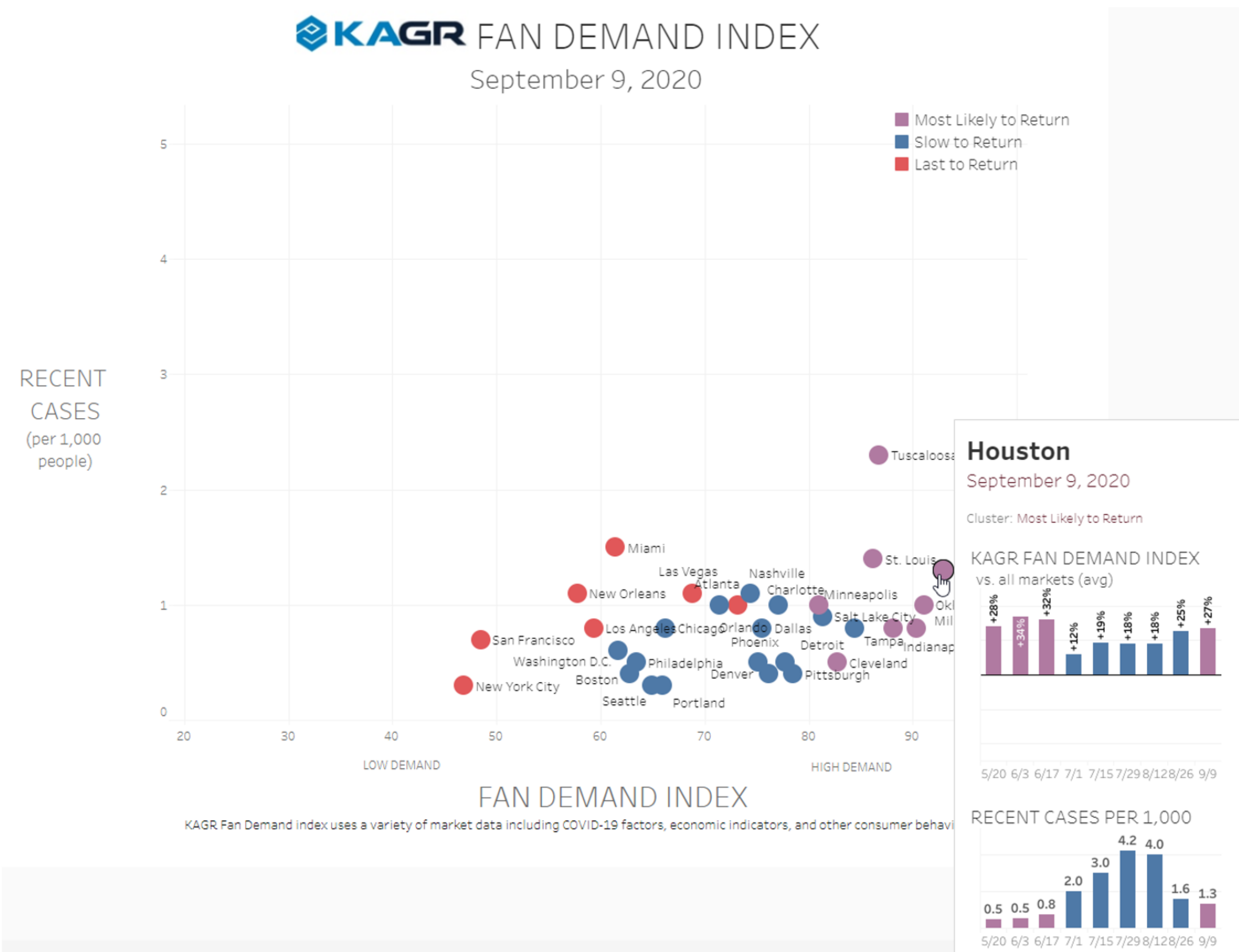
In this week's report, five markets moved in a positive direction – 3 markets from **Last to Return to Slow to Return**, and 2 markets from **Slow to Return to Most Likely to Return**. To follow overall market changes over time, see our interactive Fan Demand Index visual (Figure 2).

Specific markets insights this week include:

- **Positive Changes: Last to Return to Slow to Return**
    - **Boston** Saw a 26% increase in visits for consumer interest. Boston also has one of the lowest recent confirmed COVID-19 cases at 0.4 per 1,000
    - **Washington D.C.** saw a 22% increase in visits for consumer interests; D.C. also has one of the lowest Percent of Positive tests (as defined by the WHO) at 1.5%
    - **Phoenix** saw a 29% decrease in recent confirmed COVID-19 cases; restaurant reservations were also up 68%

- **Positive Changes: Slow to Return to Most Likely to Return**
    - **Houston** had the highest Fan Demand Index this week; recent confirmed COVID-19 cases dropped 19% (after decreasing by 60% in the last report) and restaurant reservations increased by 51%
    - **Minneapolis** experienced a 9% decrease in unemployment (8.9%); 17% more restaurants are now open and reservations are up 25%

FIGURE 2. KAGR FAN DEMAND INDEX MARKET BASED TRENDS



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

The KAGR Fan Demand Index improved 1% across all markets. Fan Demand Index values remain on par with late June.

- **Positive Fan Demand Index changes:**
  - **Houston** jumped 1 spot based on factors mentioned above (19% decrease in recent confirmed COVID-19 cases and 51% increase in restaurant reservations)
  - **Phoenix** climbed 2 spots based on factors mentioned above (29% decrease in recent confirmed COVID-19 cases and 68% increase in restaurant reservations)
  - **Miami** and **Orlando** also moved up 2 spots; COVID-19 cases consistently dropped throughout August, and restaurant reservations were up 286% and 107%

- **Negative Fan Demand Index changes:**
  - **Tuscaloosa** dropped 2 more spots; recent confirmed COVID-19 cases are the highest in Tuscaloosa (2.3 per 1,000); economic mobility[2] has dropped 14% and the number of restaurants open has decreased 11%
  - **New Orleans** is also down 2 spots; primarily due to a decrease in economic mobility (16%). Hurricane Laura is likely a significant contributing factor

FIGURE 3. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	8/12	8/26	9/9	
Houston	5	2	1	1
Oklahoma City	2	1	2	-1
Milwaukee	3	5	3	2
Indianapolis	6	6	4	2
Tuscaloosa	1	3	5	-2
St. Louis	7	4	6	-2
Tampa	8	9	7	2
Cleveland	4	7	8	-1
Salt Lake City	10	8	9	-1
Minneapolis	15	10	10	0
Pittsburgh	13	11	11	0
Detroit	9	14	12	2
Charlotte	11	12	13	-1
Denver	12	13	14	-1
Dallas	16	15	15	0
Phoenix	20	18	16	2

Market	Rank by Week			Change in Rank
	8/12	8/26	9/9	
Nashville	14	16	17	-1
Orlando	21	20	18	2
Atlanta	19	17	19	-2
Las Vegas	18	19	20	-1
Chicago	23	21	21	0
Portland	24	22	22	0
Seattle	26	24	23	1
Philadelphia	17	23	24	-1
Boston	22	26	25	1
Washington D.C.	25	25	26	-1
Miami	31	29	27	2
Los Angeles	28	28	28	0
New Orleans	27	27	29	-2
San Francisco	30	30	30	0
New York City	29	31	31	0

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

FAN AVIDITY AT A GLANCE

Viewership numbers were mixed for many of the biggest events in sports and entertainment over the past two weeks. The number of events competing for viewers has increased and several annual events including the Kentucky Derby and Video Music Awards had to significantly modify their format and in-venue experience (i.e. sports betting and extended musical acts) to operate amidst the pandemic without fans.

THIS WEEK'S VIEWERSHIP UPDATES

- Viewership remains strong for the NBA: through the first round of the playoffs, the NBA was up 7.6% from last season's first round
  - According to Nielsen, the five games between the Los Angeles Lakers and Portland Trail Blazers ranked among the most-watched TV programs among 18-to 49-year-olds this summer
- **FCS Kickoff struggles:** the FCS kickoff between Austin Peay and Central Arkansas was the lowest rated and least watched since FCS Kickoff began in 2014; both strength of competition within the game and across networks contributed to this drop-off and serves as a potential warning as events compete for viewers this fall
  - The FCS Kickoff aired opposite a NASCAR race at Daytona, an NBA playoff game involving LeBron James (Lakers-Blazers) and a Stanley Cup playoff game (Flyers-Islanders)
- **Mixed results from MTV VMAs**: this year's MTV VMAs (Video Music Awards) viewership was down 5%; however the social media engagement was among the strongest this year. The event had 41.1 million social media interactions, making it the second most-socialed show of the year, just 7% behind the Super Bowl
- **Kentucky Derby viewership a record low**: the race portion of Saturday's Kentucky Derby reportedly averaged 8.3 million (the smallest audience, the preview low of 9.1 million was in 2000)
  - In addition to low viewership, sports betting was down 52% from last year; much of this is attributed to the lack of on-site wagering, fewer horses in the race, and the lack of a prohibitive favorite

As additional live events return this weekend with NFL and NCAA football, **how will viewership across major sports like the NBA, NHL, and MLB be impacted? How will annual events need to adapt to drive viewership and social media engagement strategies when no fans are in venue?**

PRODUCT/VENUE AT A GLANCE

All eyes will be on Kansas City this Thursday as the Chiefs take on the Houston Texans. The Chiefs are expecting 17,000 fans tomorrow night at Arrowhead, 22% of the stadium's capacity (see potential STM prioritization concepts). Final guidelines have been issued – while many are to be expected (i.e. required masks), there are a few interesting protocols intended to limit contact – both with stadium staff and other fans:

- No bags, even clear bags, will be allowed inside the stadium
- Fans will be assigned designated entry points tethered to their seating location (called "zones")
- Fans will not be allowed to navigate between zones including to restrooms, retail, and food and beverage
- Tailgating is allowed but only behind their vehicle and with individuals in their seating pod

Outside of the NFL, three of college football's Power 5 conferences have pressed forward. The Big 12 and ACC are scheduled to start this Saturday (September 12th) and the SEC will begin on September 26th. Similar to the NFL, NCAA college football conferences have encouraged schools to adhere to state and local guidelines, including any capacity restrictions. The results have varied, with several schools reversing earlier decisions:

- Most SEC schools are reduced to 20% of capacity and tailgating is prohibited
- The ACC plans are more varying – ranging from no fans for the entire season (Duke, Syracuse) to no fans for September (Boston College, NC State, North Carolina, and Wake Forest) allowing both 20-25% capacity and tailgating at Florida State
- Notre Dame announced they would limit tickets to students, faculty, staff, and player parents after several players tested positive for COVID-19
- Both Virginia and Virginia Tech will be capped at 1,000 fans and limited to family members and coaching staff
- Iowa State reversed its initial decision to have fans in stands after rising COVID-19 case numbers on campus (close to 30% of the student body tested had positive results)

With college campus COVID-19 case numbers under close watch, we will keep track of changes in fan decisions and guidelines as well as the impact to player safety.

Digital Health Passports and Robots

While teams, colleges, and venues establish and adapt their fan guidelines based on early events, technology continues to evolve to support safety, streamline compliance to new guidelines, and enhance in venue monitoring. Earlier this summer both NASCAR and the PGA required health questionnaires prior to gate entry. In the UK, a biotechnology company, Prenetics, partnered with English Premier League clubs to trial a digital health passport to monitor individual health status, starting with players and staff. The digital health passport leverages a web-based test-evidencing system to scan an individual's information upon access to a venue to verify COVID-19 test results. And in Germany one technology firm, RobShare, has developed robots that can check the temperature of 15 people in one second. This technology could also be applied to monitor capacity within a space and replace other in-venue activities.

The early efforts around venue precautions will be watched closely to understand the success of safety protocols. As expected, early learnings from other industries (e.g. restaurants, doctor visits) are applied and extended given the larger gathering at venues. Face masks, restricted zones, mobile ticketing and cashless systems, among other efforts will evaluated and tracked this fall. **Will these precautions be sufficient? How much will the in venue experience ultimately need to change to support a safe return of fans? Will more advanced technology be required to balance compliance and safety?**

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