



THE FUTURE OF LIVE EVENTS & SPORTS

THE REEMERGENCE OF FANS POST COVID-19

Regular Updates #9
September 23, 2020



BACKGROUND

As fans increasingly attend 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 US markets. In our 9th update, our goal remains to **predict fan interest in attending games and live events**, to identify **fan safety** efforts taken by organizations, and to help the industry come back as quickly and safely as possible. [Our Fan Demand Index and visualization tool](#) identifies the trends and changes since inception in May.

The KAGR Fan Demand Index is rooted in our framework¹ 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 23 2020: Update Overview

Six NFL teams have hosted fans in a reduced capacity in the first two weeks of the NFL's 2020 season with largely well-received results. The NCAA has set the official season start for men's and women's basketball, with bubble concepts in discussion for both opening season and championship tournaments. MLB is preparing for playoffs in four hub cities, moving closer to a bubble concept. While a number of NFL and NCAA college football teams await decisions from state and local authorities on whether they can host fans after September. As learnings from early returners and other teams prepare to host, 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:

- The impact to KAGR Fan Demand based on increasing COVID-19 cases and fluctuating consumer behavior
- Attendance for Week 1 and 2 NFL games with fans in stands and fan engagement across channels
- Learnings from early games including safety policies and ticket sales

¹ See Figure 3 on page 7, "KAGR Fan Demand Framework"



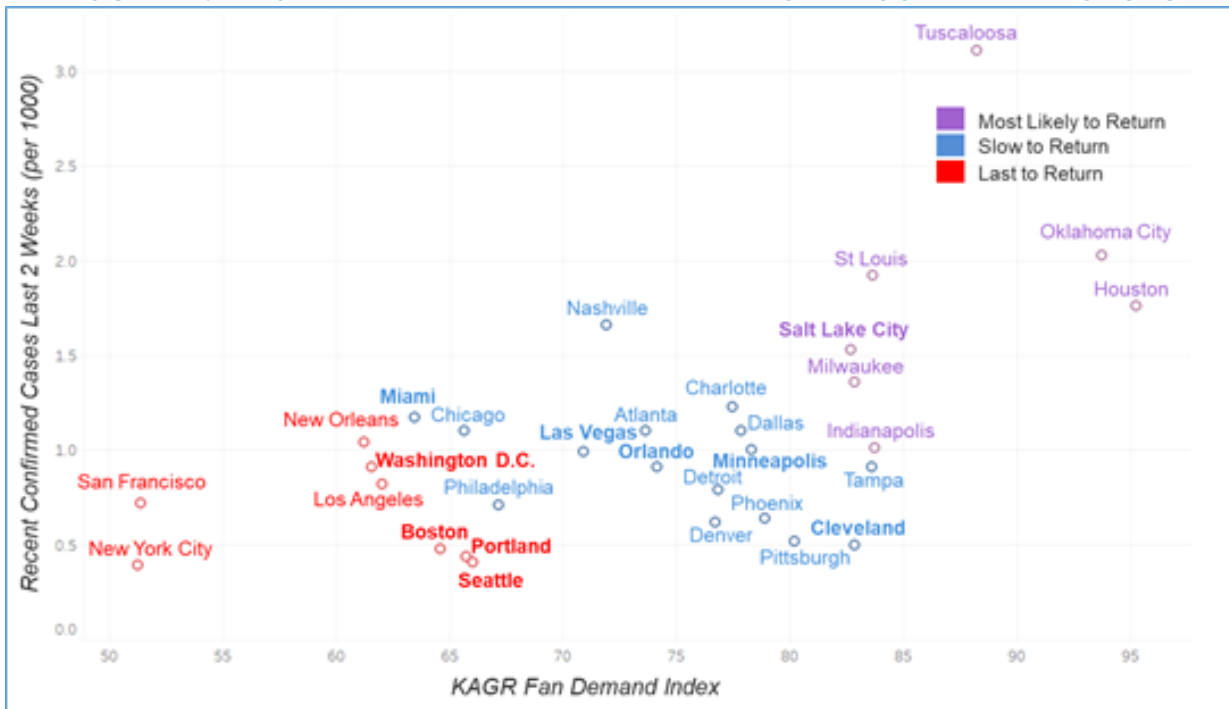
MARKET ANALYSIS

The **KAGR Fan Demand Index** continues a gradual upwards movement, **up 1%** on average; achieving the highest index value since we developed the metric. However, the sustainability of this demand is uncertain as new COVID-19 cases have risen in several markets and the increase in consumer behavior has stabilized (Figure 1). In addition, **unemployment rates** decreased across 27 markets in August, **down on average 17%** to 8.2%; the Florida markets saw one of the greatest decreases in unemployment (-35%).

This week's macro trends include:

- **Increasing COVID-19 Cases:** recent confirmed COVID-19 cases are up 35%, led by Oklahoma City (103%), Milwaukee (70%), and Salt Lake City (70%)
 - The overall number of recent confirmed COVID-19 cases (per 1,000) is now back up over 1.0 (1.1) after four weeks trending downwards; the recent confirmed COVID-19 case numbers is still well below the peak in July (3.1 per 1,000)
 - 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, **13 of the 31 markets** current meet this threshold (up 2 markets from last report); New York City is the lowest at 0.8% (same as last report) with Milwaukee now the second highest at 14.9% (up from 8.7%) and Tuscaloosa still measuring the highest at 15.8% (up from 15.1%)
- **Consumer Behavior Varies Across Markets:** with fall activities underway, notable changes include:
 - **Consumer Behaviors are up 1%;** however individual markets fluctuated greatly.
 - **Positive week-over-week changes** include New Orleans (+22%), Orlando (+14%), and Miami (+12%)
 - **Negative week-over-week changes** include Portland (-16%), Boston (-13% after a 26% increase last report), and Seattle (-11%)
 - Restaurant reservations are down 13%, with a few positive changes among markets consistently **Last to Return** and **Slow to Return** :
 - **Positive week-over-week changes** include New York City (+39%, with inside dining set to re-open on September 30th), Philadelphia (+33%), and San Francisco (+18%)
 - **Negative week-over-week changes** include Milwaukee (-43%) and Portland (-43%)

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, nine markets moved overall – 4 positive and 5 negative. To follow overall market changes over time, see our [interactive Fan Demand Index visual](#).

Specific markets insights this week include:

- **Positive Changes: Last to Return to Slow to Return**
 - **Miami** saw a 12% increase in visits for consumer interest, and recent confirmed COVID-19 cases continue to drop (-22%, 1.17 per 1,000, down from 1.5)
 - **Las Vegas** opened up 9% more restaurants, saw an increase in airline travel (+9%), and overall unemployment for the state was down 6%
 - **Orlando** had a 14% increase in visits to retail and recreation, with overall economic mobility² up 4%
- **Positive Changes: Slow to Return to Most Likely to Return**
 - **Salt Lake City** saw a 2% shift upwards in economic mobility², and 7% increase in airport travel
- **Negative Changes: Slow to Return to Last to Return**
 - **Boston** experienced a 20% increase in recent confirmed COVID-19 cases and a decrease in restaurant reservations (-14%)
 - **Portland** experienced a 16% decrease in consumer behaviors and restaurant reservations are down 43%; the recent forest fires is likely a significant contributing factor
 - **Seattle** saw recent confirmed COVID-19 cases up 37 and consumer behaviors down 31%
- **Positive Changes: Most Likely to Return to Slow to Return**
 - In **Minneapolis**, the percent of restaurants open decreased by 18%, and reservations down 35%
 - **Cleveland** saw a 2% decrease in economic mobility² and restaurant reservations down 8%

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

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

The KAGR Fan Demand Index Rankings remained relatively constant with little movement in the top and bottom ranked markets. Notable market highlights amongst those in the middle include:

- **Positive Fan Demand Index changes:**
 - **Phoenix** jumped 5 spots as recent confirmed COVID-19 cases have stabilized, economic mobility³ is up 10%; and unemployment (in Arizona) has decreased by 44% (the largest of all markets in our research)
 - **Philadelphia** climbed 3 spots based as restaurant reservations are up 33% with a slight uptick (1%) in economic mobility³
- **Negative Fan Demand Index changes:**
 - **Milwaukee** dropped 5 spots; recent confirmed COVID-19 cases are up 70% (1.4 per 1,000); restaurant reservations are down 43%
 - **Detroit** is down 3 spots; recent confirmed COVID-19 cases are up 58% (0.8 per 1,000); restaurant reservations are down 18%
 - **Chicago** is also down 3 spots; recent confirmed COVID-19 cases are up 38% (1.1 per 1,000); restaurant reservations are down 19%

FIGURE 2. KAGR FAN DEMAND INDEX RANKINGS BY MARKET

Market	Rank by Week			Change in Rank
	8/26	9/9	9/23	
Houston	2	1	1	0
Oklahoma City	1	2	2	0
Tuscaloosa	3	5	3	2
Indianapolis	6	4	4	0
St. Louis	4	6	5	1
Tampa	9	7	6	1
Cleveland	7	8	7	1
Milwaukee	5	3	8	-5
Salt Lake City	8	9	9	0
Pittsburgh	11	11	10	1
Phoenix	18	16	11	5
Minneapolis	10	10	12	-2
Dallas	15	15	13	2
Charlotte	12	13	14	-1
Detroit	14	12	15	-3
Denver	13	14	16	-2

Market	Rank by Week			Change in Rank
	8/26	9/9	9/23	
Orlando	20	18	17	1
Atlanta	17	19	18	1
Nashville	16	17	19	-2
Las Vegas	19	20	20	0
Philadelphia	23	24	21	3
Seattle	24	23	22	1
Portland	22	22	23	-1
Chicago	21	21	24	-3
Boston	26	25	25	0
Miami	29	27	26	1
Los Angeles	28	28	27	1
Washington D.C.	25	26	28	-2
New Orleans	27	29	29	0
San Francisco	30	30	30	0
New York City	31	31	31	0

³ A measure of economic activity using consumer shopping behavior and visits to businesses



FAN AVIDITY AT A GLANCE

With NFL fans back in six markets, early attendance numbers indicate demand and interest. Overall a recent [survey of NFL fans](#) shows a sharp increase in those in favor of the seasons plans (47%) up from the same question in early August (32%). However, sports viewership continues to fluctuate with more events competing for fans and cable news viewership on the rise (Fox News, MSNBC, and CNN were up 49%, 48%, and 15% respectively in August, with viewership among 25-54 year olds up even greater; 70%, 61%, and 16% for the same networks).

ATTENDANCE FOR EARLY RETURNING EVENTS

In a previous [Future of Live Events and Sports report](#), we explored historical attendance rates for all 31 markets by sport. NFL teams' attendance rates are amongst the highest on average (2017-2019) across all major leagues according to ESPN attendance statistics. Of those teams hosting fans, past season data shows rates for Kansas City Chiefs at 98%, Dallas at 96%, and Miami at 94%. Publicly available data for week 1 and 2 show a slight variation, specifically:

- The Kansas City Chiefs hosted [15,895 fans](#) (93% of the previously announced capacity) for the NFL's season kickoff on September 10th
- In Miami, [11,075 fans](#) (90% of allowed capacity) were in attendance at Hard Rock Stadium for this past weekend's Miami-Buffalo match up
- Dallas had the highest allowed capacity of all NFL teams to date ([approximately 25%](#)) and hosted 21,708 fans in stands this Sunday for their home opener against Atlanta

THIS WEEKS VIEWERSHIP UPDATES

- The Kansas City Chiefs home opener on September 10th saw a [10.6% viewership drop](#) compared to last season's opener (Green Bay Packers and Chicago Bear)
- Week 1's Tampa Bay and New Orleans matchup however saw the an average audience of 25.85 million, an [increase of 7% from last season's game](#) in the same time slot, and was FOX's most watched telecast since Super Bowl LIV, and the most watched Week 1 NFL game on FOX
- The NFL's Week 2 numbers were also varied, with a few key highlights: Thursday night's game (Cincinnati and Cleveland) was up 3% from last year and Monday Night Football's game (New Orleans and Las Vegas) was up 26% from last year
- In other sports, the NBA and NHL conference finals both saw declines in viewership in head-to-head windows against the NFL; the [Heat-Celtics Game 2](#) was down 21% from Game 2 last season and the [Lightning-Islanders match up](#) was down 44% from the last Eastern Conference Final Game 6

In other important fan engagement channels, [Fanatics's reported a 35% increase in NFL merchandise sales](#) during this season's opening weekend. Overall sports betting is up big as well; according to the American Gaming Association, [11.3 million will place a bet](#) through legal and illegal online platforms, up from 29% last year. In August, New Jersey sports betting set an [all-time monthly high \(\\$668 million\)](#), double that of July; 90.1% of sports betting was accounted for via mobile.

As we track the fan demand and interest in live events, we will monitor how these channels might evolve and what this could mean for league and team fan engagement strategies into the future.



PRODUCT/VENUE AT A GLANCE

The first two weeks of the NFL season has produced learnings across many facets including fan protocols and has underscored the emphasis the league is placing on the safety.

- Kansas City saw the first reported positive COVID-19 test for a fan in attendance one day following the September 10th game between the Chiefs and Texans; this fan was allowed into an open-air field box in the stadium's lower level. The Chiefs policy states that fans be tested before being admitted to suites and lower level field boxes; this fan violated the policy and in turn the Chiefs are looking to strengthen the integrity of the suite testing process
- Following Week 2 games, the NFL fined 3 coaches and teams for not wearing face masks on the sidelines; NFL's game-day protocols state that all individuals with bench access, except players, are required to wear a mask at all times

EVOLVING TICKETING STRATEGIES FOR LIMITED CAPACITY

In a limited capacity venue, ticket sales groups have carefully designed their ticketing manifests in "pods" to maintain social distancing between groups. The number of seats in each "pod" may vary between two and eight, with teams seeking a balance between maximizing capacity and ensuring their fan's comfort and safety. Early analysis show a shift towards smaller, 2-seat, pods and recommendations for :

- Orlando City Soccer Club designed a range of pod for its first home game (August 26th), sold only 13% of the capacity despite being allowed to host up to 25%. The team then broke down their four-, six-, and eight-seat packs to pairs for subsequent games; filling 25% for game 2 and 20% for game 3
- For the NFL season opener, the Kansas City Chiefs mainly sold tickets in pods of four or more; with inventory remaining at kickoff and indications of a change in strategy for subsequent games

In the coming weeks, additional NFL teams are expected to host fans (Atlanta was approved this week for a limited capacity starting October 11th) and early guidelines and safety precautions will continue to be tested. Teams who are able to stay nimble, apply learnings, and adapt to changes will gain fan confidence and trust, while setting the standard for future live events and sports.

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 3. KAGR FAN DEMAND FRAMEWORK

