

DIGITAL CULTURE

THE EXPLOSIVE WORLDWIDE GROWTH of Internet users, mobile devices, and social media is changing profoundly how companies in virtually every industry market and sell their products. One prominent exception: the arts sector. Most cultural institutions have been slow to capitalize on the new opportunities that digital technology offers—or think it means merely selling tickets online.

And yet the potential benefits are enormous. When theater, music, dance, and art are “digitized,” they can be released from their brick-and-mortar venues. Without the constraints of time and place, culture can become truly mobile, interactive, scalable, and accessible to a far broader audience. This “democratization” of culture makes it available to everyone—not just a luxury for the wealthy. Digital technology can also provide new ways to enhance the cultural experience, increase revenues, and promote consumer engagement.

A handful of cultural organizations have recognized these opportunities and are leading the way. The Berlin Philharmonic broadcasts 30 live concerts per year over the Internet and on smart TV. New York’s Broadway website allows visitors to buy tickets to shows at all Broadway theaters, bringing in 12 million visitors and more than \$1 billion in sales per year. The site also has theater-related news, feature stories, and polls. The Google Art

Project provides access to more than 178 digitized collections, along with a zoom function for up-close inspection. But these efforts are the exception. Many more cultural institutions are sitting on the sidelines as the digital revolution passes them by.

Exploring the Opportunities

To learn more about digital opportunities in the arts sector, BCG analyzed more than 80 initiatives at cultural institutions around the world that use digital technology in a range of ways. We then categorized the results. Our analysis showed that digitization can provide a number of benefits. (See the exhibit “Digital Technology Offers Four Distinct Benefits.”)

Increasing Access to the Arts. Digitization allows cultural institutions to reach new audiences, many of whom are unable to attend traditional performances because of logistics, special needs, or an inability to afford the cost of tickets. The Sydney Opera House website offers more than 40 events per week by different cultural organizations. These events range from operas, concerts, and dance performances to shows designed for families and schools. The website also offers virtual video tours of the opera house to students. And Vienna’s public libraries provide cultural content that is multilingual, with large font sizes for the visually impaired

Digital Technology Offers Four Distinct Benefits

Increasing Access to the Arts



Digitizing art collections to attract rural audiences

Enhancing the Cultural Experience



Accessing background information through QR codes

Generating New Revenues



Live streaming of performances to cinemas worldwide

Promoting Consumer Engagement



Reviewing cultural performances online

Sources: Freedigitalphotos.net; BCG analysis.

and selections in sign language for the hearing impaired.

Enhancing the Cultural Experience. Digital technology can provide context, history, related materials, subtitles, and other information that can increase engagement levels and help visitors get more from the cultural experience. For instance, in Frankfurt, visitors can scan QR, or “quick response,” codes with their smartphones at different monuments, fountains, and artworks to obtain more information, including the artist’s name, the history of the attraction, and other details.

Generating New Revenues. Websites and digitized content can provide new sources of income to cultural institutions. By 2002, revenue growth had stalled at New York’s Metropolitan Opera, the average age of audience members had risen to 65, and ticket prices had to be discounted to fill the house. Today the Met offers live high-definition broadcasts in movie theaters in 60 countries—a substantial source of new revenue. The HD broadcasts reach 3 million people, compared with just 800,000 who visit the opera house, and donations are up by 50 percent. Online donor solicitation, shopping, and gift cards can also boost revenues for arts organizations with a website.

Promoting Consumer Engagement. As traditional audiences age, cultural organiza-

tions must find ways to connect with and stay relevant to younger audiences, who grew up immersed in digital technology. Creating a presence on social media, developing mobile apps, and building a website that offers features such as video streaming, online communities or discussion groups, and user-generated content such as performance reviews can help organizations build stronger relationships, increase loyalty, and encourage advocacy among younger consumers of the arts.

These are powerful benefits that can fundamentally change how people appreciate and interact with the arts—especially given current global trends: one-third of the world’s population is now online, mobile devices are growing in popularity, high bandwidths that support HD streaming are increasingly available, and innovations in related technologies continue to emerge. Forward-looking organizations, investors, and policymakers must actively seek ways to capitalize on these opportunities.

Getting Started

To drive success in this new digital world, political leaders in cities and towns must embrace and support it, especially in Europe, where cultural activities are heavily subsidized by public budgets. Moreover, cultural institutions and their leadership teams must

recognize that capitalizing on the new technologies will have implications for all aspects of their organizations: strategy, program development, sales and marketing, distribution, fundraising, and recruitment. As such, moving forward on the digital front must be a top-down initiative and a key part of the executive agenda—not just an assignment handed off to younger staff members. Moreover, the executive team must show its commitment by allocating resources to the effort.

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For inspiration and support, look outside your organization. Observe what other institutions and companies in other industries are doing, and learn from their best practices. Survey your audiences, members, donors, and website visitors about their needs and the features they'd like to see. Consider approaching other arts organizations, local universities, or the city or town in which you operate to gather knowledge, establish a center of excellence, or develop joint digital initiatives. For instance, New York City provides integrated support and funding for digital projects through its Social Media Advisory and Research Taskforce, the Department of Cultural Affairs, and the NYC Digital group.

Finally, don't be afraid to experiment. Analyze your successes and failures, and apply the lessons learned. It may take several attempts before your organization finds the right formula. By setting specific business objectives, testing different digital platforms, and measuring the relative impact of new initiatives, cultural organizations can begin to see which approaches work best with their target audiences and potential donors.

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