Digital transformation as a strategic opportunity in the arts industry

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My focus for this talk…

- Digital technologies

- How do they create new BMs
  - How to create value for a customer?
  - How to be sustainable / make a profit?

- How to apply this in the management of arts & culture?

- How to manage the digitally enabled BM & digital transformation?

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An experience in Lee Kong Chian Natural History Museum Singapore

- "With over 2,000 natural history specimens on display, experience the amazing stories of nature in Southeast Asia!"
- Boring after 30 minutes
- No infotainment
- No use of digital technologies
- Compare that with Tate Gallery
  - Digital strategy since 2010-2012
  - Always accessible
  - Global reach/ new customers
  - Planning visit / lower operation costs / new sources of income
  - Digital was crucial during Covid 19 pandemic

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BM Canvas:
A tool to transform your BM
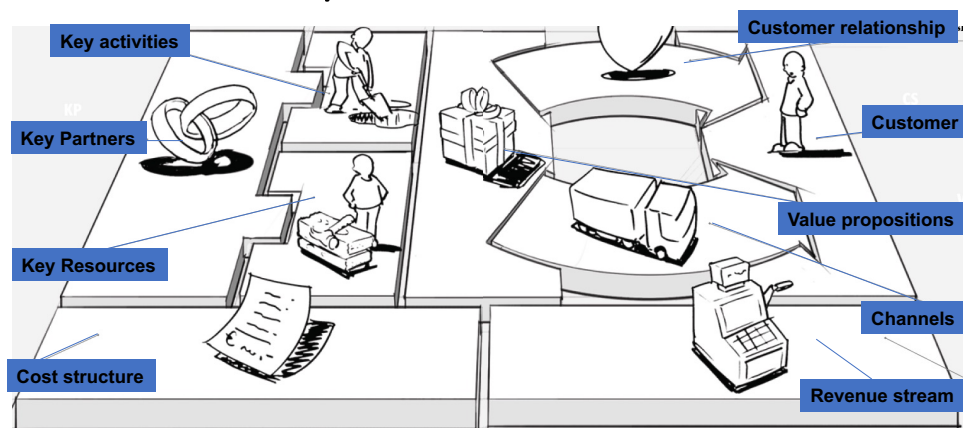
Osterwalder : *Business model generation*

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Value proposition

- "A value proposition is a short statement that communicates why buyers should choose your products or services."
- **"Describes the benefits customers can expect from your products and services.**" Osterwalder

- What is the value proposition in the arts?
- Job to be done
  - Power drill?
  - Arts?
    - Experience
    - Convenience
    - Q/P

- How is digitalization affecting the value proposition in arts?

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Transformation of paintings into an immersive experience

https://www.youtube.com/watch?v=m2Qtk5SpKlA

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Transformation of paintings into an immersive experience

- https://barco.maglr.com/museum-e-book/video

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Transformation of paintings into an immersive experience

- Multimedia journey with spectacular projection mappings

- What's next?
  - Reviving historic centers / buildings
  - AI to mix painters,
  - AI to reformulate Van Hogh as expressionist?
  - AR and VR to step into the paintings?
  - Make vibrant opera and theater decors
  - Bring the experience to customers' home (no longer gaming only – role playing)

- What does the customer want? Job to be done?

- Should paintings only be appreciated as a canvas on the wall in a museum? Opera only in an opera hall?

- Competing entertainment is digitalized (games, infotainment, etc.) – customers expectations change

https://www.youtube.com/watch?v=m2Qtk5SpKlA

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Customers

- "Your Customer Segments are the different groups of people or organizations your enterprise aims to reach and serve." Osterwalder
- Job to be done
  - Power drill?
  - Arts?
- Different customer categorizations:
  - Mass market / Niche market / segmented
- How is digitalization affecting this?
  - Reaching online to more / new customers – digital customer is not necessarily your traditional customer
  - Multi sided platforms (multi sided markets)
 - 24/7 reachability
  - Extended services

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Channels

- "Your Channels describe how your company communicates with and reaches your Customer Segments to deliver your Value Proposition."
- Functions:
  - Raising awareness about products and services
  - Purchase specific products and services
  - Delivery to customers
  - Post-purchase customer support

- Example : Gertrude platform
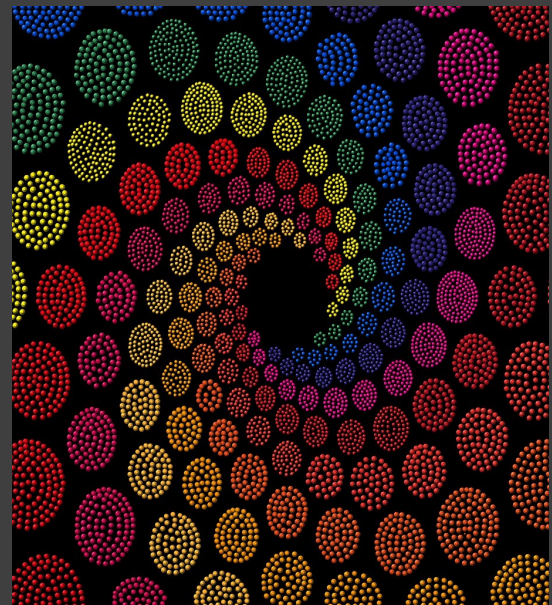
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Gertrude – art rental platform

- BUYER
  - A monthly subscription, ranging from a minimum of three months to a maximum of 18 months
  - Option to cancel or change your subscription at any time after three months
  - 100% of your monthly subscription payment goes towards the purchase price
  - Delivery and collection is included in the subscription price.
  - Delivery within 14 days of confirming your order.
  - Free installation service for all works over £5000 in value or 100 x 100 cm. If your work falls under those ranges and you'd like us to hang it → installation service of £50 per order.
  - Art Money Payment
- ARTIST
  - Free online visibility
  - £30 a month for each work that is selected for rental (maximum 10 works) → maximum stipend of £300 a month
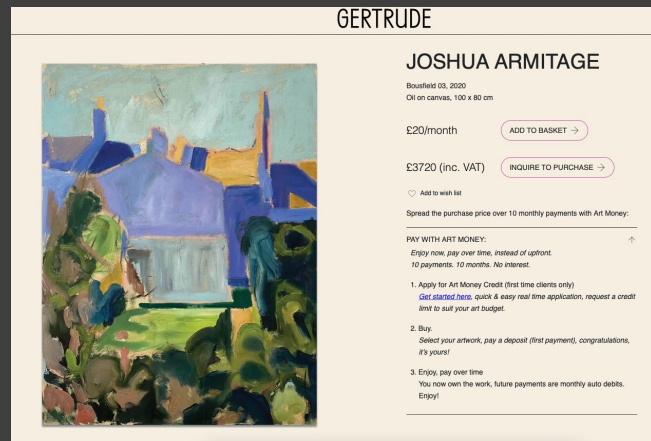

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Art Money –
Easiness of payments

- 10 payments. 10 months. No interest

- Buy from 1,500+ gallery partners globally

- Available for artwork £1,000 to £100,000

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Customer relationship – digital marketing

- "Digital marketing is all about **promoting products or services using digital channels** such as social media, email, search engines, websites, mobile applications, web applications, online brochures, etc."
- What is the value for the artist?
  - Easy marketing , low cost (compared to galleries etc)
  - Global reach
  - Variety of channels to explore
  - Build trust and connection with customers / community
- How to do it correctly? **With some hard work & patience!**
  - Build online portfolio
  - Start a blog
  - Social media campaigns
  - Create videos
  - Submit content to article directories
  - Email marketing
  - Pay for social media advertising
 - Participate in online forums
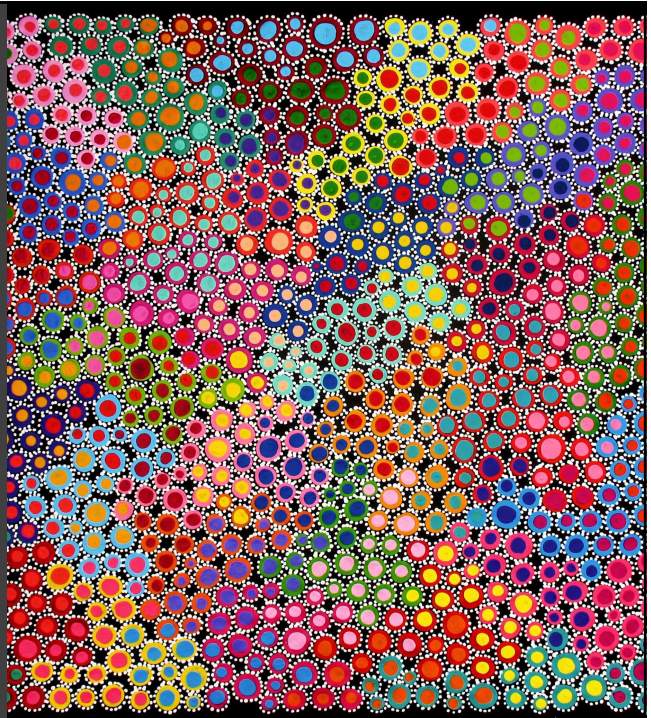
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Costs

- Digitalization leads to significant cost reductions:
  - Ticketing, logistics, automation, ..
- … but it has its own price:
  - Online services / platforms
  - New digital services
  - Digitalization of art (AR , VR, projection mapping, decors)
- Can your business scale ? A&M?
- Is digitalization democratizing art?
  - Consumer side : André Rieu (BOS)? https://www.youtube.com/watch?v=IVBnzvDmQFo
  - Producer side: New artists can emerge and grow more easily?

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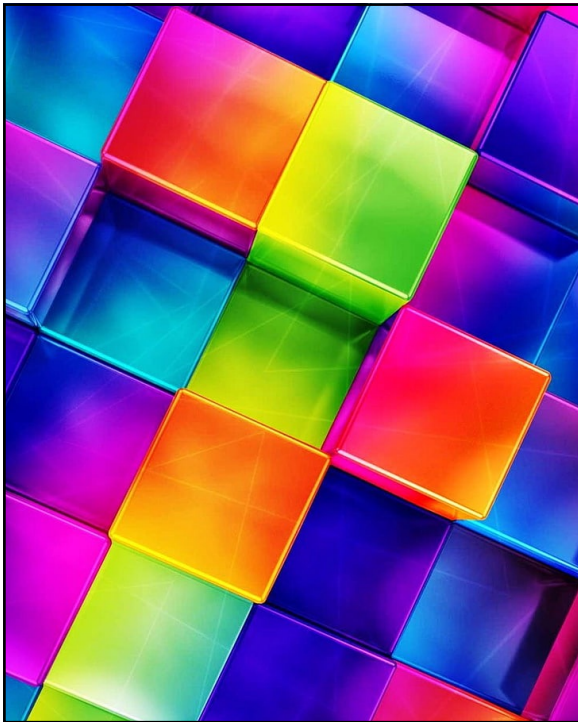
Revenue model

Art / Culture can be expensive:
- Renting instead of buying (Gertrude example)
- Spread payments over time (Art Money)
- Spotify like subscription models to most art / cultural activities in Belgium? (Difficult BM but worth trying)
- Combine events into packages at discount
- Attending events digitally (//Teams meetings (recordings))
- New digital products (Tate Gallery)
- Crowdfunding …

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Revenue model

Crowdfunding

- = Music artists are turning to their audience for funding, convincing fans to contribute towards the release of an album

- Advantages for fans: discount on next album, backstage visits, handwritten lyrics, etc..

- Crowdfunding platforms (Kickstarter) formalize the fan-funding process:
  - Via the artist's website and social media, fans are asked to contribute to the project.
  - Musicians retain their rights
  - Kickstarter charges a commission once the agreed target has been raised.

- Can be applied in other cultural subsectors / events

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Partners

"Some of the most important future innovations will not come from new technologies but from new forms of collaboration"

Thomas Malone, MIT, 2015

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Partners

- Partnering with new (new types of) partners
  - Technical partners (Barco)
  - Digital platforms (funding, customer relationship)
- A basic understanding of the potential of digital applications is crucial in arts (as well as in business)
- Jobs will not be eliminated, but will be changed / transformed
- Education in arts and culture. Digital transformation is central to the sector
  - Not only digital arts
  - But also for the whole arts industry --- digital strategies and transformation (mngt!)

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The Tate's digital transformation

- "DT aims to embed digital skills, processes and a digital culture across the organisation to make digital a dimension of everything that Tate does"

- It started in 2010-2012 – 1st Tate digital department

- Changes during the period 2013-2015:
  - Digital as component in each department
  - Digital focused roles to support those departments
  - Organizational functions blurred, more collaborative working practices with audiences at the center

- Aims:
  - Establish a digital culture (digital communities in the center)

  - Embed digital practice across Tate:

  - Embed digital skills through training

  - Digital disruption – discover and exploit emerging opportunities of new technologies

  - Openness and transparency (resistance)

- Result:
  - Tate profited enormously of its digital competencies during Covid 19 pandemic

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Conclusion

- Digitize or you get digitized

- It's not about digitizing digital art, but a digital strategy (BM) & new management for the WHOLE cultural industry!!!

- Many new platforms and digital services change the way how cultural activities can be produced and marketed

- Digital transformation requires a change in:
  - Strategy
  - Systems and processes
  - Roles and skills of people
  - Change management – managing resistance

- Reflection on the role of other stakeholders – funders, digital providers, regulators

- Learn from and collaborate with other industries (media, gaming, manufacturing industry , etc)

- Blurring industry boundaries ... Will cultural industry survive as we know it?

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