Australian Government | Australia Council for the Arts

Don't panic:
The impact of digital technology on the major performing arts industry

A discussion paper by the Australia Council for the Arts

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major performing arts industry**

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Introduction

Twenty years ago, only very keen people and tradesmen owned mobile phones. The internet was still something known to university geeks, and cinemas used film reels to project movies.

Today, almost everyone in Australia has a mobile phone and uses the internet for business, buying, selling, entertainment, education and socialising. There is a growing network of digital cinemas, the national roll-out of broadband, digital television, mobile phone internet and television. People buy their music online and may soon be reading books on electronic readers. Musicians take advantage of music piracy to attract people to their live shows. In 2025, based on current growth in hard drive capacity, you will be able to hold every movie of any length ever made on your mobile phone handset (if you store anything on your personal hard drive, it is more likely that everything will be stored remotely and you will access it via wireless internet, anywhere, any time).

There is no doubt that continuing advances in digital technology will affect the major performing arts (MPA) industry and force it to change its ways of doing business. On the whole, the MPA sector in Australia is lagging behind global trends in the performing arts industry, and the digital adaptations of other like-industries. So far, this has not caused the MPA industry any obvious problems. The industry is in a position of relative financial strength, with healthier reserves and box office takings than at any previous time in its history. However, if MPA companies do not begin to engage meaningfully with digital technology, they will find themselves trying to respond too late to be the biggest winners from advances.

> Tomorrow's adults inhabit a foreign country: they do things differently there.
>
> Bloom Partners,
> *Publishing: The Story of the Future,*
> *Consulting Stakeholders,*
> 15 May 2008

> The business analyst Garner some years ago developed the 'hype curve' to measure the advancement of any new technology-driven change. It rises through a 'peak of inflated expectation' before diving down to a 'trough of disillusionment' – easing its way back up a lower rising curve of customer acceptance towards real business maturity. Right now we are in the first of those curves, with the maximum opportunity for confusion.
>
> Michael Gubbins,
> 'Where are we now?'
> *Screen International,*
> 1 September 2006.

Make no mistake – industry sectors, sometimes entire industries, are deeply affected and, in some instances, left behind by technological advances. The impact of digital technologies on the major record labels has been significant, resulting in a $3.5 billion shrink in income from 1999 to 2006 (and this included digital sales). Many major publishers have not yet begun to think about the impact of electronic readers on their industry. Film-makers have only recently begun to use product placement as a major way of funding production, transforming the devastating effect of DVD piracy on profits into a form of viral marketing.

However, there is no need for the MPA sector to panic. The MPA sector is in an excellent position to start planning and adapting for the future. While some companies will be more affected than others, and some will be able to take greater advantage of these trends, there is no doubt that every company will have to adapt its practices to greater or lesser degrees – whether in marketing, delivery of product, or the way in which their employees will be working in the future.

Purpose of this paper

The aims of this paper are to:

- provoke discussion in the MPA sector about the opportunities and threats posed by digital technology
- encourage MPA companies to begin scenario planning for the future of their businesses and artforms
- assist MPA companies to develop a future strategy for themselves and for the sector, taking advantage of the potential gains from cross-sector collaboration.

Discussion points:

- *How can MPA companies experiment with digital technology in how they do their business, ranging from marketing to the delivery of the live performance?*
- *How can MPA companies work together to realise benefits from digital technology?*
- *How can companies individually incorporate the potential of digital technology into their future plans and the delivery of their core business?*

International trends in the performing arts and digital technology

International performing arts companies are making advances in using digital technology to deliver live performance, raise revenue, extend access and reach, build audiences, and deepen customer relationships.

Opera in cinemas

The digital transmission of opera into cinemas is the most significant shift in the industry since the introduction of surtitles 15 years ago.

The Metropolitan Opera, New York is leading the way in high definition, digital simulcasts of productions. The cost of each transmission is reported to be approximately $US800K. The 2006-07 series of high definition transmissions of six performances reached an audience of approximately 325,000 and the 2007-08 season includes eight performances to approximately 600 screens in the US, and more in Europe. The Met has also reported an increase in live performance ticket sales as a result of its cinema strategy.

> The Met's December 2007 broadcast of *Romeo and Juliet* drew an audience of 97,000 worldwide, and grossed $1.65m in weekend sales, making the broadcast No.11 at the movie box office that weekend.

The Met has commenced broadcasts into 14 Australian cinemas in the capital cities and regional centres, including Wagga Wagga, Devonport, Tamworth and Orange.

The Met and other opera companies renegotiated contracts with their unions to be able to transmit performances. The Met provides guaranteed advance payments and the promise of sharing future electronic earnings to its musicians and chorus members. The San Francisco Opera (SFO) shares its proceeds 50/50 from the start, after taking 20 per cent for costs.

Other opera companies around the world have begun cinema transmissions, including La Scala, the SFO, Washington National Opera and Glyndebourne Opera. Live opera and ballet performances from Covent Garden are to be shown in more than 60 multiplex cinemas across Britain with additional cinema screenings in Europe and the USA.

Theatre in cinemas

Theatre, too, is beginning to enter the realm of cinema simulcasting. There is a rumoured deal for the Broadway production of *Cat on a Hot Tin Roof*, with an all-star, African American cast to be simulcast as a special event at Regal Cinemas.

Sony Pictures Releasing (SPR) also just announced its new business venture called 'The Hot Ticket' (http://www.the-hot-ticket.com) which will screen musicals and other popular performing arts, music concerts and sporting events in digital theatres.

SPR's mandate is to 'identify the one-of-a-kind and sold-out events that people…most want to see and [SPR] will work to present them to audiences everywhere.'

SPR will be filming the final performance of the musical *Rent* at the Nederlander Theatre, for future screenings in movie theatres around the USA and Canada.

Other digital media
International performing arts companies are not stopping at digital transmission. There is a growing trend to use internet streams and downloads, podcasts, blogs and microsites to develop customer relationships.

Examples include:
- A global trend by opera companies toward expanding audiences through internet streaming and downloads
- US dance company Ballet Nouveau Colorado hosting its 21st century choreography competition online, inviting choreographers to upload short YouTube samples of their works and concomitantly educating audience members to enhance engagement
- International performing arts companies using podcasts, video trailers, blogs and microsites to provide rich information about performances, develop customer relationships and market online. Examples include the Royal Shakespeare Company (UK), English National Opera, and Sadler's Wells (UK).

The state of play in Australia

The Australian major performing arts industry

The MPA industry's primary product is live performance. Recordings of performances and the sale of broadcast rights also form an element of some of the MPA company businesses – in particular, the orchestras, opera and ballet.

The MPA industry's key costs are:
- performers, including guest performers
- production costs (rehearsals, sets, costumes, directors, crew)
- venue costs
- administration/infrastructure
- marketing
- artform development and innovation
- training.

Key revenues are derived from:
- earned income: box office, rentals of productions, touring
- government grants
- private sector fundraising
- cross-subsidisation – merchandise, recording contracts, distribution, broadcasting.

The current state of play

The Australian MPA industry has begun to explore digital cinema simulcasts and broadcasts. However, no MPA company has yet used cinema transmissions in a significant way for the delivery of live performance.

> Going to your favourite theatre doesn't mean just going to the movies any more. Audiences everywhere enjoy sharing special events with their friends and family in public spaces – it's just not the same at home….
>
> With the very best in special event programming and state-of-the-art digital projection and sound in theatres, *The Hot Ticket* will offer the kind of unparalleled access that will make these events memorable viewing experiences.
>
> Roy Bruer, President
> Sony Pictures Releasing
> 22 May 2008

Most companies have websites and email newsletters. However, almost no Australian MPA companies use microsites for shows or make effective use of blogs, video online, downloads, collaborative filtering, recommendation generation or viral marketing. While there are examples of good internet practice among MPA companies (for example, Sydney Symphony's streaming of concerts), overall the industry's use of the internet appears to be lagging behind its international counterparts as well as like-industries such as film, television, music and other forms of entertainment.

Cinema simulcasts

Opera Australia and The Australian Ballet have each undertaken simulcasts to live sites (the Australian Film Commission (AFC) Regional Digital Screen Network of eight high definition cinemas around Australia.)

ABC2 Live

On 9 April 2008, the ABC simulcast The Australian Ballet's performance of *Swan Lake* to the AFC screen network and ABC2 Live, ABC's second digital channel, as part of a new digital partnership with the Australia Council. The Australia Council covered part of the costs of performers' fees for the broadcast ($50K contribution). ABC2 will also broadcast four hours of Australian and overseas arts content on Sunday nights.

internet

In Australia, small-to-medium companies are leading the way in taking advantage of electronic media for enhancing performance, marketing and education. For example, Chunky Move dance company provides kiosks after performances for audience members to Bluetooth a clip of the show they just saw and send it to friends via their mobile phones. Companies are also overcoming performers' rights issues to upload video and audio clips for educational and promotional purposes.

The impact of digital technology

Digital technology will impact on the key costs and revenues of the MPA industry. Areas which will be impacted include:

- experiencing the live performance digitally
- managing arts companies of the future
- marketing strategies
- deepening customer relationships
- cross-subsidisation (recordings)
- educational products
- archives
- production of the live performance
- augmentation of the live performance.

The following section provides some preliminary ideas for the opportunities and threats which digital technology may cause in each of these areas.

Experiencing the live performance digitally
As seen above, there have been significant international movements in the performing arts industry towards digital transmission of live performance. This has changed some companies' business models, such as the Metropolitan Opera, raising significant revenue from digital transmissions as well as attracting attendances to live performances.

> I think our use of electronic media is intimately tied with the future possibilities of opera. We can use it to educate, develop audiences and to give a whole other perspective on live performance in the upper reaches of our very large opera house. We can send out work into homes through DVD, digital, cable and the like.
>
> High definition and big screens give stature and impact to opera the way the small TVs of the past did not.
>
> Cutts, Paul, "Embracing Change," interview with David Gockley, SFO Director, *Gig,* 3(2) July 2007, p.7

It is also fundamentally changing the idea of live performance to a performance that can be enjoyed as an event in a cinema thousands of miles from the actual theatre. Attendance does not even have to be at a live simulcast to attract an audience; rock band U2 just released its concert via 3D cinema, and the Met, La Scala and others are screening their performances in Australia after the live event.

This trend will most clearly have potential for opera, ballet and orchestra companies in the short-term, but could also have opportunities for circus companies and some live theatre. Digital distribution has potential commercial benefits and may be a means of supporting some of the MPA companies' future financial sustainability.

The greatest barrier to digital distribution is the cost of content production (ie cameras, directors, performers' fees and the post-production costs of editing, etc).

> *Discussion points:*
> - *Can the MPA sector work together to use its scale to realise cost efficiencies in producing content?*
> - *What does digital transmission mean for the public understanding of 'live performance'?*

The global performing arts marketplace
The use of digital transmissions by international companies to penetrate the Australian market means that the delivery of live performance is occurring in a global marketplace. Performing arts companies can no longer assume their main competition is from others in their artform in their local state, city or even country. Their main form of competition may come from New York, Milan or London.

There is no guarantee that an audience member will care that an overseas production is not live, or is being simulcast in a cinema. There are price benefits of cinema viewing, and as digital technology improves and consumers become accustomed to viewing performances on a screen, local Australian companies may find it increasingly difficult to make a case for the value of attending a performance live.

The globalisation of the marketplace for performing arts product means that companies have to adopt new, mass-market business models to remain competitive. The positive side to this is that the traditional limitations set by the cost of staging a production vs the upward limit to the size of the house can be overcome by mass distribution of the live performance. However, there are significant costs involved in producing high quality content for digital transmission and remaining artistically competitive with international companies.

> ### *For discussion:*
> - *How will Australian companies remain competitive in the Australian marketplace as global product becomes a viable alternative to seeing an Australian MPA company's performance?*
> - *How will Australian companies stay afloat if the marketplace for performing arts becomes completely global as a result of cinema transmissions, in the same way the film industry is global?*

Digital and internet television

Australia has a national roll-out plan for digital television, and it and internet television will emerge over the coming years as the primary modes of in-home television reception. Foxtel subscription television is already ahead of the game in this area, providing many of the features offered by digital television with the iQ box, which enables its customers to watch their favourite programs when they wish, and includes an internet connection in the newest release.

An internet presence no longer just means having a website.

In the UK, there is a national theatre channel and in the US there is a subscription opera channel. Australian companies could consider arrangements with digital broadcasters, including an Australian performing arts 'channel' on digital or subscription television and on the internet, to tap into a larger audience and potential sources of revenue.

Marketing

MPA companies' current use of the internet for marketing is generally limited to email newsletters, search engine optimisation and listings on ticketing sites and performing arts and what's on portals.

There is a multitude of ways that MPA companies can match consumers' purchasing behaviour using the internet and mobile phones, including:
- viral marketing
- social network marketing
- recommender systems
- mobile phone marketing
- deepening existing relationships
- the Blogosphere
- marketing to young people.

See *Appendix 1* for details and examples.

Recordings
Companies which sell recordings of their performances on CD or DVD will need to deliver their products in online digital formats via online stores such as iTunes.

DVD sales can be expected to continue to decline, and companies should consider alternatives for profitable distribution, which could include making pieces available for free download on the internet and finding profits from advertising and even product placement.

> ***Discussion point:***
> *What alternative models can MPA companies use to distribute their products for a profit?*

Educational products
The internet offers a huge range of potential ways to engage with an internet-literate generation of school children across Australia.

Products could include:
- interactive games, eg compose your own orchestral piece using available archived snippets (eg London Philharmonia Orchestra)
- blogs by actors or artists, providing personal insights into the artform
- online resources, commentary, masterclasses, lectures and video clips of performances to enhance regional and outer suburban educational access.

Examples:
- Lemony Snicket: http://www.lemonysnicket.com/
- The World of Andy Griffiths http://www.scholastic.com/andygriffiths/index.htm (especially see the Kids' Message Board feature)
- Scholastic : note the different sections for teachers, parents and kids: http://www2.scholastic.com/browse/index.jsp
- The Golden Compass http://www.goldencompassmovie.com/
- Nickelodeon: http://www.nickelodeon.com.au/
- Kaz Cooke's Completely Gorgeous: http://www.completelygorgeous.com.au/
- Australian War Memorial: http://www.awm.gov.au/kidshq/exit.htm
- National Museum of Australia: has separate sites for education and kids, and the kids' games are examples of doing Flash and html versions to cater to slower connections http://www.nma.gov.au/
- Population Education: http://www.populationeducation.org/

Archives
Video and audio content is on the verge of being searchable in the same way that text can be searched. This will be a significant advance in video and sound archiving. Companies can use cheap digital camera technology to make recordings of their performances for the purposes of archiving, education, artform development and as a resource for current and future generations of practitioners. Melbourne Theatre Company is exploring this potential for theatre and it may be an area for cross-company collaboration with an archiving institution such as the National Film and Sound Archive or the National Library of Australia.

> ***Discussion points:***
> - *How can MPA companies work together to create an archive of performances?*

Social experiences
In an era of increasingly mediated entertainment, MPA companies may be in a unique position to capitalise on their role as providers of live performance. The social aspects of coming together to see a show can be emphasised to set the experience of an MPA company show apart from the daily offering of the proliferation of internet and TV entertainment.

Discussion points:
- *How can MPA companies take advantage of their niche role as live performance producers in an era of ever increasing mediated entertainment experiences?*

Managing companies
The advances in digital technology will change the modern workplace. Software will be provided online via licensing arrangements. Hard drive capacity is growing exponentially and wireless internet network will be seamless, so you can remain online wherever you are. The mobile phone will make its transition to a handset which is a portable computer, camera, storage device, music device and phone.

All of these changes will impact on the way in which people work with information, the way companies store records and how people can work in the future. Companies which take advantage of these new technologies may be attractive to the next generation of employees seeking flexibility.

Discussion points:
- *How can MPA companies ensure they are on the front foot of digital technological advances in transforming the workplace in order to remain attractive to employees and realise efficiencies through future software and hardware advances?*

Production of the live performance
Innovations in digital technology may be useful in the production side of the live performance.

Possibilities include:
- new software to simplify set design
- digital projection, images, and lighting to create sets
- remote rehearsals via video-links
- easier video/audio playback of rehearsals for performers
- performance which is devised rather than text-based may benefit from the loose networking made possible by connecting people digitally in remote locations.

Augmentation of the Live Performance

The *Anticipating Change* report noted the growing trend of audiences wanting to watch and interact with entertainment in a less structured, and more mediated way.

MPA companies could:
- offer options for walk-in, walk-out performances and socialising during performances.
- electronic downloads of parts of the performance could be offered to those who have attended so they can watch half the show in the theatre and the rest later.
- alternate endings available only electronically and only to those who have seen the show could be provided.

Discussion points:
- *How can MPA companies experiment with digital technology to augment the live performance?*

Conclusion

Performing arts companies' core business will always be the delivery of live performance. However, MPA companies cannot assume that they are immune to digital technology impacts simply because they provide live rather than mediated entertainment. The way in which people want and are prepared to view live performance is changing. Thousands of people are watching opera all over the world in cinemas, filling a marketplace unmet need in the same way iPods have met a need for the delivery of recorded music. This goes to the very heart of the business of MPA companies.

Marketing, education and deepening customer relationships are all areas in which companies must also take advantage of the opportunities offered by MPA companies, or be left behind, not so much by their competitors as by their consumers. People expect a degree of seamless coordination through recommender systems and central portals, information sharing, personal connection and internet sophistication which the MPA companies do not currently demonstrate in their online efforts.

MPA companies are well placed to begin adapting for the future. The first step is to truly appreciate that digital technology will have a significant impact on MPA's core business, which presents opportunities and poses real threats. The next steps will involve companies individually and collectively collaborating to make sure that the sector, as a whole, adapts in time.

Next steps
It is clear from the preceding sections that digital technology will impact on the Australian MPA sector. There are a number of issues which MPA companies could begin to discuss to address barriers and prepare for the future.

> *Discussion points:*
> - *What are the barriers to MPA companies taking advantage of digital technology?*
> - *Are companies able to devote resources to research, development and experimentation with digital technology?*
> - *What kinds of support can the Australia Council provide to the MPA sector in this area?*

The following provides examples of how digital technology can be used for marketing purposes.

Search engine optimisation
People use the internet to research products and organise their social lives. It is likely that if someone is considering attending the theatre, they will organise their tickets by going to a large web entertainment portal or ticketing site, or enter search terms into a search engine, such as 'theatre this weekend', 'what's on in Sydney' and so on.

MPA companies can take advantage of this tendency by:
* search engine optimisation: search engine terms that bring up your company in an online search can be optimised so that when someone searches, for example, for 'theatre', your company's website comes up.
* being part of, and developing, big portals which capture entertainment information and provide an easy process to find and purchase tickets for a given date, artform and location.
* staff development in the digital area.

Email
Almost all companies have email newsletters that could be developed further. The purpose of an email newsletter must be understood. A company may decide to run one newsletter for subscribers and a different one for people the company is encouraging to make a return visit. These newsletters will serve different purposes: the former to deepen existing relationships, providing rich information about the company's activities, and personal-style messages from the company director and staff, whereas a newsletter targeted at newcomers could provide giveaways and market the social aspects of attending a show.

Building an internet presence
Companies can draw users from highly trafficked and deeply engaged areas of the internet such as social networking sites, bringing users back to the companies' websites via giveaways and internet promotions and capturing their email addresses.

Significant internet usage trends to be piggy-backed on include:
* creating or linking into social networks which might have an interest in the artform.
* linking into blogs and video sites such as YouTube using viral marketing techniques.

Companies could also consider putting sponsored ads, links and videos on social networking sites developing viral marketing campaigns to target new audiences or to promote a specific performance.

For example, an MPA company could develop its internet presence on social networking sites by:
* videos (even blooper reels) uploaded to YouTube of MPA theatre actors/dancers/singers, which then invites users to upload their own video responses of acting/singing, embarrassing dance moments, singing opera.
* an internet video campaign to broaden the idea of who goes to the performing arts: breaking down the stereotypes around the MPAB artforms
* gimmicks on social networking sites such as: 'gifts' (Facebook); 'skins' and fonts eg giving a user the option to use The Australian Ballet skin for their profile/blog; free downloadable ringtones.

Examples:
English National Opera on Facebook: : http://www.eno.org
National Theatre on Facebook and MySpace and can be bookmarked with other collaborative filters and social networking sites such as del.ic.ious and stumbleupon. http://www.nationaltheatre.org.uk

The power of collaborative filtering
The internet offers the incredibly powerful tool of recommender systems, which present items such as movies, books, news pages, performing arts shows that are likely to be of interest to the user. Typically, a recommender system compares the user's profile to some reference characteristics. These characteristics may be from the item they are looking for on the web or the user's social environment (the collaborative filtering approach).

A recommender system can be used to map a person's purchases to those of other people who have bought the same thing. For example, when you purchase a book on www.amazon.com, a box appears with people's reviews and another box with what else people who liked that product have also bought. This taps into the power of word-of-mouth and recommendation as a motivator of purchases. It also taps into the niche interests of consumers,[1] making available to them products which they would otherwise be uncertain about seeking out and buying, and creating a market to supply this demand.

Such techniques can prove very useful as the number of items in only one category (such as music, movies, performing arts shows, news) have become so large that a single person cannot possibly view them all in order to select relevant ones.

Sites that implement collaborative filtering systems include:
- Amazon - http://www.amazon.com
- Barnes and Noble http://www.barnesandnoble.com
- Baynote - http://www.baynote.com/ (This company implements collaborative filtering for companies)
- Hollywood Video - http://www.hollywoodvideo.com/
- iTunes - http://www.apple.com/itunes/store/ - music
- MyStrands - http://www.mystrands.com/ - developer of social recommendation technologies
- TiVo - http://www.tivo.com/
- StumbleUpon – http://www.stumbleupon.com - websites (has a social networking / community approach)
- Del.icio.us is a personalisation tool, similar to an RSS feed

MPA performances could take advantage of the power of recommender systems to generate show recommendations for online purchasers. There is scope, either within a company, or a geographic group of companies, to generate recommendations for other similar performances based on customer purchasing behaviour data or, if companies did not want to include this information in a shared database, then based on information about the shows themselves. Companies could do this via a central portal for ticket purchasing for the performing arts or making better use of existing portals (Ticketek, what's on guides, venue box office sites), or simply on their own company site and referring only to their own performances.

See for example http://www.showup.com where 150 arts organisations in the Greater Phoenix region in the USA have united arts and cultural event listings within a shared brand.

Discussion points:
- *How can MPA companies work together to take advantage of recommender systems on the internet?*
- *How can MPA companies reach customers on the internet?*

Social network marketing
According to Rebekah Horne, general manager for Fox Interactive Media in Australia, the key to successful social network marketing is to be 'honest, relevant and entertaining and not too overt'. The rules of engagement are to put the user in the driver's seat, so brands have to avoid push marketing. Brands need to be creative to attract the interest of users; for example, Samsung's sponsorship of 'Secret Shows' on MySpace, which were exclusive music gigs at intimate venues which their community on MySpace was alerted to via a bulletin. Samsung's brand ambassadors were at the gigs but were not intrusive.

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[1] For a detailed discussion of the phenomenon of the internet providing a huge marketplace for niche interests, facilitating unlimited demand, see Anderson, Chris, *The Long Tail*, Random House, London, 2007.

Other recent successful advertising campaigns on MySpace included the Coca-Cola launch of its energy drink Mother, and the new skateboarding game for Tony Hawk. Bands have also sold out concerts exclusively advertised on MySpace, such as the band Jet.

Social networking gives word-of-mouth marketing great power, both for praise and criticism. Online communities temper criticism and misinformation themselves, which is more powerful than the company defending itself online.

Viral marketing
When people start passing your marketing material around for you because they like the material, you are conducting what's known as viral marketing – a campaign that spreads itself.

Successful internet campaigns do the following:
- piggy-back on existing popular internet trends, in particular social networking sites and dating sites
- use short video clips which are not traditional ads. People will not click on an ad video (unless it is funny). They will, however, view and pass on a video which appears clever, quirky or funny. Titles of videos uploaded to youtube are important: eg could call such videos 'best dance video ever'; 'funny dance video'; 'singing lessons'; 'opera karaoke'
- use fun, short Flash interactives, animations or videos which people then email on to their friends.

Viral marketing works because the item being passed around is, in and of itself, an entertaining item.

Example:
The Tooheys Extra Dry campaign. People forwarded the Tooheys Extra Dry online Flash interactive and video because as stand-alone, online content, they were considered to be entertaining, amusing and quirky. The fact that it was promoting a product did not stop people from forwarding it to each other, thus creating a "viral" marketing campaign:
http://www.tooheysextradry.com.au/

MPA companies' product is a good fit for viral marketing. Clips from performances, photos from performances, short mp3s of songs, quirky or funny videos and animations or Flash interactives related to the performance or company brand are all different kinds of online messages that people will forward on to each other, simply because they like them, have found them humorous, entertaining or beautiful and thus worth sharing with their colleagues, family, friends and extended online networks.

Viral marketing is completely different from an email newsletter. An email newsletter is a bulletin to people who are already part of your fold. Viral marketing taps into a wider group of people who might receive your viral marketing message from a friend because of the content of the message, not because of their connection to the performing arts.

internet campaigns
An internet campaign could become part of every major promotion, particularly if the company wishes to expand to new audiences or wants to use the performance to build its brand recognition with a younger audience. Movies already do this, creating a microsite (a website for each new movie released and retaining the site after the movie has finished).

Examples:
National Theatre http://www.nationaltheatre.org.uk/
Metropolitan Opera New York http://www.metoperafamily.org/metopera/
National Theatre http://www.nationaltheatre.org.uk/
Carmen (English National Opera's Carmen mini-site): http://englishnationalopera.veriovps.co.uk/carmen/
Lemony Snicket's A Series of Unfortunate Events http://www.unfortunateeventsmovie.com/intro.html;
The Life Aquatic http://www.thefilmfactory.co.uk/lifeaquatic/
Amazing Grace http://www.amazinggracemovie.com/

A possible internet campaign scenario
Say, for example, Opera Australia is promoting *Il Trovatore* and wants to create an internet element to the promotion. The following outlines the internet marketing steps which could be taken.

1. Set up a website all about the performance. The site has:
   - a preview trailer of the performance. See for example, http://www.seeitfirst.co.uk/
   - information about the performance, cast, music, history
   - Flash interactive elements that bring people to the site and keep them on the site. For example:
     o Fun interactive quizzes eg personality test: which opera character are you most like (in the next production – so you could be the villain, or the tragic hero, etc); compatibility test: which opera hero would you be best matched with.
     o Simple interactive Flash animations, eg an interactive animation of opera characters, allowing the user to make them move in whacky ways (like the Tooheys Dry interactive) or mess around with their operatic voices – going high and low at mouse drags.
   - downloads eg: ringtones, wallpaper, e-cards
   - giveaways of tickets

2. Viral marketing:
   - Embed the company's upcoming performance in a video, Flash animation etc (examples: Tooheys Extra Dry campaign; Moccona campaign on rsvp.com)
   - Place the video/Flash animation on social networking sites such as MySpace, Bebo, YouTube; email to networks; link to relevant blogs, chat rooms and forums (entertainment blogs, gossip blogs).
   - Run a promotion in conjunction with a dating/networking site, eg giveaway tickets on rsvp.com, matchmaker.com
   - Online advertising on social networking sites and Google ads (sponsored links, featured videos and banner ads)
   - Target specific groups and categories on social networking sites – ie arts/theatre/music groups

All of the above leads the user back to the performance website/a ticket purchasing option/a free ticket giveaway competition to collect data about the user, and is designed with this in mind.

Using the internet to support social initiators.

MPA companies can help these social initiators do what they love doing, which is organising social events for their friends and families, by providing them with the internet resources they need such as:
- detailed emails about each specific performance;
- a viral marketing message they can pass around via email and mobile phone;
- blog information which makes them feel privileged as well as informed and knowledgeable so that when they pass on the information they are regarded as experts and trusted; and
- occasional preview tickets so they can recommend the performance to others.

Example:
Buzz Agents: http://www.bzzagent.com/

Making recordings available digitally to promote live performance
In the pop and rock music industry live performance is becoming the main income generating stream, given the degree of piracy in recorded music. Radiohead made its album available for a limited period for free download, asking users to make a donation of their choice. In January 2008, violinist Tasmin Little offered her first recording in four years free online. She has also recorded educational tracks of herself explaining the pieces. The site has a feedback mechanism, with the aim of increasing engagement, breaking down barriers, helping the artist to ensure the relevance of the work and understand the audience's views, and potentially increasing interest in the live performance.

Example:
http://www.tasminlittle.net

MPA companies could consider taking similar initiatives to broaden access, deepen engagement and relevance, as well as increase attendance at the live performance.

> *Discussion points:*
> * How can MPA companies transform their understanding of the use of recordings from a product that should be protected to a way of promoting live performance?

Deepening existing relationships

Publishers of tabloid and entertainment magazines know that readers like to know about the personal lives of the people who are entertaining them. Fan clubs and fan websites work on the basis that people like to have a sense of connection and belonging fostered by seemingly personal communication from performers.

Websites are set up to create this sense of belonging, community and personal connection with audience members. For example, *So You Think You Can Dance?* had personal blogs for each of the contestants, extra videos and richer information about the people in the show and their individual 'journeys' throughout the series: http://dance.ten.com.au/ The English National Opera did this with its 2007 *Carmen* performance, setting up a personal blog by the director.

A company's website can enhance connection with audience by providing deeper and richer content about the performers, the crew and the show. Exclusive information can also be offered to subscribers to deepen their sense of belonging. For example, subscribers might be eligible for:
* exclusive podcast downloads of certain pieces identified as the single from the performance
* exclusive online sneak previews
* exclusive online live chats with directors/actors.

Example:
The London Philharmonia Sound Exchange video podcast site
http://www.philharmonia.co.uk/thesoundexchange/backstage/podcasts/?PHPSESSID=cvrl76nmd087ngq91kucom3cc7

Other rich content which will be cheaper and easier to do include:
* live feeds of rehearsals
* personal video, photo and word blogs of actors and directors
* mini-shows which are written and devised responding to readers feedback.

Engaging younger audiences
The internet is an integral element of youth marketing and access. Viral marketing, taking advantage of social networking, blogs and podcasts as described above would all be elements of a campaign specifically designed to engage younger potential audiences.

The Blogosphere

Blogs provide commentary or news on a particular subject such as food, politics, or local news; some function as more personal online diaries. A typical blog combines text, images, and links to other blogs, web pages, and other media related to its topic.

There are approximately 100 million blogs in the world. Blogs can be an effective means of deepening a company's relationship with its audience. They can also have an educational aspect, an intra-company benefit and marketing potential.

- Intra-company blog: a blog maintained by the chief executive could be a useful way of keeping staff in the loop on what is happening within a company – a tool for internal communication and the deepening of relationships within the company.

- Educational blogs: Blogs kept by performers, directors, crew etc during the lead-up to a performance or on a tour might be useful for educational programs and could include podcast interviews and videos from performances and commentary within the blog. This type of blog would also be a useful tool for deepening relationships with existing customers and subscribers.

- Marketing in the blogosphere: There are millions of individual blogs, some of which have mass readerships and whose opinions are trusted more than a marketing message would be. Marketing in the blogosphere can be done by sending personalised approaches to popular bloggers in your company's geographic area and offering them free tickets much in the same way you might offer free tickets to newspaper reviewers. See for example: http://www.gapingvoid.com/Moveable_Type/archives/002112.html which targeted popular bloggers (who blogged on issues ranging from politics to technology) to do reviews of wine. Bloggers reviewed the wine on their sites and the sales of the wine doubled in 12 months.

Examples:
Go to http://technorati.com/pop/ to see popular blogs, http://theaustralianindex.com/ to see Australian blog listings
Boing Boing (the world's most popular blog) http://www.boingboing.net/
The Scobleizer (blog by Microsoft executive) http://scobleizer.com

Mobile Phones

It is estimated that 83 per cent of the Australian population (17.2 million) will own a mobile device within three years. The number of mobile phone users in Australia will reach 14.9 M – three-quarters of the population – by the end of this year.[2] In a survey by IPSOS and OMD, 92 per cent of Australian youth surveyed aged 13-24 owned mobile phones.[3]

Mobile phones are becoming portable entertainment, internet and social networking devices. Already updates can be received from social networking sites (eg MySpace, Bebo and Facebook) as people message and update each other on their status, keeping groups of people permanently connected. Content is being delivered and developed for mobile phones in terms of music, television and other broadcasts. Phones are also increasingly used to connect to the internet, television/digital content and email.

> Well informed blogs and web-based critics are able to amass loyal followings who often find their perspectives more useful and "authentic" than the official version, which can have an air of disingenuity.
>
> Alexis Frasz and Chris Lowray, "Some thoughts on consumer behaviour" *Platform*, AEA Consulting 2007.

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[2] http://www.itfacts.biz
[3] "Truly, madly, deeply engaged: Global youth, media and technology," Research commissioned by Yahoo! and OMD, 2007.

MPA companies can take advantage of this trend by developing a mobile phone database for their contacts, disseminating SMS updates for upcoming shows and photos of the show which can be forwarded by users to their friends.

Mobile phones can also be tapped into with promotional tools such as making ring tones available (eg snippets from popular operas, orchestral music) and developing free downloads and applications for mobile phones (such as screen savers, mobile phone games and special applications).

Examples:
ABC's mobile phone downloads page: http://www.abc.net.au/services/wap.htm
Optus Zoo's mobile content portal: http://optuszoo.ninemsn.com.au/
Network Ten's Australian Idol on your phone: http://my.bigpond.com/australianidol/
Facebook mobile phone notifications: http://www.facebook.com

Appendix 2: Case Study: The Music Industry

> The major music labels fumbled the ongoing transition of consumers to the digital delivery of music...As a result, the growth in downloads income hasn't yet offset the decline in revenue from the fall off in physical music sales, and the failure by the major labels to engage with consumers has also seen the unexpected and substantial dominance of Apple iTunes and Apple iPod player in the digital arena.
>
> Handshake Media,
> *The Digital Delivery of Music: Business Plans and methodologies for the digital delivery of Australian music,*
> August 2007.

The Met Opera, U2 and others using digital cinemas represent the first significant shifts that digital technology has meant for the MPA industry's core business, which is the delivery of live performance. Other industries are a few years further along in their experience of how digital technology is transforming their business models.

Music recording industry

The major labels in the music industry failed to adapt their business model to incorporate digital technology to respond to consumers' unmet needs. This left the door wide open for Apple, a computer hardware and software company which had never operated in the music recording industry before, to assume industry dominance and take the position of third largest music retailer in the USA.[4]

The success of iPods and digital music delivery can be understood fundamentally as a product which meets a need in the market. Consumers wanted their music portable, storable and share-able on their own platforms, and they wanted to be able to buy songs individually. Digital technology made this possible.

Internet file-sharing, CD burning and illegal downloading have resulted in a major decline in the profits of major record labels. Digital downloads, interactive streaming subscription services and mobile delivery have not made up for the huge decline in CD sales.

Music companies attempted to address piracy with digital rights' management (DRM), a set of technologies for controlling the use of digital content. However, the overwhelming source of digital music on iPods and other handsets does not come from online stores, but from ripped CDs that have no DRM. Most of the music that finds its ways to consumer ears bypasses DRM entirely.[5]

What we can see occurring in the music industry is that music itself has become essentially free to consumers, with Apple making its profits through the sale of iPods rather than music. Mobile phone companies are cashing in on this business model, with Nokia offering a free music service with its latest mobile phone package. This shift in the business model for music continues to have negative impacts on the major recording labels, structured as they are to profit from the music as the product.

The music recording industry's experience is a cautionary tale. The industry did not identify the potential of digital technology to address an unmet need in the market and allowed Apple to step into the space for innovation and ultimate dominance.

> Income has dropped in every year except one since 1999. Two majors merged, Sony and BMG, resulting in thousands of lay-offs and scores of dropped artists. Warner was sold to private investors and in 2007 EMI was sold off....and in 2007 the largest retail chain, Tower Records, went out of business.
>
> Steve Gordon,
> "Impact of digital technologies on the recording business,"
> 11 January 2008.

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[4] Apple had a 9.8% market share first quarter 2007, see "iTunes now No.3 music retailer in US," *Sydney Morning Herald,* 25th June 2007.
[5] Handshake Media, *The Digital Delivery Of Music: Business Plans and methodologies for the digital delivery of Australian music,* Australia Council, August 2007 p.51.

Impacts on live music
Attendance at live performances of music has actually increased in the same period that has seen the spread of music piracy. It is possible that pirated music is acting as a form of viral marketing, with artists taking advantage of the wide dissemination of their music as a means of attracting people to their shows.

Playing catch-up
The labels have entered the online market, using a variety of the digital business models on offer, including paid downloads, subscription services and ad-supported, free downloads/streaming. See for example:

http://www.musicmakesfriends.com: Universal Music, Sony BMG and EMI have made their digital catalogues available to the online music subscription service. For a monthly fee, users can download as many tracks as they like.

http://www.we7.com: Sony BMG has signed up to the UK-nased online music venture which offers free, ad-supported music downloads to UK users. The Sony catalogue will not be offered for download but for streaming online.

MySpace Music: A joint venture with Sony BMG, Warner Music and Universal Music Group, MySpace Music has just been updated (April 2008) to enable MySpace, labels and artists to generate revenue from its users by hosting digital content downloads, mobile ringtones, SMS services and wallpapers on their profiles and selling merchandise and tickets to live events. It is hoped that MySpace Music will become a rival to iTunes music store and compete with Imeem, iLike and other social networks focused on music.

Chunky Move, Melbourne
Chunky Move, a small dance company based in Melbourne, is installing Bluetooth kiosks in the performance venue foyer so that after a performance, you can Bluetooth a clip of the show to your mobile phone and forward to your friends and mobile network.

Opera Australia (OA) and The Australian Ballet (TAB)
OA and TAB, in conjunction with the Australian Film Commission, have done high definition broadcasts into regional cinemas of *Nutcracker* and *Carmen.*

Australian Brandenburg Orchestra (ABO)
ABO, in one of its recent email newsletters, included a link to a YouTube video of a performance by its upcoming featured artist. This was a cost-free, simple use of the internet to promote a performance and did not require the ABO to upload its own video, instead utilising what was already there on the web.

Metropolitan Opera, New York
The Met Opera has undertaken a hugely successful program of live simulcasts of its shows into several hundred cinemas in the USA and Canada, working with partners National CineMedia and Cineplex Entertainment. Cinema audiences can watch the shows for $18 a ticket. After a 30-day period, PBS makes the operas available for broadcast on its member stations.

This was made possible by negotiating new media agreements with the unions. In the past, media activities required substantial upfront payments to all parties, rendering flexible and wide-ranging plans effectively impossible. By agreeing upon a new revenue-sharing model that allows for expansive distribution rights the Met shifted to a more fluid concept of media.

The Met Opera's website is also a good example of using trailers for shows similar to movie trailers.
http://www.metoperafamily.org/metopera/

National Theatre, UK
This site is an excellent case study for using trailers and Web 2.0 to allow people to review and provide feedback on shows, creating deeper engagement with audiences and supporting companies in making sure their shows are relevant to people.

The National Theatre has also created a MySpace page and Facebook presence and their site can be bookmarked from their site with del.ic.ious, stumble upon, facebook (these are collaborative filters and social networking sites). http://www.nationaltheatre.org.uk/

San Francisco Opera (SFO)
In June 2007, SFO inaugurated the Koret Media Suite, the first permanent, high definition, broadcast standard video production facility in an American opera house. The suite gives the SFO the capability to generate high definition, multi-camera live feeds of the stage for simulcasts, radio broadcasts, podcasting, streaming and DVD production. Using the technology, SFO has presented a live simulcast of *Don Giovanni* to four venues.

Boston Symphony Orchestra (BSO)
In August 2007, the BSO launched its first internet television program, an online broadcast of the Boston Pops' Oscar and Tony program, with future programs to feature the BSO and a series of masterclasses. The initial program is being offered free of charge and showcases music from the orchestra's upcoming CD release.

Washington National Opera (WNO)
In September 2007, WNO presented a live simulcast of its matinee performance of *La Boheme* transmitted direct from the Kennedy Centre Opera House to 31 educational institutions across the USA. It was screened at two movie theatres, five high schools and 26 colleges and universities. Schools were

not charged for the simulcast: the approximately $US15K per school cost was covered by the company's trustees.

English National Opera (ENO)
ENO allowed backstage access to its latest production of *Carmen* via the web. ENO Interactive hosts video footage of auditions, rehearsals and interviews with cast members as the show develops. Production diaries, blogs and songs are available online. Visitors to the website were able to write reviews and ask staff questions in an effort to engage with those who do not normally attend opera.
http://www.eno.org
http://englishnationalopera.veriovps.co.uk/carmen/

Royal Liverpool Philharmonic Orchestra (RLPO)
The RLPO has purchased an island in Second Life and will be holding a parallel event in conjunction with the launch of its new season. The event in Second Life is ticketed and restricted to 100 people, but from the day after the concert the RLPO is making the concert available on a two-hour loop to all Second Life residents for a period of three months

Royal Shakespeare Company (RSC)
The RSC maintains a blog and microsites for some of its performances. See http://www.rsc.org.uk/WhatsOn/5754.aspx for its *Twelfth Night* blog. The RSC has also explored SMS campaigns and worked with Dewynters, Virgin and lastminute.com.

London Philharmonia Orchestra (LPO)
The LPO is launching a monthly video podcast series, each presented by a member of the orchestra, featuring an interview and a guide to the music in the current repertoire.

The company is also about to launch a piece of music software which will allow anyone to compose and mix their own music, using 17,000 free orchestral sound samples provided by the orchestra.

Tasmin Little (violinist)
Tasmin has made her music available for free download on her website www.tasminlittle.net to break down barriers to the artform. The pieces have spoken introductions to give technical and musical insights.

Verbier Festival, Europe
In conjunction with media company Medici Arts, Verbier offered a live online video streaming of nearly all its concerts and a website allowing people to revisit performances and watch backstage interviews for a month after the festival ended.

With few exceptions, the artists agreed to live streaming, which did not offer viewers the possibility to download performances and therefore posed no threat to sales. Forty thousand people attended the concerts in Verbier during the 17-day festival. More than 150,000 hit the website and stayed for more than 20 minutes to sample the music. http://www.verbierfestival.com/ http://www.sonicpostcards.org/

Sadler's Wells
Sadler's Wells was one of the first venues to experiment with sms marketing, including text reviews, competitions and last minute ticket offers. Sadler's Wells bought third party lists from sms databases and commissioned a platform which interacted with its existing ticket system and "hot prospects." Evaluation revealed a positive ROI which led to further sms campaigns.

Sadler's Wells also has a well-developed website which, for each performance, includes a video clip, wallpaper and "tell a friend" options highly integrated with a 'Book Tickets' option. See http://www.sadlerswells.com/

The Barbican and Welsh National Opera (WNO)

The Barbican and WNO adopted mobile marketing in 2002 in targeted campaigns to students and young people. They were also developing customer relationship management system, email and sms databases.

Royal Opera House (ROH)
The ROH was an early adopter, with a video email campaign for its 2004 production of *Faust* and an sms/email standby student ticket offer.

Hatstand Opera Company (HOC)
HOC recently launched a series of regular monthly podcasts on www.podopera.co.uk The opera bulletins are in audio file format which can be downloaded and listened to on mp3 players and iPods, in an informal style aimed at encouraging people to give opera a try.

UK Theatre Network (UKTN)
In 2005 UKTN launched pay-per-view theatre online (www.uktheatre.net).

ShowUp.com
http://www.showup.com
One hundred and fifty arts organisations in the greater Phoenix region in the USA have united arts and cultural event listings within a shared brand.

Dancenet.tv
www.dancenet.tv is a broadband channel dedicated to reaching wider audiences for live dance performances of all genres from around the world. The content will be digital copyrighted at no charge to members or visitors, while optional retailing and downloading services will be provided so that companies can use their existing video and film archives promotionally.

Liverpool Digital TV channel
http://open.culture.org.uk Liverpool is running an internet channel six hours a day comprising three fixed time slots and three floating hours. It includes an educational strand. The channel is part of the Liverpool European Capital of Culture.