



Digital Culture

2014:

How arts and cultural
organisations in England
use technology

Research Report



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Digital R&D Fund for the Arts

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For more information about its projects and digital R&D stories from around the world, visit Native: Magazine of the Digital R&D Fund for the Arts at artsdigitalrnd.org.uk or connect with us on Twitter [@digitalrnd](https://twitter.com/digitalrnd) or using the hashtag [#artsdigital](https://twitter.com/artsdigital).

Contents

Foreword	4
Executive summary	5
Introduction	14
Major developments in 2014	16
Looking ahead to 2015	31
Conclusions	39
Further Resources	41
Abbreviations	42
Acknowledgements	43
End notes	44

Foreword

Digital technologies are changing the way we engage with culture just as they are changing all aspects of our lives. But the pace of that change makes it hard for cultural institutions to work out how best to exploit the opportunities. This is why public funders came together to create the Digital R&D Fund for the Arts, to enable experimentation and shared learning.

The three-year [Digital Culture survey](#) of how England's arts and cultural organisations are using digital technologies is a core part of that effort. The second year findings suggest that organisations are consolidating their use of technology in areas like marketing and distribution, and are growing it in areas like income and revenue generation. Echoing the 2013 results, there is clear evidence that organisations that engage more with digital technology experience the biggest impacts.

Alongside this 2014 report are a series of [fact sheets](#) which highlight key findings for the six main subsectors included in the study: Museums, Galleries, Performing Arts Venues, Performing Groups, Combined Arts Centres, and Festival and Events.

Digital Culture is a rare example of longitudinal data collection in the arts and culture and we look forward to probing the data for further insights in coming weeks.

We are also sharing the data publicly through a dedicated [online portal](#), in the hope that the study can be a valuable resource for others in an ever-changing digital landscape. Organisations are able to compare their answers with others of a similar type, size and location, and anyone interested can filter the full sample to view the results for a particular part of the sector. We'd encourage organisations who have not participated in the survey to answer the questions for themselves to see how their digital experiences compare with others.

Hasan Bakhshi
Director, Creative Economy, Policy and Research
Nesta

Executive summary

Background to the study

In 2013, Arts Council England, the Arts and Humanities Research Council and Nesta launched the [Digital Culture study](#): an annual survey tracking digital technology use by arts and cultural organisations in England from 2013 to 2015. Established alongside the [Digital R&D Fund for the Arts](#), the research provides quantitative evidence about the use, importance and impact of digital technologies.

Over 6,500 arts and cultural organisations across England were invited to complete the first year survey, and 891 responded, providing a robust baseline for the study. The [2013 report](#) found that almost three-quarters saw digital as essential to their marketing, and almost 60% viewed it as essential for preserving and archiving, and for their operations. Almost half (47%) were creating 'born digital' works native to, and created for, the digital space, and one third (32%) saw digital technology as essential for distributing and exhibiting their work.

When ranked by how important they judged digital technology to be to their different activities, the top 10% of organisations were more than twice as likely to say digital technology had had a major positive impact on strategy development, and over three times as likely to have experienced major impacts on their overall revenue.

However, in other areas technology had had a limited impact, for example just 11% of arts and cultural organisations reported that digital technology was having a major impact on their profitability. The first year report also found that some parts of the sector, such as museums, had not benefited as greatly from technology use.

About this report

This year, 947 organisations responded to the *Digital Culture* survey, including 384 who also participated in 2013. Once more, respondents provided information about digital activities, their importance and impact, perceived barriers and skills gaps, and future plans.

Whereas the 2013 survey found considerable change in take-up of digital activities (significant numbers had adopted new activities within the 12 months before the survey), this year's survey paints a picture of organisations consolidating their digital activities and enhancing their impact. With detailed longitudinal analysis planned for 2015, this report describes the major developments in 2014, the characteristics of those organisations experiencing major positive impacts, and their digital plans for the year ahead.

Major developments in 2014

Digital technologies are becoming more important for generating new revenue streams

- In 2013, 34% of respondents said that digital technology was important or essential to business models. In 2014 this figure has risen to more than half (51%).
- These organisations are more likely to undertake revenue-generating digital activities, such as accepting online donations (63% compared with an arts and culture average of 38%) and crowdfunding (28% compared with 18%).
- They also exhibit signs of digital confidence more generally, in that they carry out a wider range of digital activities (an average of 12 compared with 10 for the sector as a whole), and are much less likely to report lack of in-house confidence as a barrier to their digital aspirations (15% report this compared with 25% in the sample as a whole).
- Small organisations report benefitting just as much as large organisations in these areas, possibly reflecting low barriers to entry for online tools and platforms such as ticketing and crowdfunding.

More organisations are using data for audience engagement and fundraising

- Two data-related activities have become significantly more common in the past 12 months:
 - 1 Using data to identify and engage with the most valuable audience members, visitors and supporters (51% vs 44% in 2013);

2 Using data to understand audiences better through data analysis, segmentation and/or profiling (49% vs 43% in 2013).

- Organisations are also reporting improvements in their data capabilities: the proportion of organisations that feel under-served for database management and Customer Relationship Management (CRM) has fallen from 41% to 36% 2014, and more organisations are using cloud computing to store data online (47% vs 39% in 2013).

Organisations are adapting their online presence, mirroring broader shifts in consumer behaviour

- Whereas in 2013 under a third (33%) of organisations had a web presence optimised for mobile, in 2014 this number has increased to well over half (55%).
- In addition, a growing minority of organisations are using techniques such as paid search and online display to ensure they capture people's attention online (20% up from 14% in 2013).

Organisations are expanding their social media efforts as online competition intensifies

- Almost 9 in 10 organisations (88%) are now publishing content onto free platforms, such as YouTube and Facebook, up from 84% in 2013.
- Organisations are using social media in new and different ways, such as managing audience traffic flow at live events, and 32% of organisations are using social media to facilitate direct conversations between audiences and artists.
- However, whilst the size of organisations' social media networks are growing, qualitative comments suggest organisations may be working harder to engage their audiences.

“

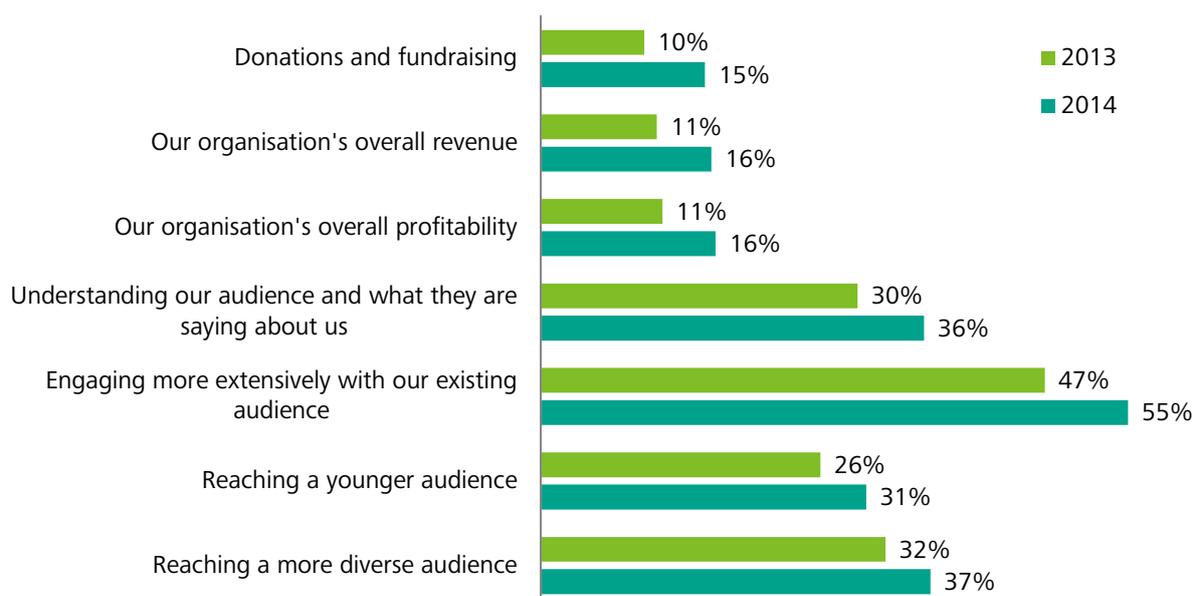
A new CRM database has enabled us to do more in-depth segmentation and better marketing planning, resulting in increased attendance at performances.”

English Touring Opera

More widespread impact suggests increasing effectiveness of some digital activities

- In seven areas significantly higher numbers are reporting major positive impacts. As shown in Figure 1, all areas with significantly increased impact relate to either audience engagement or financial performance.
- The fastest changing area is donations and fundraising, where 15% of organisations report that digital is having a major positive impact, up from 10% a year ago.
- Furthermore, impacts appear to be growing faster than changes in digital activities and importance, suggesting that organisations may be increasingly effective in their digital work.

Figure 1: Impact areas with significant increase in proportion experiencing major positive impacts (in order of growth rate)

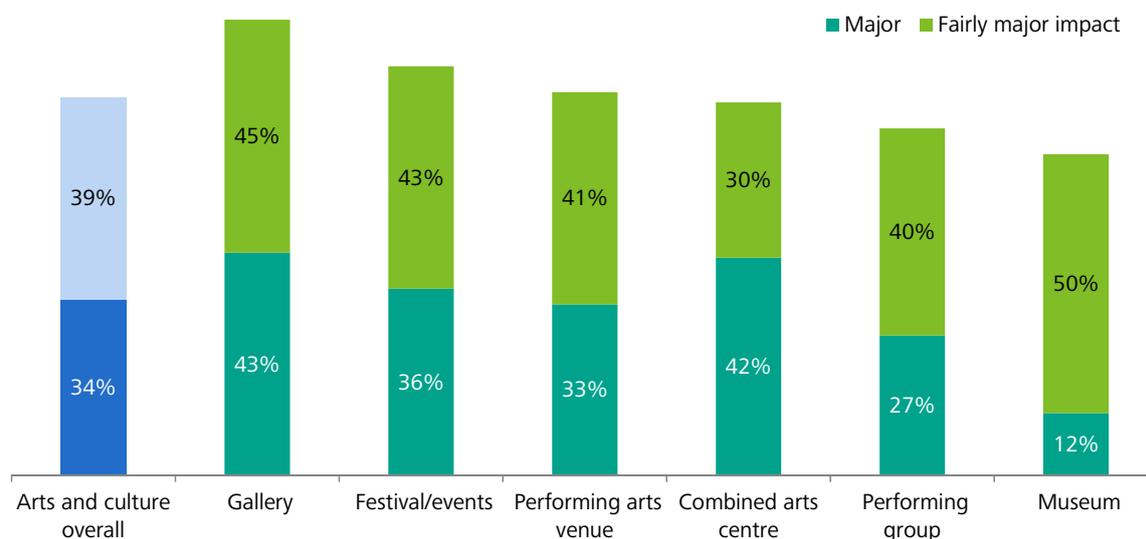


Digital technology is helping 3 in 4 fulfil their missions more effectively, although the benefits are not being equally felt

- The reported impact of digital technology has grown across the sector (73% report a considerable positive impact overall, compared with 60% in 2013).

- Galleries, festival/event organisers and performing arts venues appear to be enjoying bigger impacts, whilst relatively fewer museums and performing groups like theatre companies are reporting positive impacts.

Figure 2: Overall impact of digital by organisation type¹



Those experiencing the biggest impacts show a wider commitment to digital

The organisations experiencing the highest level of impact overall from digital technology (34% of the total) show a commitment to digital technology in a number of different areas:

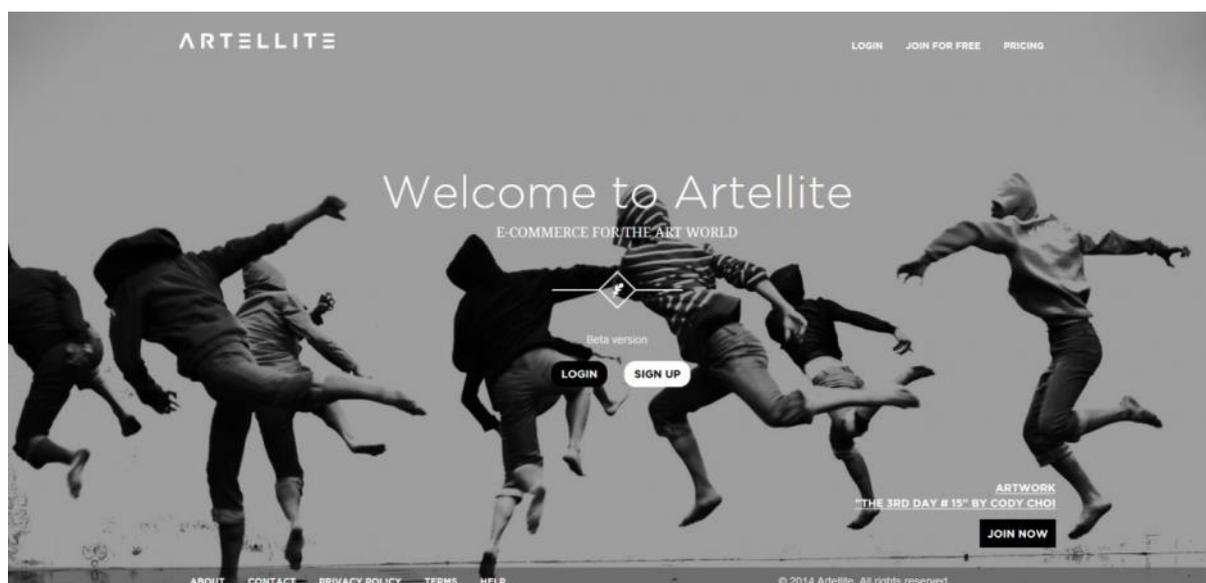
- They are more likely to be using digital for creative and distribution purposes (for example 37% are creating standalone digital works compared with an average of 26%) and are also more likely than average to be using data as part of their business processes (36% are using data to develop new products and services compared with 22% on average).
- These organisations report experiencing fewer barriers as well, for example just 13% of them say that lack of in-house confidence is holding them back compared with 25% of the sector as a whole.
- Finally, they are much more likely to exhibit best practice R&D behaviours, such as employing user-centred design—34% say that they do this compared with 18% of the sector as a whole.

Looking ahead to 2015

Organisations expect digital technology to continue to grow in importance for business models

The three activities most likely to grow in the next year all relate to alternative revenue streams:

- 1 21% intend to start crowdfunding (18% are already using it)
- 2 19% plan to start accepting online donations (39% are currently doing so)
- 3 16% expect to be selling products or merchandise online for the first time (38% do so currently).



R&D project 'Artellite' is a new e-commerce solution for artists, galleries and arts organisations to build online sales

Source: DegreeArt.com

Websites, e-marketing and social media will be in use by 9 in 10 organisations

By the end of next year, almost all organisations expect to be doing four core activities:

- 1 Running their own branded website (95%)

- 2 Publishing content on platforms like YouTube and Facebook (92%)
- 3 Email marketing (88%)
- 4 Publishing content onto their own website (85%).

Intuitively, as more 'mature' technologies, the rate of growth is slowing, raising questions about those that have not adopted these tools. For example, one-third of museums are not yet using e-marketing and very few are planning to introduce it for the first time in 2015.

Although many plan to adopt new digital tools, many report persistent barriers

Although a sizeable number of organisations report ambitious digital plans for 2015, respondents continue to report important barriers to achievement of their digital ambitions.

70% of arts and cultural organisations cite lack of funding and time, and over a third still feel that they do not have the in-house skills, IT systems or the necessary expert advice to meet their digital aspirations.

Consistent with this picture, whilst 75% of organisations are planning to introduce at least one new activity in the next 12 months, one in four are not planning to introduce any new digital activities at all.

Conclusions

Taken together, the survey results point to an arts and cultural sector in England that is increasingly comfortable with digital technologies, and in which many are seeing tangible benefits in terms of audience engagement and financial performance.

However, organisations are not equally benefiting. Some groups, such as museums and performing groups (particularly smaller ones), appear to be adopting fewer of the digital activities measured in the survey, and fewer still are reporting major impacts on performance against their mission. This raises interesting questions about the appropriateness of different technologies for different types of cultural institution, and the barriers they face in achieving their digital aspirations.

“

My imagination as an artist remains ahead of technical development. We set up R&D platforms to develop technology that can facilitate my ideas, but it needs time and funding, both of which are under pressure.”

dreamthinkspeak

Introduction

Background to the study

Digital Culture is a three-year research programme funded by Arts Council England, the Arts and Humanities Research Council and Nesta. It is running from 2013 to 2015, exploring how arts and cultural organisations in England use technology.

In 2013, 891 organisations completed the first *Digital Culture* online survey and a [report](#) was published in November 2013. It found that almost three-quarters of organisations saw digital as essential to their marketing, and almost 60% viewed it as essential for preserving and archiving, and for their operations. Almost half (47%) were creating 'born digital' works (designed deliberately for the digital space), and one-third (32%) saw digital technology as essential for distributing and exhibiting their work.

When organisations were ranked by how important they judged digital technology to be to their different activities, the top 10% were found to be more than twice as likely to say digital technology had had a major positive impact on strategy development, and over three times as likely to have experienced major impacts on their overall revenue.

However, in other areas, technology had not had a widespread impact. For example, just 11% of arts and cultural organisations reported that digital technology was having a major positive impact on their profitability.ⁱⁱ It also found some parts of the sector, such as museums, had not shared equally in the benefits from technology use.

About this report

One year on, it's possible to measure how and where this picture is evolving. This year, organisations were invited to complete the survey during July, August and September 2014, and the target universe was the same as the [2013 survey](#): arts and cultural organisations in England.ⁱⁱⁱ 947 organisations responded, of which 432 were Arts Council England (ACE) National Portfolio Organisations (NPOs). Respondents are balanced across ACE art and cultural forms and geographic areas, and the sample was weighted to be comparable with 2013 and nationally representative. In addition, the

majority of the 2013 questionnaire questions were repeated to allow us to track progress on key metrics.

One of the opportunities of a three-year study is to follow the journey of individual organisations over time, and analyse the factors which contribute to their trajectory (in other words it permits 'longitudinal' analysis). A total of 384 organisations completed the survey in both years and their individual responses have been studied. All of the findings from the wider sample of respondents reported here are consistent with the responses of this smaller group. Alongside findings reported here, formal econometric modelling of the changing responses for this group is underway in an attempt to explore causal relationships between digital behaviours and organisational performance.

The survey is structured around three key topics – the importance of digital technologies to arts and cultural organisations, the specific digital activities they are undertaking, and the impact of digital technologies on different areas. In this report, we examine how the use of technology is changing over time, focusing on the biggest shifts in the past 12 months. Alongside this main report are six industry fact sheets, which highlight key facts for the six main subsectors included in the study: Museums, Galleries, Performing Arts Venues, Performing Groups, Combined arts centres, and Festival and Events. Those interested can also explore this year's data in the [Digital Culture portal](#), and focus in on organisations of a particular art and cultural form, region and size.

This report is split into three sections. First, we discuss what has changed in the past 12 months and why. Has digital technology become more or less important in some areas? Which digital activities are being adopted fastest? Where is the greatest impact of digital technology being felt?

Secondly, we examine those who say digital technology has a major impact on their ability to fulfil their mission effectively, and the activities and behaviours which they exhibit.

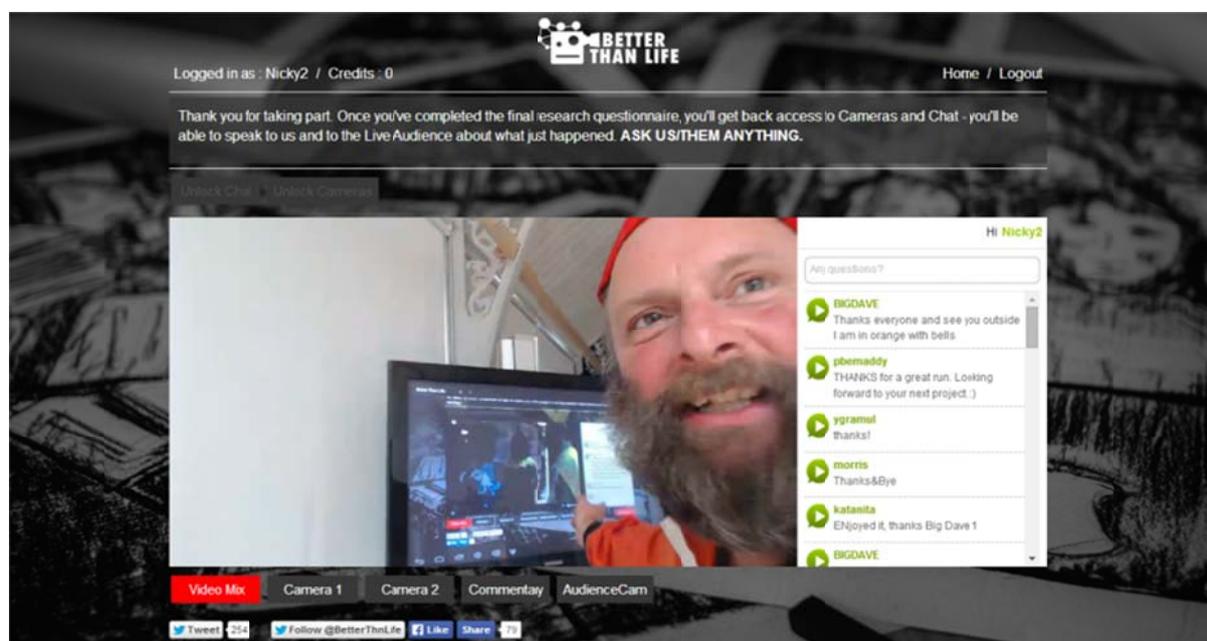
Lastly, we look ahead to next year, and consider what may be the drivers of, and barriers to, further change. Which activities do organisations expect to grow, and what skills may be needed to support further innovation?

Major developments in 2014

The survey asks organisations how important they think digital technology is to their different organisational functions, such as marketing and distribution. It also asks whether they conduct certain digital activities, such as running a website, and what they think the impact of digital technology has been in different areas of their work.

In 2013, the survey painted a picture of considerable change in take-up of digital activities. For all 22 digital activities explored, it found significant numbers had started doing them in the preceding 12 months. The fastest growing activity in 2013 was live streaming, with twice as many organisations reporting using this technology compared with twelve months previously.

In 2014, the growth in live streaming appears to have slowed somewhat, with 17% of organisations saying they use it, compared with 15% in 2013. More generally, this year's survey suggests a picture of a sector focusing more on consolidating its use of digital technologies, and less on adopting new ones. This chapter outlines the main developments.



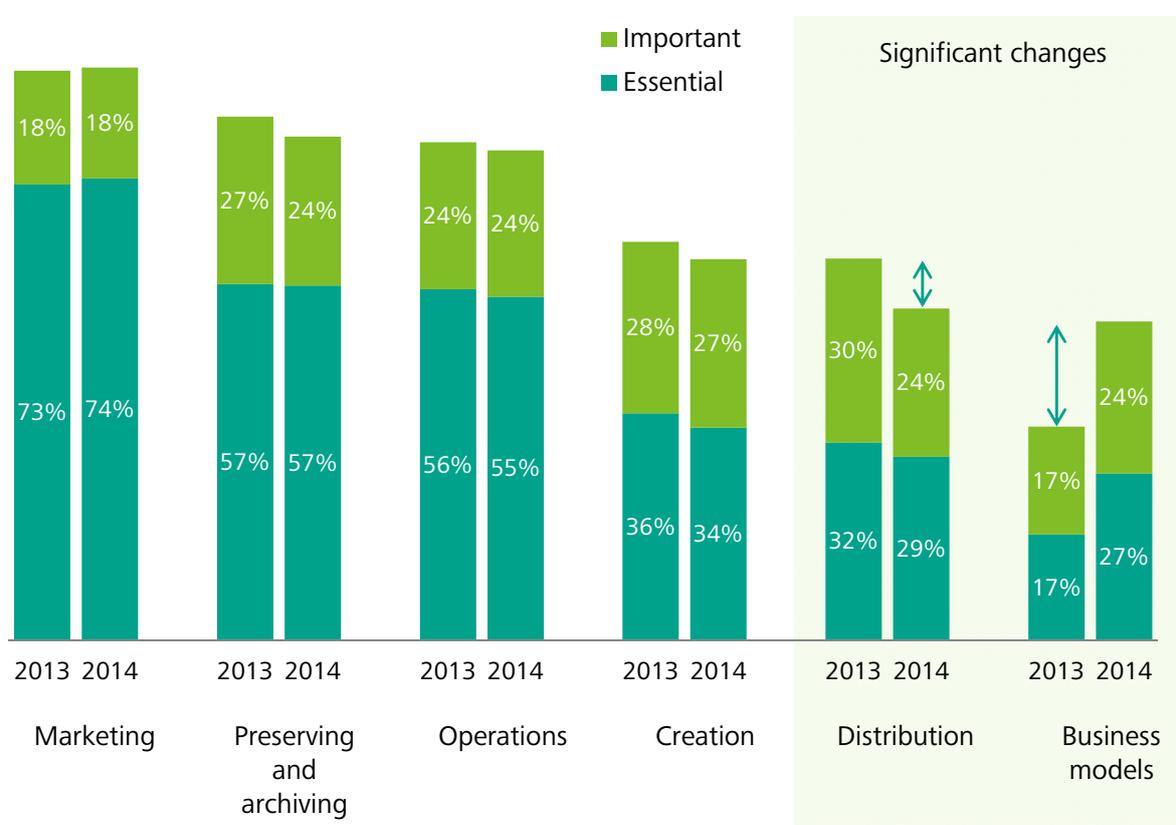
Coney has been working with Showcaster and Goldsmiths on 'Better than life', an interactive live digital performance

Source: Coney

Digital technologies are increasingly important for generating new revenue streams

One significant change in the past 12 months has been in the importance of digital technology for organisations' revenue generating activities. In 2013, 34% of respondents said that digital was important or essential to business models. In 2014 this figure has risen to more than half (51%).^{iv} As Figure 3 shows, this growth in importance stands out from other organisation functions which are relatively stable.

Figure 3: Importance of digital to different organisational functions (2013–2014)^v



2013 n=891, 2014 n=943

The organisations who see digital technology as important or essential to their business model tend to carry out slightly more types of digital activities (an average of 12 compared with 10 for the sector as a whole) and are more likely to undertake revenue-generating digital activities. For example, 63% of them accept online donations (compared with an average of 38%) and 28% use crowdfunding platforms (compared with 18%).

These organisations also seem to be more digitally sophisticated overall – for example, they are much less likely to report lack of in-house confidence as a barrier to their digital aspirations (15% report this compared with 25% on average) and they are much more likely to exhibit best practice R&D behaviours such as using research and data to support decision-making (34% say they do this compared with 18% on average).^{vi}

Looking more closely at different sub-sectors, the importance of digital technologies to business models is not felt equally across the sector. Some of the most dramatic changes in the past 12 months are among multi-arts centres and performing arts venues, where the proportion who see digital as important to business models has approximately doubled in the past year (from 38% to 69% and from 25% to 80% respectively). On average, both these organisation types introduced a higher number of new activities in the past year compared with the rest of the sector. The activities they have adopted also point to developments right across the breadth of organisational functions. The fastest growing activities for multi-arts centres were:

- 1 providing educational content online
- 2 creating standalone digital works, and
- 3 providing online interactive tours.

Similarly, the fastest growing activities for performing arts venues were:

- 1 live streaming performances
- 2 using paid search and/or online display
- 3 email marketing
- 4 publishing content on both their own websites and third party platforms, and
- 5 using cloud computing.

By comparison, less than two-fifths (38%) of museums see digital as important to business models. Some museums have experienced important benefits from technology use, however, such as the Cartoon Museum:

‘Our new website has helped us generate income through the online shop, raise the profile of our venue hire and promote the museum to a wider audience.’

Cartoon Museum

However, on average museums show lower levels of adoption of most digital activities, and relatively few experience major impacts.

The importance of digital for business models also varies by organisation size. Whilst 62% of large organisations see digital as important to their business model, only 45% of small organisations agree.^{vii}

More organisations are using data for audience engagement and fundraising

In 2013, the survey found 90% of organisations were using data in some way to support their activities. In the last 12 months, there has been a significant increase in the number of organisations using data to optimise their marketing, audience engagement and fundraising. Two data-related activities—using data to identify and engage with the most valuable audience members, visitors and supporters, and using data to understand audiences better through data analysis, segmentation and/or profiling—have become significantly more common, as shown in Figure 4.^{viii}



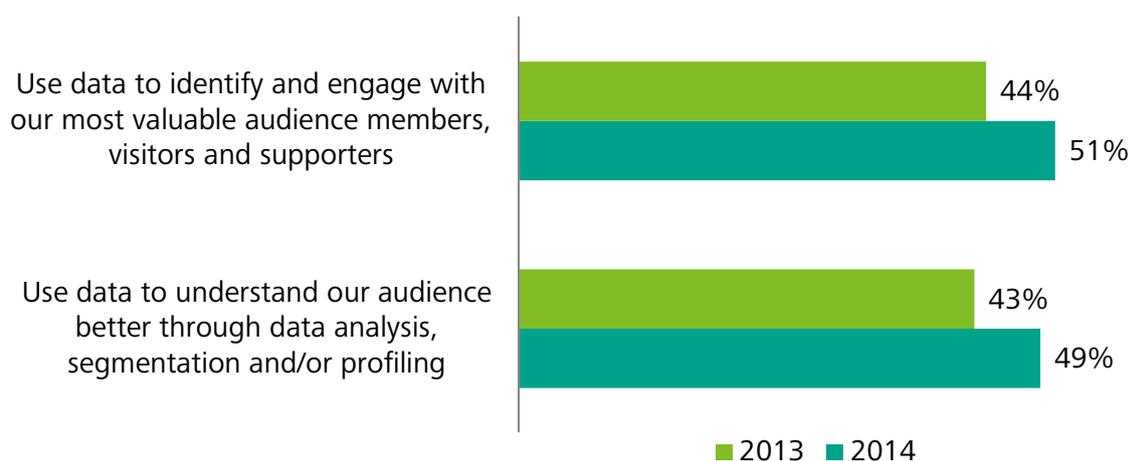
The TILO visualisation system draws data from free online sources, reinterpreting it for audiences

Courtesy of MeYouandUs and Phoenix, Leicester

Looking at organisations of different types and sizes, it appears that performing arts venues (eg theatres and concert halls) and larger organisations (defined as having a turnover of more than £500,000 per year) are doing this more. For example 62% of venues use data to understand their audience (compared with 42% of organisations without venues) and 69% of large organisations use data to inform strategy compared with 37% of small organisations (defined as having a turnover of less than £100,000 per year).^{ix}

In parallel with their greater use of data, organisations are also reporting changes in their data capabilities: between 2013 and 2014, the proportion of organisations that feel under-served for database management and Customer Relationship Management (CRM) has fallen from 41% to 36%.^x

Figure 4: Growth in use of data and analytics^{xi}



All respondents: 2013 n=879; 2014 n=935

Alongside these trends in the use of data, more organisations are using cloud computing to run software, host/store data or content (47% are doing this, compared with 39% in 2013), suggesting digital storage needs may be evolving in support of such activities.

“

Transferring to cloud based software has completely changed the organisation in terms of productivity, communication, task and project management.”

Mackerel Sky Events

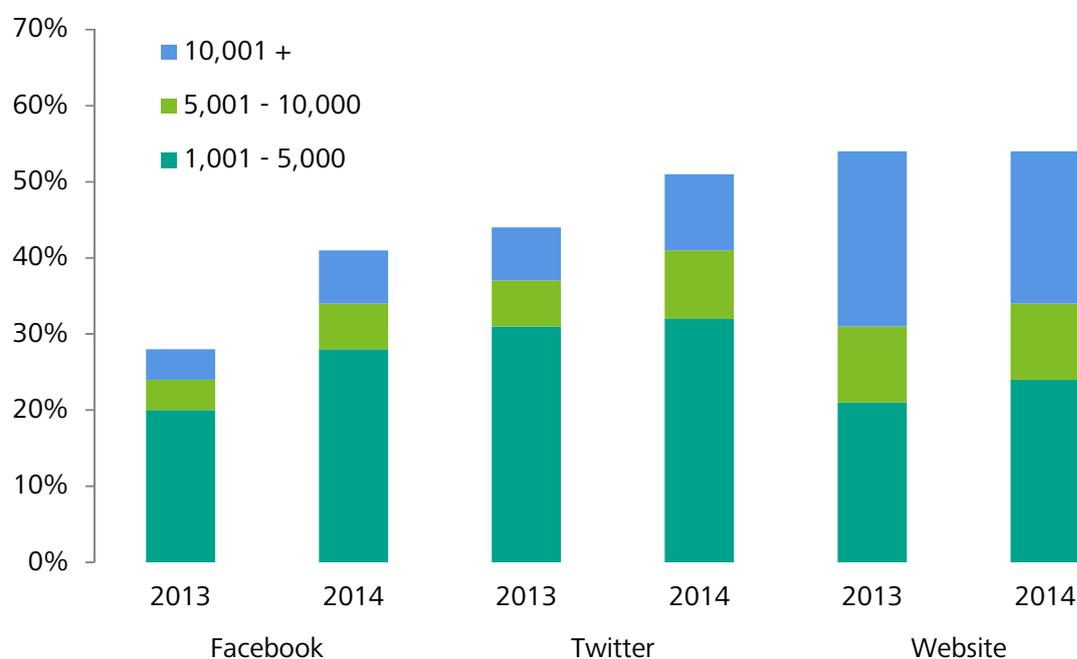
Organisations are adapting their online presence, mirroring broader shifts in consumers' online behaviour

Between 2013 and 2014, the proportion of participating organisations with a Facebook profile who have more than 1,000 Facebook fans grew from 29% to 41%. Similarly on Twitter, the proportion with more than 1,000 followers grew from 44% to 52%.

As shown in Figure 5, whilst website visitation remains high, the proportion of organisations with monthly unique visitors over 1,000 has remained stable (54% in both years).^{xiii}

Whilst these audiences are not comparable, the pattern of growth suggests that social audiences are growing faster than website visitors. This pattern is evident across all artforms, although to varying extents, for example visual arts organisations have almost doubled Facebook audiences from an average of 13,800 to 26,100 whilst theatres have increased Facebook audiences over 6 times from 1,200 to 7,700.

Figure 5: Proportion of organisations using each platform with audience over 1,000 (Facebook fans, Twitter followers, Website average monthly unique visitors)^{xiv}



Organisations with a regularly active Facebook profile 2013 n=818, 2014 n=871;

Organisations with a regularly active Twitter profile 2013 n=758, 2014 n=817;

All respondents to Website audience question 2013 n=873, 2014 n=916

Arts and cultural organisations are responding to the wider shift in media consumption away from desktops and towards mobile devices.¹ Whereas in 2013 a third (33%) of organisations had a web presence optimised for mobile, in 2014 this number has increased to just over half (55%).

By far the most common manifestation of mobile optimisation is an 'adaptive' or 'responsive' website (47%),² in other words a site that adapts its layout based on the screen size of the device being used. A small number of organisations (8%) have a smartphone app, fewer still have a tablet app (4%) and a very small number have a hybrid app (2%). This is similar to 2013 when 15% of organisations said they had a smartphone/tablet app.^{xv}



R&D project [Talking Statues](#) uses mobile technology to enable passers-by to 'listen to' historical monuments in London and Manchester.

Source: Sing London

¹ See Ofcom, Adults' Media Use and Attitudes Report 2014

² Although they represent different technical solutions, 'adaptive' and 'responsive' websites were measured together in the questionnaire due to space limitations.

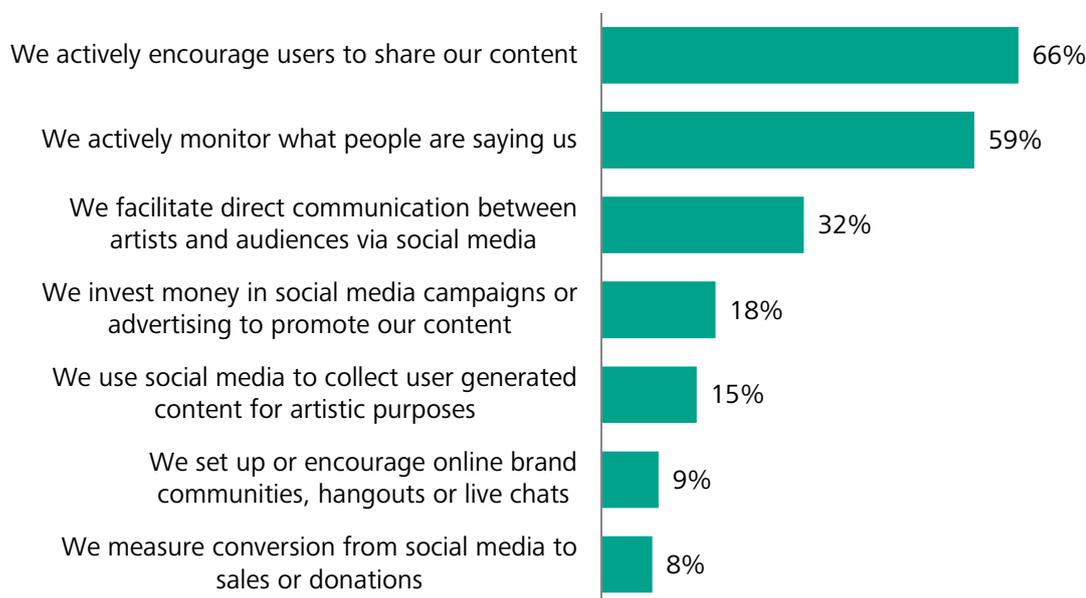
In addition, a growing minority of organisations are using techniques such as paid search and online display to ensure they capture people's attention online. Whilst only 1 in 5 are doing so, an increase of 43% from 2013 makes it the fastest growing digital activity measured in the survey.

Organisations are expanding their social media efforts as online competition intensifies

Organisations are increasingly using social media to share content with their networks. Almost 9 in 10 organisations (88%) are now publishing content onto free platforms, such as YouTube and Facebook, up from 84% in 2013.

There is also significant use of social media for creative purposes. This year, the survey introduced several new questions about how organisations are using social media. As shown in Figure 6, it found 32% of organisations are using social media to facilitate direct conversations between audiences and artists, and 15% are using social media to collect user-generated artistic content.^{xvi}

Figure 6: Agreement with statements about social media usage^{xvii}



All respondents n=923

Qualitative responses, such as that from the Artichoke Trust, confirm that some organisations are using social media in new and different ways, such as managing audience flow at live events:

'The management of social media channels effectively throughout our recent Lumiere festivals meant we could respond to audiences in real time and manage crowds and busy areas much more effectively.'

Artichoke Trust

On average, organisations now have an active profile on 5 social media platforms, up from 4 in 2013. The platforms newly adopted by the largest proportion of organisations in 2014 were Instagram, Tumblr and Storify, perhaps reflecting a more targeted and content-driven approach which matches the project to the platform. Instagram leads the way here, growing from 12% to 22% of all organisations, and it is now being used by 51% of performing arts venues and 46% of all galleries.^{xviii}



Social media was used to manage crowds at the Lumiere festival^{xix}

Source: Photo Matthew Andrews.

However, there are indications that the social media environment is becoming more competitive, and not all impacts are positive:

‘While digital marketing is valuable, it has allowed for much more competition. Online content is often free and this has affected our revenue streams – particularly in relation to our education programme’

A London gallery

Changes to how networks surface content of organisational accounts has also had an impact. Through qualitative responses to the survey, several organisations suggest organisations are working harder to engage their followers:

‘Facebook as a whole has fallen short of our expectations. When we started up in early 2012, if you posted something interesting or relevant, your followers would see it. Nowadays you have to pay even for your 'earned' followers to see your content. But as Facebook is so essential, you can't avoid it’

A small performing group

More widespread impact suggests increasing effectiveness of digital activities for audience engagement and revenue generation

Between 2013 and 2014, there has been little or no increase in many digital activities, and as shown in Figure 3, across most functions organisations consider it to have a similar importance to 2013. Importance has even declined slightly for distribution, suggesting that organisations may be scaling back in areas not right for them.

“

We've learned the technology needs to be carefully matched with each project to get a good response.”

London Sinfonietta

However, when asked about the *impact* of digital on their organisations, significantly higher numbers are reporting major positive impacts in seven main areas (see Figure 7). Furthermore, the increases in impact are more widespread than the above-mentioned increases in activities and importance. This suggests that some organisations are leveraging additional impact from their existing activities, and the effectiveness of their digital activities may have increased.

As Figure 7 shows, all the areas in which there has been a significant increase relate to finances or audiences. The fastest changing area is donations and fundraising, where 15% of organisations report that digital is having a major positive impact, up from 10% a year ago.

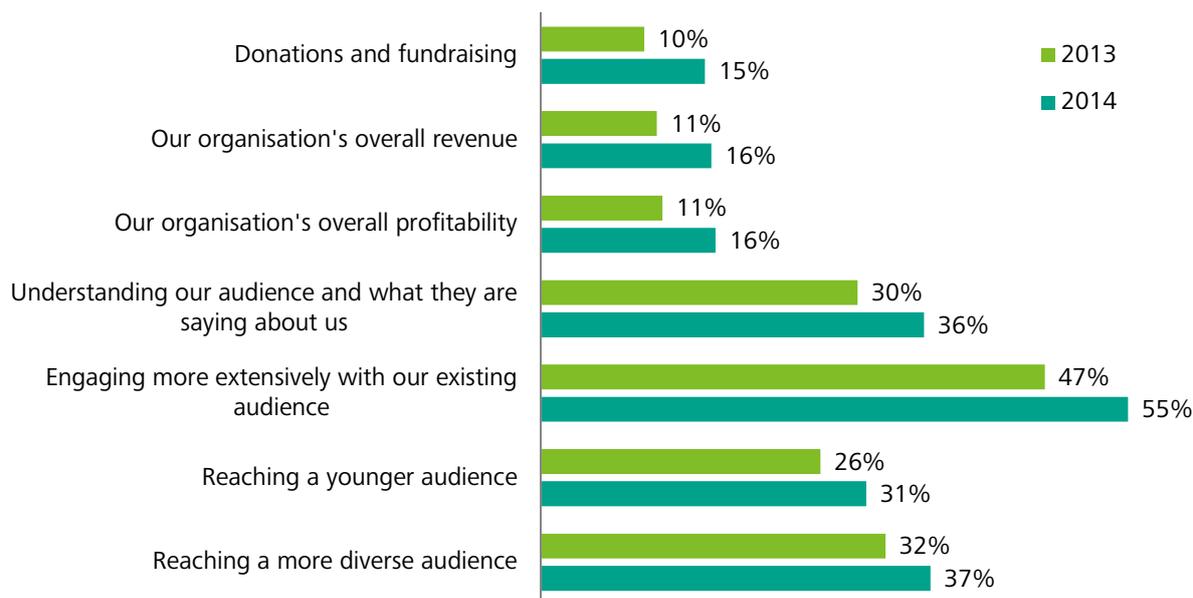
Financial impact is more common among certain types of organisations, for example 28% of multi-arts centres and 34% of performing arts venues report experiencing a major positive impact on their financial revenues from digital, compared with 24% and 31% respectively in 2013. This may be related to higher levels of digital activity for these groups, as discussed above, and illustrated by Camden People's Theatre:

'The most important recent development for us is Spektrix ticketing software. We can now sell tickets more effectively, offer a wider range of responsive deals, track audience data and better understand our audience, and take online donations. All of these have had a positive impact on our core activity.'

Camden People's Theatre

However, scale does not seem to be an important factor—18% of small organisations report a major positive impact on revenue compared to 20% for large organisations.^{xx} This confirms that organisations of all sizes can generate major impacts from their digital work, and perhaps reflects the low barriers to entry for online tools such as Spektrix for ticketing/CRM and Kickstarter for crowdfunding.

In terms of audiences, a significantly higher proportion of organisations are experiencing impacts both on engagement with and understanding of audiences, and on audience diversification, for example by reaching younger audiences.

Figure 7: Increasing impact of digital on business models and audience engagement^{xxi}

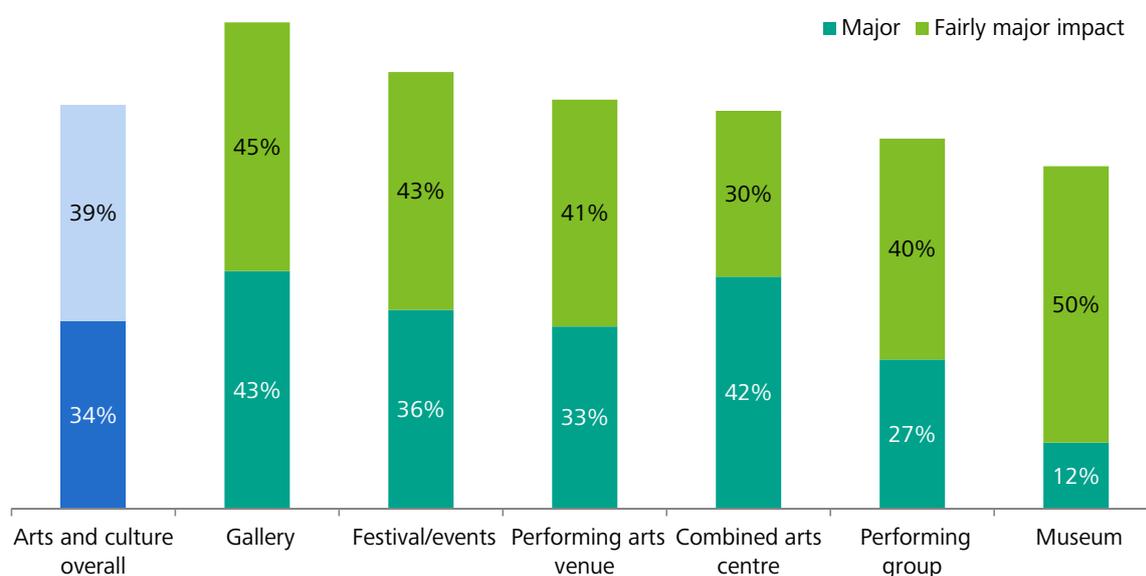
All respondents to this question: 2013 n=890, 2014 n=943

Digital technology is helping 3 in 4 organisations fulfil their missions more effectively

As well as exploring impact across different aspects of organisations' work, we also ask respondents if technology has generally helped them fulfil their mission more effectively. Consistent with the individual impacts discussed above, more organisations report an overall positive impact from digital technology, with 73% of organisations now reporting a major or fairly major positive impact (compared with 60% in 2013).^{xxii} As with activities and importance, the impact of digital technology varies across the sector.

In terms of art and cultural form, literature organisations are the most impacted, whilst heritage organisations remain least likely to report major positive impacts from digital (although the proportion of heritage organisations reporting this has increased over the past year, from 44% to 63%).^{xxiii}

As shown in Figure 8, galleries, festival/event organisers and performing arts venues appear to be enjoying bigger impacts, whilst museums and performing groups like theatre companies are less likely to report positive impact.

Figure 8: Overall impact of digital by organisation type^{xxiv}

All respondents n=943; Gallery n=50, Festival / events/ development n=170, Performing arts venue n=63, Combined arts centre n=91, Performing group n=267, Museum n= 90

Organisations enjoying the biggest impacts are more likely to use R&D techniques

The organisations experiencing the highest level of impact overall from digital technology (34% of the total) show a commitment to digital technology beyond any one single activity or function. Notably, they are more likely to be using digital for creative and distribution purposes—for example 37% of them are creating standalone digital works (compared with an average of 26%) and 24% are livestreaming performances (average of 16%). They are also more likely than average to be using data as part of their business processes, in particular to develop new products and services (36% of major impact organisations, compared with 22% on average).

These organisations still experience barriers, but at significantly lower rates. For example just 13% of them say that a lack of in-house confidence is holding them back compared with 25% of the sector as a whole. Finally, they are much more likely to exhibit best practice R&D behaviours, such as employing user-centred design—34% say that they do this, compared with 18% of the sector as a whole.^{xxv}

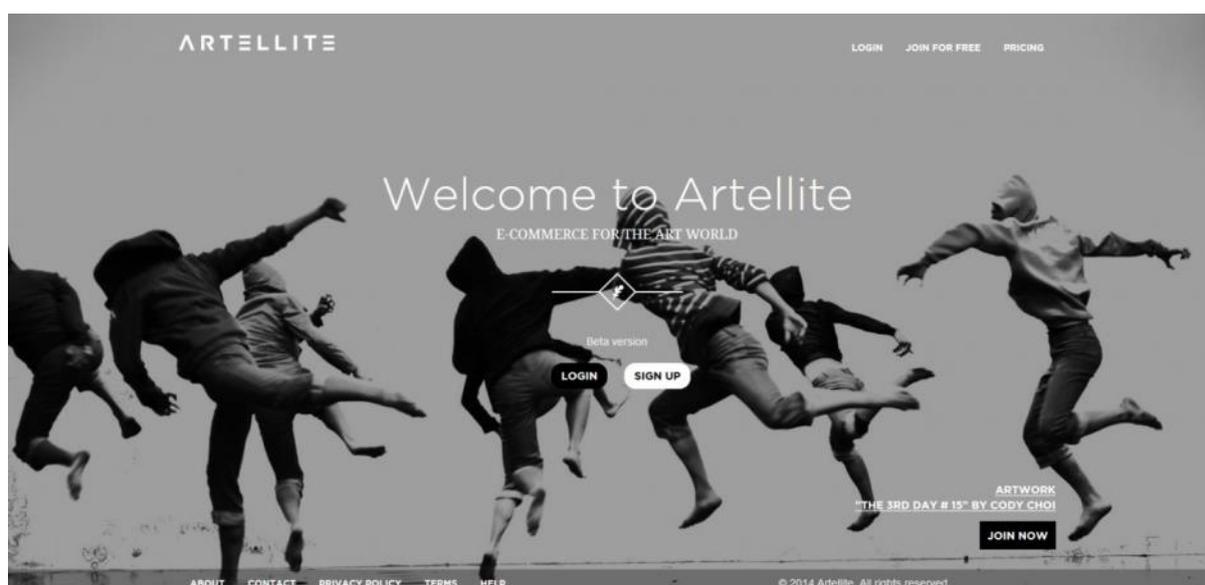
Looking ahead to 2015

One of the aims of *Digital Culture* is to provide benchmarking data and information to arts and cultural organisations to help them in their digital planning. As well as tracking recent changes in technology use, we ask respondents what they are intending to implement in the next 12 months.

Of course, adoption of digital technologies moves at different paces in different parts of the sector, and so this report examines the areas likely to grow in 2015 by looking at the arts and cultural sector as a whole and also by looking at organisation types. A separate series of fact sheets are available to explore the developments in different parts of the arts and cultural sector. We also explore the barriers to future achievement of digital goals, and where organisations are experiencing skills gaps that could impact on their success.

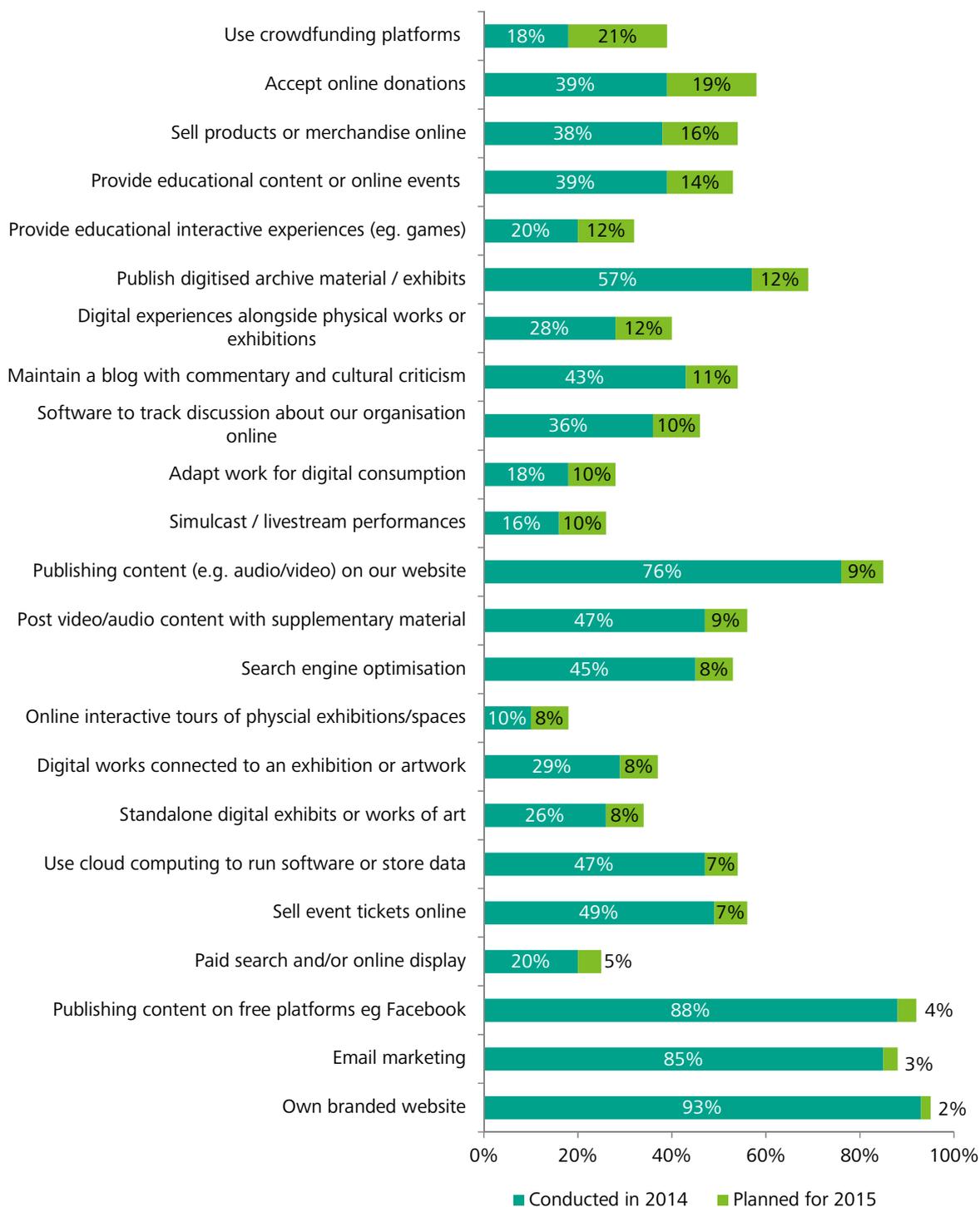
Respondents expect continued growth in the importance of digital to business models

Looking at the sector as a whole, respondents expect to increase their use of digital technology across all activities in 2015. However as Figure 9 shows, the three activities likely to grow the most next year all relate to alternative revenue streams.



R&D project '[Artellite](#)' is a new e-commerce solution for visual art

Source: DegreeArt.com

Figure 9: Likely growth in all digital activities (ranked by adoption %)^{xxvi}

2014 (n=947), 2015 (n=946)

The most likely activity to grow is the use of crowdfunding platforms—18% are doing this at the moment and a further 21% expect to introduce it in 2015.

Smaller organisations expect to be particularly active in this area, seeing crowdfunding as a way to get their projects off the ground. By the end of next year 45% of small organisations expect to be using crowdfunding platforms compared with 32% of large organisations (compared with 22% and 13% now respectively).

In terms of art and cultural form, theatre and combined arts companies appear to be the most enthusiastic in this area (56%) whilst literature organisations are less interested—only a fifth expect to be doing this by the end of 2015.^{xxvii} The qualitative responses captured, however, sound a note of caution with some organisations, such as Bootworks Theatre Collective, reporting that crowdfunding has not worked for them, reminding us that not all organisations will experience positive impacts from such tools:

The 'promise' that crowdfunding is a worthy alternative to public subsidy: a huge let down. People in our sector tend to analogueise this process as akin to 'passing a fiver round'. I help fund my art-friend's project, and at some point they pass the fiver back as they help fund mine!

Bootworks Theatre Collective

The predicted growth in both crowdfunding and online donations suggests that competition in this area may intensify in the next 12 months. Some respondents also question the capacity of the market to reward such efforts, and its suitability for different types of activities, for example:

'We attempted crowd-funding and concluded this was ill-suited to small organisations wishing to raise funds for relatively everyday activities. Amounts raised were laughably small'

Performing group

These developments also raise questions about how funders and policy makers can best support the use of such technologies.

Early adopters are even more focussed on revenue-generating activities

When asked how fast they generally adopt new technologies in relation to their others, 4% of respondents say they are generally the first ('innovators') and 24% see themselves as among the first ('early adopters').^{xxviii} Early

adopters show slightly higher interest in crowdfunding: 24% of early adopters are looking to make use of this for the first time in the next year compared with 21% in the sample as a whole. 22% of innovators are planning to start selling products or merchandise online in 2015 and 22% hope to be producing educational interactive experiences in 2015 compared with 16% and 12% respectively.



Pop Up Play is a new interactive arts education tool being developed with support from the Digital R&D Fund.

Source: The Spark Arts

Some organisations may still need support to get the basics right

Looking across organisations of different types and sizes, some digital activities are now becoming near-ubiquitous in the arts and cultural sector. By the end of next year, most organisations expect to be doing four core activities:

- 1 running their own website (95%),
- 2 publishing content onto free platforms like YouTube and Facebook (92%),
- 3 e-mail marketing (88%),
- 4 publishing content onto their own site (85%).

As can be expected for 'mature' digital platforms, these activities are seeing among the lowest rates of growth: they appear in Figure 9 towards the bottom of the chart. Even in the case of museums, for example, where one third of respondents are not yet using e-marketing, very few are planning to implement it in 2015.

This raises the question whether persisting barriers are preventing some organisations from getting these fundamental activities in place.

Barriers remain and new challenges are emerging

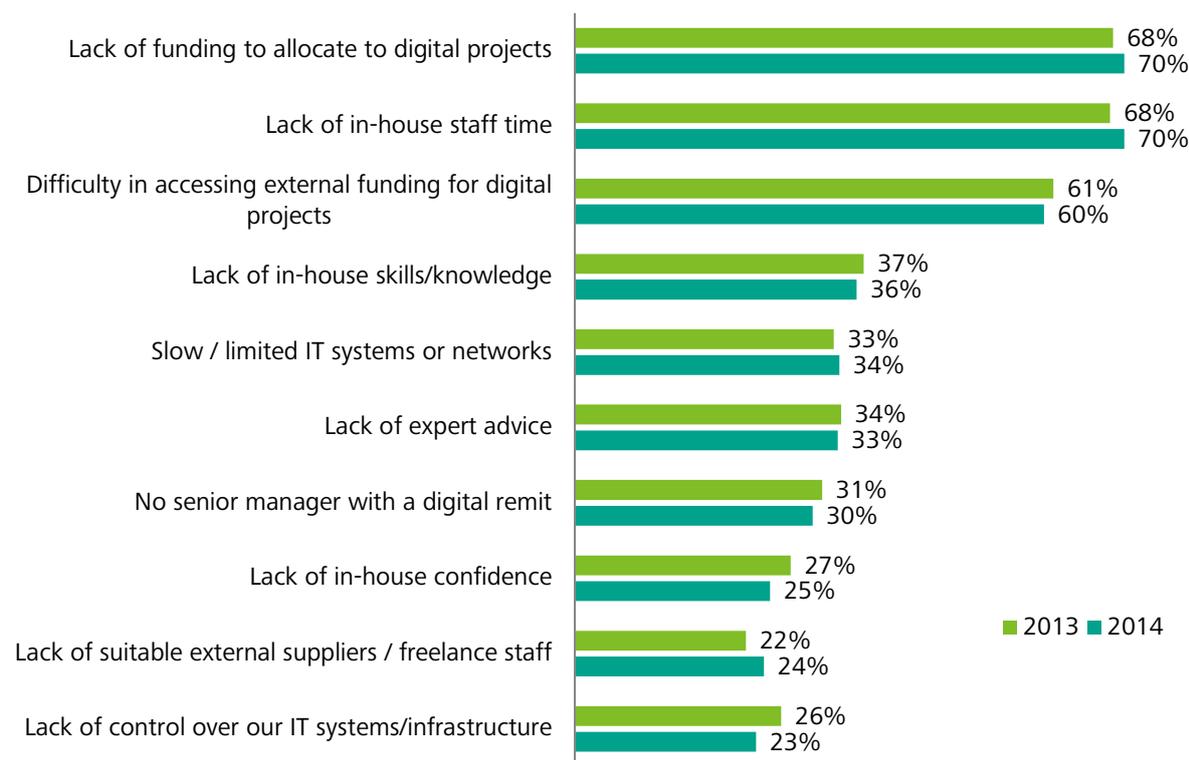
Although the survey reveals a sizeable number of organisations who have ambitious plans for their use of technology in 2015 (75% of organisations are planning to introduce at least one new activity in the next 12 months), they and other respondents report important barriers to achievement of their digital ambitions.

The quantitative results suggest that none of the barriers have increased or reduced significantly, as shown in Figure 10. For example, 70% of arts and cultural organisations cite lack of funding and time, and over a third still feel that they do not have the in-house skills, the IT systems or the necessary expert advice to meet their digital aspirations.

Some qualitative comments shine a light on industry-specific barriers, such as access to data in the performing sector:

It is challenging to embed a CRM system within the organisation and make it work effectively when there is a lack of data provided by venues we tour to—this reduces considerably the intelligence we can use when marketing and fundraising.

Small performing group

Figure 10: Top 10 barriers to achievement of digital aspirations^{xxxix}

2013 n=881, 2014 n=942

One-quarter of late adopters say that digital technology isn't valued in their organisations

Reported barriers to technology adoption vary greatly depending on how digitally sophisticated organisations perceive themselves to be. So, in 11 out of 13 of the areas surveyed, 'late adopters' (who say they are generally among the last to try new technologies) are significantly more likely to feel that this is a barrier to achieving their digital aspirations.^{xxx} In some cases the difference is particularly pronounced—27% of late adopters feel that digital is not valued at their organisations, compared with just 4% of early adopters.

The two barriers that are felt similarly across the sector relate to the ability to access internal and external funding. Indeed, early adopters are actually significantly more likely to feel external funding to be a barrier to achievement of their aspirations—67% report this compared with 57% of late adopters.^{xxxi}

Another area that has seen little change since 2013, is the skills gaps felt by arts and cultural organisations. Respondents report a statistically significant

improvement in just one out of the 13 areas tested in the survey—even here, the proportion that feel under-served for database management and CRM has fallen from 40% to just 36%. In all other areas, however, access to skills either through in-house resource or external support is still a gap for some organisations. Some respondents also suggest that there is an opportunity to improve understanding among senior staff members.

Consistent with 2013, only 22% of organisations feel adequately served in all 13 areas.^{xxxii}

Both in terms of barriers and skills it seems that growing digital capacity remains an ongoing challenge for a majority of organisations.

“

‘Lack of funding and training with older company members to help them grasp digital technology leads to compartmentalisation and specialisation of language’

A small theatre company

Conclusions

Taken together, the survey results point to an arts and cultural sector in England that is increasingly comfortable with digital technologies, and in which many are seeing tangible benefits.

In 2013 the importance of digital technology was being most strongly felt in marketing, preserving and operations, and this year an increased proportion of organisations are feeling the importance of digital on their revenue-generating and business model functions. This is reflected in expectations for 2015, with crowdfunding, online donations and merchandise sales reported as the activities likely to see the most growth.

The *impact* of digital technology has increased too, both in an overall sense and also on particular areas, most notably business models and audience engagement. It does not seem, however, that organisations are achieving this by doing a greater number of discrete digital activities – take-up of new activities in the past year has slowed considerably. This suggests perhaps that organisations are becoming more effective in their use of digital technology, since impacts are increasing faster than are levels of activity.



Miracle Theatre is exploring the digital distribution model for small theatre companies, with Digital R&D funding.

Source: Miracle Theatre

However, museums and performing groups (particularly the smaller ones), do not appear to be sharing equally in the potential benefits of digital technology. These groups are adopting new technologies at a slower pace, and fewer are seeing major impacts from digital technology on their overall mission.

Building digital capacity remains a challenge – the barriers and skills gaps faced by the sector have not shown any significant change. Next year's report will continue to track the trends identified, and monitor the evolution underway. Longitudinal analysis will also permit insights into what technology-related changes organisations can make to enhance their performance.

Alongside this main report are six fact sheets, which highlight key facts for the six main subsectors included in the study:

- 1 Museums
- 2 Galleries
- 3 Performing Arts Venues
- 4 Performing Groups
- 5 Combined Arts Centres
- 6 Festival and Events.

The data is also available publicly through a dedicated online portal, in the hope that the study can be a valuable resource for others in an ever-changing digital landscape.

Organisations are able to compare their answers with others of a similar type, size and location, and anyone interested can filter the full sample to view the results for a particular part of the sector.

Further Resources

Key resources that readers can explore to find out more.

Fact sheets

Alongside this 2014 report are a [series of fact sheets](#) which highlight key findings for the six main subsectors included in the study: Museums, Galleries, Performing Arts Venues, Performing Groups, Combined Arts Centres, and Festival and Events.

Portal

The data is also being shared publicly in a dedicated [portal](#), in the hope that the study can be a valuable source of inspiration and information in the ever-changing digital landscape. Participants are able to compare their own answers organisations of a similar type, size and location, and anyone interested can filter the full sample to view the results for a particular part of the sector.

Technical details

The [2013 report](#), questionnaires and information about the [background of the study](#) are also publicly available.

Native

For more information about funded projects and digital R&D stories from around the world, visit Native: Magazine of the Digital R&D Fund for the Arts at artsdigitalrnd.org.uk

Twitter

Connect with the Digital R&D Fund on Twitter [@digitalrnd](#) or using the hashtag [#artsdigital](#).

Abbreviations

ACE	Arts Council England
AHRC	Arts and Humanities Research Council
CRM	Customer Relationship Management
MPM	Major Partner Museum, in receipt of multi-year funding from Arts Council England
NPO	National Portfolio Organisation, in receipt of multi-year funding from Arts Council England
R&D	Research and Development
SEO	Search Engine Optimisation

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Dick Penny

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End notes

i This question was asked as a score out of 5: “Major impact” = 5 out of 5; “Fairly major impact” = 4 out of 5

ii *Digital Culture* 2013 (n=890) all respondents to this question

iii Total universe size of 6,503, including 693 NPOs and 1,138 museums

iv All respondents to this question: 2013 n=891, 2014 n=941. Increase in business models is statistically significant at a 95% confidence level

v The question was: How important is digital technology to your organisation overall, at the present time, in each of the following areas?

vi Whole sector n=947; organisations who see digital as important to business models n=309

vii Multi-arts centres: 2013 n=46, 2014 n=91; Performing arts venues: 2013 n= 62, 2014 n=64; Museums: 2014 n=91; Large organisations (defined as having a turnover of more than £500,000 per year) n=278; Small organisations (defined as having a turnover of less than £100,000 per year) n=297

viii 10 data-driven activities were tested in the survey. These were: Use audience/visitor contact details to send out newsletters (e.g. by email); personalise and tailor different marketing, sales and/or fundraising campaigns for different types of user; improve our website; use data to administer and improve membership schemes; inform the process of developing/commissioning creative art works, events or exhibitions; inform the process of developing new commercial products or services; to develop our online strategy (e.g. investment and social media presence); use data to inform the broader strategic direction of our organisation; use data to understand our audience better through data analysis, segmentation and/or profiling; use data to identify and engage with our most valuable audience members, visitors and supporters

ix Organisations with venues n=355; Organisations without venues n=580; Large organisations n=272; Small organisations n=298

x All respondents to this question: 2013 n=879, 2014 n=940

xi The question was: Thinking about how you use audience or visitor data (generated either through your own website, social media or through offline engagement), which of the following activities do you do?

xii All respondents: 2013 n=891, 2014 n=947

xiii Website respondents: 2013 n=873, 2014 n=916; Facebook: 2013 n=818, 2014 n=871; Twitter: 2013 n=758, 2014 n=817. Website audience defined as average monthly unique visits, data provided by organisation as part of the survey

xiv The questions were: Approximately how many monthly unique visitors does your organisation’s main branded website receive? Please give us an average for the past 12 months. Please give us the answer in total, which might be global rather than UK-only. How many fans / friends does your organisation have on its Facebook profile(s) at present? How many followers does your organisation have on its Twitter account(s) at present?

xv All respondents to this question n=887 2013; 2014 n= 944

xvi Respondents to this question: n=923. Figures are the proportion that believe the statement describes them well (score of 4 or 5 out of 5)

xvii The question was: Please think about the following social media activities. To what extent does each of these statements describe your organisation currently? Chart shows the percentage of organisations that agree that the statement describes them well

xviii All respondents: 2013 n=891, 2014 n=944; Performing arts venues 2014 n= 63; Galleries 2014 n=51

xix I by Gina Czarnecki (UK). Developed in collaboration with Professor John Girkin and Cristiana Cavina-Pratesi, produced by Forma. Supported by a Wellcome Trust Arts Award and Durham University. Originally commissioned and produced by Artichoke for Lumiere Durham, 2013.

xx Multi-arts centres n=91; Performing arts venues n=64; Small organisations n=298; Large organisations n=277

xxi The question was: Thinking back over the past 12 months, would you say your organisation's use of the internet and digital technology has had a MAJOR positive impact, a MINOR positive impact, or NO positive impact at all on each of the following?

xxii All respondents to this question: 2013 n=880, 2014 n=943. Note that the question here was changed from 2013 to 2014: in 2013 60% of organisations reported a "major impact" as opposed to a "minor impact"; in 2014 73% of organisations scored the impact as 4 out of 5 or 5 out of 5, where 3 = "minor impact" and 5 = "major impact"

xxiii Heritage organisations 2013 n=104; heritage organisations 2014 n=87

xxiv The question was: Overall, how great an impact do you feel digital technology has had on your organisation's ability to fulfil its mission effectively?

xxv Whole sector n=945; major positive impact organisations (answered 5 out of 5 for level of impact) n=321

xxvi 2014 data comes from this question: thinking about your organisation's digital activities, please indicate which of the following your organisation currently does. (n=947)

2015 data comes from this question: Which, if any, of the following activities is your organisation actively planning to introduce over the next 12 months? (n=946)

xxvii Large organisations n=278; small organisations n=299; theatre n=248; combined arts n=132; literature n=58

xxviii All respondents n=945; Innovators: n=36 "We are generally the first to try new technologies"; Early adopters n=255 "We are generally among the first to try new technologies"

xxix The question was: To what extent do you see each of the following as barriers to achieving your organisation's aspirations for digital technology? Respondents scored barriers out of 5 – here a barrier is defined as 4-5 out of 5

xxx Late adopters n=128 "We are generally among the last to try new technologies" and "We are generally the last to try new technologies"

xxxi Early adopters n=255; late adopters n=126

xxxii All respondents: 2013 n=891, 2014 n=947