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***Digitisation – How to fully exploit  
opportunities?***

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The EENC was set up in 2010 at the initiative of Directorate-General for Education and Culture of the European Commission (DG EAC), with the aim of contributing to the improvement of policy development in Europe. It provides advice and support to DG EAC in the analysis of cultural policies and their implications at national, regional and European levels. The EENC involves 17 independent experts and is coordinated by Interarts and Culture Action Europe.

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## **The cultural sector in the digital context**

Today digital trends are increasingly interloping with the world of culture and arts, involving different aspects of convergence of cultures, media and information technologies, and influencing new forms of communication. The impact of digital technologies and digital networks has transformed all aspects of culture – online and offline. While part of the culture sector is still, in many ways, at the beginning of its journey to exploit and use these technologies culture fans have never had such a choice and ease access to licensed music, films and books. 'Culture at the touch of a button' is the motto of digital users and many cultural and creative industries. Keeping pace and being in touch with its users is crucial for the culture sector, as more and more citizens turn to digital network-based resources to search for information, communicate, share, contribute to joint projects, shop or enjoy entertainment activities. The ways in which we consume, share and create cultural content have indeed changed. The role of users has become more prominent as they become co-creators of the digital content. In the explosion of available information and communication going on in the digital network environment, information about culture can be found in many different sources – amateur as well as expert ones - and the cultural sector must compete for users' attention and integrate users' changed expectations, tastes and habits.

With the spread of pervasive computing based on embedding ICT-based elements into the ambient background of local physical spaces (e.g. GPS, RFID and mobile phones), another shift is taking place – the one in which our experiences of digital technologies move from the virtual foreground (or the computer screen) to the material background. This means that reality has also been transformed into information space where material objects become media objects as they potentially are transformed into information flowing through global networks. This represents the changed context in which the cultural sector operates today, in which engaging with culture and the arts through digital media is becoming a mainstream activity for today's citizens. In this process, the young generation is leading the way but the rest of the population is starting to catch up.

## **Digital shift: challenges and opportunities**

From the point of view of the cultural sector, the Internet can be simultaneously used for a variety of purposes – as a platform to launch new artistic projects or to distribute content, as an audience development or a marketing tool, or also for e-commerce, etc. Digital distribution of cultural and creative content, being cheaper and quicker, enables authors and creative industries to reach new and larger audiences. Digitisation of content is reducing duplication and distribution costs. The internet has great communication and business potential. The music industry reports the spectacular growth in digital revenues, up more than 1000 percent in the last seven years<sup>2</sup>, while the book sector has a strong business potential, partially due to the prospect of the emergence of e-readers which will allow the development of electronic books. On the other hand direct revenue opportunities seem to be limited for part of the cultural sector, while developing online services carries additional costs.

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<sup>2</sup> IFPI digital music report 2011. Music at the touch of a button.

The cultural sector needs to push ahead with the creation, production and distribution of digital content. This requires innovative business models, through which content would be accessed and paid for in many different ways, that achieve a fair balance between right-holders' revenues and the general public's access to content and knowledge. In order to build sustainable operating models - the entire cultural sector (public cultural institutions, NGOs and creative businesses) needs to integrate the digital space into their overall business strategies– by engaging with the audience, networking and forging partnerships in their online and offline activities.

### ***Opening content***

The cultural sector is the custodian and communicator of our recorded cultural memory, and of its many different forms (literature, performing arts, visual arts, music, heritage, etc.). In order to stay culturally alive the audience must be able to appropriate this content and use the related references in their communication and creative processes. One of the fundamental aspects of our cultural memory, in addition to communication, is access to culture. But ways of access and participation are constantly changing and today, digital networks provide new opportunities. Even though classic cultural forms and institutions are important enablers of access to cultural services, cultural audiences are entering into the cultural experience in new ways in the online environment. The booming user-generated-content trend is a clear indication that users have plenty of interest in co-creation but, still, many cultural organisations struggle with the idea of allowing users to interact with the content they have in their safekeeping and share it. Although this issue raises questions related to copyright and content licensing once these issues are solved, user-generated-content could provide new opportunities – by allowing users to tag cultural content, to use it and share it, cultural organisations could gain greater audience engagement and commitment.

### ***Engaging audiences***

#### *What users want*

The old logic of online services and web content provision based on the 'supply through your website and users will come' premise, has proven ineffective. The demand side –the users, their habits, expectations and tastes – plays a significant role in achieving success in the digital space. Putting needs of users (what users want) in relation with available tools gives rise to new (and sustainable) services. Thus, understanding the possibilities that digital networks bring as well as the users' expectations, motivations and interests is crucial for the cultural sector. What users do and how they interact with available content, where or with whom, whom they trust, where they look for information, which niches can be spotted and addressed is useful knowledge, helpful to identify barriers that might be present on cultural organisations websites, channels or other type of network profiles<sup>3</sup>. Monitoring systematically the changing trends of audience engagement with on-line and off-line culture would ensure the cultural sector to make informed decisions on how to steer the development of their activities in the context of digital networks.

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<sup>3</sup> A study conducted jointly by Arts Council England, MLA and Arts&Business looked at *Digital audience: Engagement with arts and culture online* in the UK, and has provided a useful insight into who engages with culture online and via mobile devices, looking at behaviour, attitudes, spending patterns, barriers and future trends and to how these correlate with offline cultural consumption. MTM London, *Digital Audiences: Engaging with arts and culture online*, London, Arts Council England / MLA / Arts&Business, 2010.

*Engaging users through digital platforms – using social and locative media*

Today online presence means much more than just having institutional websites running and expecting users to come. In the network context information overload on one side and attention scarcity on another influence what users see. **Social media** (Facebook, YouTube, Twitter, MySpace, Flickr, etc.) are becoming dominant platforms for content creation and sharing, through which people talk, listen and share, or promote issues, raise awareness and campaign for causes they feel passionate about. Social networks offer cultural organisations the possibility of reaping benefits from reaching out to potential audiences - those which are culturally engaged but have not been previously engaged with a specific cultural organisation. Marketing opportunities in social networks need to be acknowledged and taken advantage from just as, through their network of peers, users are getting informed about cultural events and spread the information among their circle of friends. Communicating through digital networks is not about just getting a message out there (to broadcast) to a large and undefined group; it is, rather, about communicating and engaging in the right context with the particular groups what marks successful communication. Social media provide tools through which it is possible to find different online niche communities which are interested in the issues that cultural organisations promote and facilitate group dialogue. The conversations in social networks happen within a trusted network of peers (which includes users' personal network of friends, work colleagues or wider peers) that are interlinked among them; consequently, what is being communicated matters to collocutors who respond to what they find interesting, fun or relevant and further share it through their own network of peers. This trend supports Yochai Benkler's claim that *"attention in the networked environment is more dependent on being interesting to an engaged group of people than it is in the mass-media environment, where moderate interest to large numbers of weakly engaged viewers is preferable"*. Cultural organisations should take this into account when considering their communication strategies towards their targeted audience.<sup>4</sup>

Another shift which marks the current development of digital culture is related to **mobile Internet** in which the use of smart hand-held communication devices like the iPhone, iPad, etc. combines physical location and digital mobility, and provides possibilities for the fusion of digital and physical experiences. New mobile apps, social gaming and augmented reality have turned the phone into a communication device bursting with information, consumption, production and connection potential. Such new types of communication platforms allow not only for possibilities of engaging users in conversations and getting their reactions instantly on the social networks (Twitter, Facebook, YouTube, Flickr...) while attending cultural venues; they also allow for possibilities of augmenting their live experience on the spot (rather than replacing it). By fusing digital and physical experience – i.e. by connecting a cloud of data on exhibited art with the objects on exhibit – museums and galleries can turn their existing content into a living, multi-faceted experience for visitors, giving them the possibility to learn more about the items that they find particularly interesting<sup>5</sup>. The fusion of digital and physical experience also enables extending cultural projects beyond the walls of cultural institutions and overlaying particular physical locations with additional information (visual or textual) through the use of iPhone Apps, QR Codes<sup>6</sup> and 3D browsers<sup>7</sup>. Such projects<sup>8</sup> are mainly still ahead

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<sup>4</sup> Yochai Benkler, *The Wealth of Networks. How Social Production Transforms Markets and Freedom*, New Haven and London, Yale University Press, 2006.

<sup>5</sup> For example Tate has, in collaboration with Apple, placed the iTouch/iPhone technology into the hands of the audience to guide them through exhibition spaces. *"What's interesting is that most people spend about 40mins [in the Tate], in an exhibition, with an iTouch you're actually in there for 3 hours, it wasn't until the battery ran out that they actually got out of there. So there is clearly an appetite for people to navigate their own content experiences."* (Will Gompertz, Director at Tate Media, quoted in Rebecca Newland-Pratt, *Arts, brands and user-generated content. An exploration*, London, Arts&Business, 2010).

<sup>6</sup> QR code is a specific matrix barcode (two-dimensional code), readable by dedicated QR barcode readers and camera phones. Users with a camera phone, equipped with the correct QR reader application, can scan the

of curve and the cultural sector should be well-advised to explore the potential to be gained from engaging in this kind of development.

### **Digital networking and cooperation opportunities**

As artists, researchers and other cultural professionals are drawn into a network paradigm what tools, suitable for collaboration, could the cultural sector use? What are the limits of the current ways in which we organize virtual communication (web pages, emails, mailing lists, portals, social networking sites)? How can the full collaborative potentials be achieved? Can networks provide a space for sustainable knowledge-sharing and production? With the wide spread of digital networks, cultural networks have started considering using virtual space to support their communication needs and this has mostly resulted in the setting up of their own websites or portals. But, in addition, since they enable for a new way of collective actions and for the creation of large and distributed collaborative groups, digital networks have ensured a new ease of assembly. The emphasis has thus shifted from information to communication and cooperation. Network members can participate, on a voluntary basis, in group activities (online and offline) with the aim to achieve *sharing* of information and knowledge, *cooperation* and sometimes a *collective action*<sup>9</sup>.

Cultural networks are, in most cases, successful in achieving sharing via virtual platforms but, in order to be successful in cooperation and particularly in collaborative actions, a group must have a shared vision, strong enough to bind the group together. The mere technical possibility is not enough to produce a successful outcome. Creating a kind of effective hybrid between a tool and a community able to harness the possibilities of digital networks and merge them with existing cultural networks is not an easy task, since these have their established logic of cooperation. Therefore, new digital tools

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image of the QR Code to display text, contact information, connect to a wireless network, or open a web page in the phone's browser. This act of linking from physical world objects is known as a hardlink or physical world hyperlinks. (see more info on Wikipedia)

<sup>7</sup> Example: The *Layar Reality Browser* (first launched in 2009) displays real time digital information on top of reality in the camera screen of the mobile phone. While looking through the phone's camera lens, a user can see houses for sale, popular bars and shops, virtual art objects, tourist information, play a live game, etc. The Layar platform serves as an enabler for mobile location services – any database with geo-location information can be turned in a content layer. <http://site.layar.com/create/platform-overview/> .

<sup>8</sup> Some examples of the projects exploring fusion of digital and physical experience include: AMS 3.0 - mobile GPS tours of Amsterdam (<http://www.waag.org/project/amstours>); Netherlands Architecture Institute's UAR - urban augmented reality mobile app ([http://www.nai.nl/tentoonstellingen/3d\\_architectuurapplicatie/item\\_1/\\_pid/kolom2-1/\\_rp\\_kolom2-1\\_elementId/1\\_601695](http://www.nai.nl/tentoonstellingen/3d_architectuurapplicatie/item_1/_pid/kolom2-1/_rp_kolom2-1_elementId/1_601695)); the Powerhouse museum augmented reality (AR) mobile app - drawing images from the museum's Flickr collection and presenting them via the Layar platform (<http://www.powerhousemuseum.com/dmsblog/index.php/2010/04/16/new-version-of-powerhouse-museum-in-layar-augmented-reality-browsing-of-museum-photos-around-sydney/>); or artistic intervention 'We AR in MoMA' done in October 2010 by two new media artists at the Museum of Modern Art in New York that involved placing numerous extra virtual artworks in the galleries and introducing an additional (virtual) floor – at the top of the MoMA building by using augmented reality (<http://www.scottbillings.co.uk/?p=88>).

<sup>9</sup> Digital networks enable easy sharing through platforms that cultural networks can use, as sharing has the fewest demands on the participants. According to Clay Shirky cooperation is more difficult to achieve than sharing, because it *'involves changing your behavior to synchronize with people who are changing their behavior to synchronize with you'*. This also creates group identity – transforming many 'I' to 'we'. The hardest kind of group effort is, according to Shirky, collective action, as it requires a group to commit to undertaking an effort together. There are, according to Shirky, three kinds of group undertakings, each with various levels of difficulties and with different outcomes: *'Information sharing produces shared awareness among the participants, and collaborative production relies on shared creation, but collective action creates shared responsibility, by tying the user's identity to the identity of the group'*. (Clay Shirky, *Here Comes Everybody. The Power of Organising Without Organizations*, London, Penguin Group, 2008.)

do not create our collective action; they simply remove the obstacles for it, as we now have many-to-many tools that support and accelerate cooperation and action.

### ***In search of sustainable business models***

In today's digitally infused society, which are the possible business models that could support the cultural sector, often operating on a tight budget? Which are the key resources that cultural organisations have at their disposal? Who are the potential partners? How to generate sustainable revenue – being entrepreneurial while preserving public access to cultural infrastructure?

Direct revenue opportunities from digital engagement such as subscription services, download stores, streaming, free-to-user sites and video channels are booming among creative and cultural industries. And new offerings keep on coming.

However, part of the cultural sector is striving to find revenue models that support the social and cultural values. The potential to engage audiences in the digital environment is subject to the considerable challenges facing the cultural sector. Some cultural institutions lack expertise related to the use of digital technologies and how to apply them innovatively to improve the organisation's activities as well as to support its main mission<sup>10</sup>. How to embrace participatory practices and harness user-generated content? Where to get resources – money and knowledge - needed to explore this potential in innovative ways? The focus on the business model should be placed on audience or users as without them there is no revenue, but this needs to be complemented by adequate partnerships and viable revenue models.

#### *Generating revenues through fundraising*

The cultural sector still lacks a clear view on how cultural organisations' social goals relate to their commercial activities and the sector needs to broaden its outlook, try to find the right balance and adequate tools to be able to generate sustainable revenues. E-commerce, fundraising, advertising, sponsoring and branding should all be explored as possible additional revenue models.

Fundraising tools are nowadays readily available on the internet. Fundraising apps for Facebook, Twitter and mobile phone are growing. Facebook Causes is an example of such an application, but there are other examples like JustGiving app, Chipln, Twitpay, etc. In addition, crowd-funding, mobile fundraising and micropayments are also models towards which the cultural sector and creative businesses are turning as possible fundraising tools. Indeed, online fundraising tools provide people with the ability to mobilise their social networks. They have been designed for effortless sharing and they allow asking users to support a cause by suggesting a recommendation or making a donation.

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<sup>10</sup> Creativity and innovation are keywords by which technological enterprises often describe their core mission and so do cultural organisations. Often cultural institutions lack knowhow on technological issues in developing digitally-based projects. Finding suitable partners with technological expertise who have interest in developing innovative services and engage users through communication platforms that they are creating is a model that has been tried out as an attempt to reach beyond contractor-client models. In attempts to promote their brands, commercial businesses have shown that they can be quite innovative in using the possibilities of digital technologies to develop innovative online marketing campaigns. Examples of commercial partners promoting their brands through digital arts participatory projects where a commercial partner is presenting itself as the enabler of a creative idea or facilitator of a creative connective project can be found (See the Arts&Business commissioned paper 'Innovations for the future – Digital technology and culture: case studies', by Simon Fogg (2010)). It is also necessary to consider if partnerships based on jointly investing in cultural projects can be realised. If so, it has to be clearly defined under which conditions commercial partners can exploit the content (exclusively – e.g. Google books, or non exclusively - Creative Commons) and what is the added value gained for cultural organisations and users.



Such tools connect between donations and expressions of values by ‘breaking down the barriers between giving, activism and awareness-raising’<sup>11</sup>. By addressing an audience with which a given cultural organisation engages in dialogue and therefore might feel a shared ownership over a project, it might be easier to motivate users to get engaged with the cause. Nevertheless, having digital tools at one’s disposal is helpful but does not, automatically, guarantee any results. Internet has broadened the range of tools available to fundraisers but it has not fundamentally changed the ways in which organisations fundraise. Success or failure is still largely based on the work that organisations carry out and how they communicate with potential donors. Thus, convincing messages and the nurturing of relationships with donors are still the key elements for success.

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The digital technologies that we use today cannot be simply understood as tools to help overcome particular limitations; they are becoming the environment for many cultural experiences. Major changes are taking place in the operating environment for public cultural organisations, private creative businesses with the emergence of digital networks. If the digital context brings both opportunities and challenges for cultural organizations and businesses alike, many cultural organisations still need to develop an integrated strategy for activities in both online and offline realms so that they can cross-fertilize each other.

New models and sustainability agendas are not only about funding. Ensuring continuity for the cultural sector in which entrepreneurship is encouraged, and artistic and cultural goals are supported and sustained by viable business models is equally important. Combining physical and digital events and activities into an integral model in which ideas, products and staff cross-fertilise each other could be a step in the right direction to guarantee the sustainability of the cultural sector. Success depends, in fact, on securing viability while achieving the cultural sector’s long-term objectives.

### **Some questions for discussion**

- In today’s digitally infused society, what are the possible business models that could support the cultural sector, often operating on a tight budget? How could the social goals of the cultural sector relate to their commercial activities? How can we generate sustainable revenues?
- What would be the adequate ways to ‘measure success’ of the online activities of the cultural sector in the context of digital networks?
- How to embrace participatory practices and harness user-generated content? Where to find the resources – money and knowledge - needed to explore this potential in innovative ways? Which obstacles are we facing? What are the new issues raised in terms of i.a. copyright, content licensing, etc., and does cultural policy regulation adequately support such developments?
- What do users want? Are we responding to their needs?

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<sup>11</sup> Megan Griffith, *Charitable giving and fundraising in digital world*, London, NCVO, 2007.