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THE IMPACT OF COVID-19 ON THE PERFORMING ARTS SECTOR

EXECUTIVE SUMMARY

This research aims to analyze **the impact of Covid-19 pandemic** on the Performing Arts sector and **the overall sentiment and outlook of its executives regarding the future of the sector**. The final goal is to understand how institutions could **rethink their post-pandemic strategies**.

Data from **41 top performing arts institutions** were analyzed across **6 countries** (France, Germany, Italy, Spain, UK and USA). The data was collected through a **sentiment analysis survey** and gathering of institutions' financial data, where that was available. Although research is still open and ongoing, the aim of this executive summary is to present some key preliminary findings, given the urgency of tackling the sector's issues.

The following key insights were discovered:

- **92.7%** of the sample reported a very strong impact of COVID-19 on their institution. Due to COVID-19, institutions are most worried about (1) economic uncertainty, (2) sanitary restrictions to performances, (3) lack of audience to attend live performances.
- While both European and American institutions were negatively impacted by the pandemic, different trends exist. The largest difference is reported to be in the % change of the number of full-time employees, which reflects **much greater layoffs in the US** than in Europe.
- The top 5 competences required for the future of the Performing Arts sector are **audience engagement, digital competences, marketing and communication, new managerial approaches, and fundraising**.
- The most needed skills for the future are different in Europe and the US. The largest difference is represented by **fundraising skills, which are more needed in the US**. This can be linked to American institutions being less reliant on public funds, and thus having a greater need to find other private funding sources. **Audience engagement and marketing** are seen as necessary in both territories, while European institutions seem to need more **digital competences** than their US counterparts.
- For what concerns institutions' **revenue models**, the differences between Europe and the US cause dissimilar situations in the two geographic areas. As **European institutions receive a larger share of public funding**, they could rely on a more secure 'safety net' during the crisis. Indeed, **80% of American**

executives are worried about their institutions' future financial position, while only 58% of European executives are.

- **Private funding has a stronger positive impact on innovation** and as US institutions rely on it to a larger extent, they may have a stronger tendency towards innovation. The research shows that **the higher the dependence on both public and private funding, the higher the institutions' willingness to change.** Surprisingly, there is a lightly reversed trend showing that **the higher the dependence on direct revenues, the lower the need for change.**

The research has demonstrated that 9 out of 10 executives reported a strong negative impact of Covid-19 on their organisation. Although expected, this number illustrates how severely the performing arts sector was hit by the pandemic.

Revenue models significantly differ between the two territories considered, with Europe being generally more reliant on public funds compared to the US. The differences in the effect of the crisis on American and European institutions proves the importance of government support for the survival of the sector. At the same time, the research shows that private funding stimulates innovation in institutions, which could be crucial for their long-term success.

While executives believe that audience engagement, marketing and digital competences are important for the future of the sector, it was surprising to see business partnerships as the last on the list of priorities, despite a potential for bringing in additional revenue streams and achieving a competitive advantage.

Finally, the results of this research show it is probably time for the performing arts sector to start a debate about the need of rethinking strategies and business models, to ensure both economic survival and innovation. In the light of the fast-changing and uncertain environment, the ability to adapt is needed now and will become even more relevant going forward.

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