

THE IMPACT OF COVID-19 ON THE PERFORMING ARTS SECTOR

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November 17th, 2020

- The research aims to analyze **the impact of Covid-19 pandemic** on the Performing Arts sector and **the overall sentiment of the Performing Arts executives' regarding the future of the sector.**
- This has been carried out through a survey, collection and analysis of financial data (subject to availability of the data).
- The **areas which have been investigated** are:
 - 1** **Top executives' overall outlook** about the sector's future;
 - 2** The ways Performing Arts institutions could **rethink their strategies** post-COVID-19
- Although the **research is still ongoing**, this report aims to provide some key preliminary findings to institutions and decisionmakers, given the urgency to tackle the sector's managerial issues.

ITALY

- Arena Sferisterio
- Donizetti Opera Festival
- Fondazione Haydn di Bolzano e Trento
- Orchestra Filarmonica Campana
- Rossini Opera Festival
- Società del Quartetto di Milano
- Teatro alla Scala
- Teatro Comunale di Bologna
- Teatro Comunale di Ferrara
- Teatro Franco Parenti
- Teatro Sociale di Como Aslico
- Teatro Massimo
- Teatro Regio di Parma

FRANCE

- Opéra Paris
- Opéra Nationale de Lorraine
- Opéra de Massy

SPAIN

- Festival de Granada
- Fundación Juan March
- Orquesta de la Comunidad de Madrid (Fundación ORCAM)
- Teatro de la Maestranza
- Teatro de la Zarzuela
- Teatro Maria Guerrero

GERMANY

- Bayerische Staatsoper
- Bochumer Symphoniker
- Deutsche Staatsoper Berlin
- Elbphilharmonie Hamburg
- Kölner Philharmonie
- Nationaltheater Mannheim

THE UK

- Edinburgh Festival
- Royal Opera House
- Scottish Opera

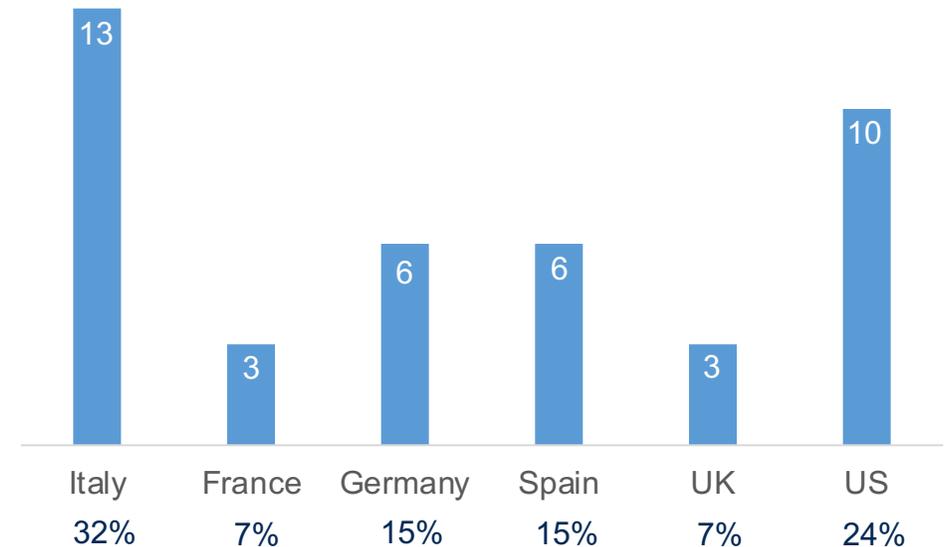
THE US

- Buffalo Philharmonic Orchestra
- Blumenthal Performing Arts
- Kimmel Center for the Performing Arts
- Lyric Opera of Chicago
- Nashville Symphony (Schermerhorn Symphony Center)
- Performing Arts Fort Worth
- Santa Fe Opera
- Seattle Opera
- Si-Yo Music Society Foundation
- Peace Center

41 top Performing Arts (PA) institutions

across **6** countries

Institutions by geography



Main categories of institutions:

- Opera Theaters;
- Auditoriums and Music Halls;
- Symphonic Orchestras;
- PA Foundations and Other PA Institutions¹.

¹ Institutions that were focusing on more than one of the above Performing Arts fields, as well as on additional ones

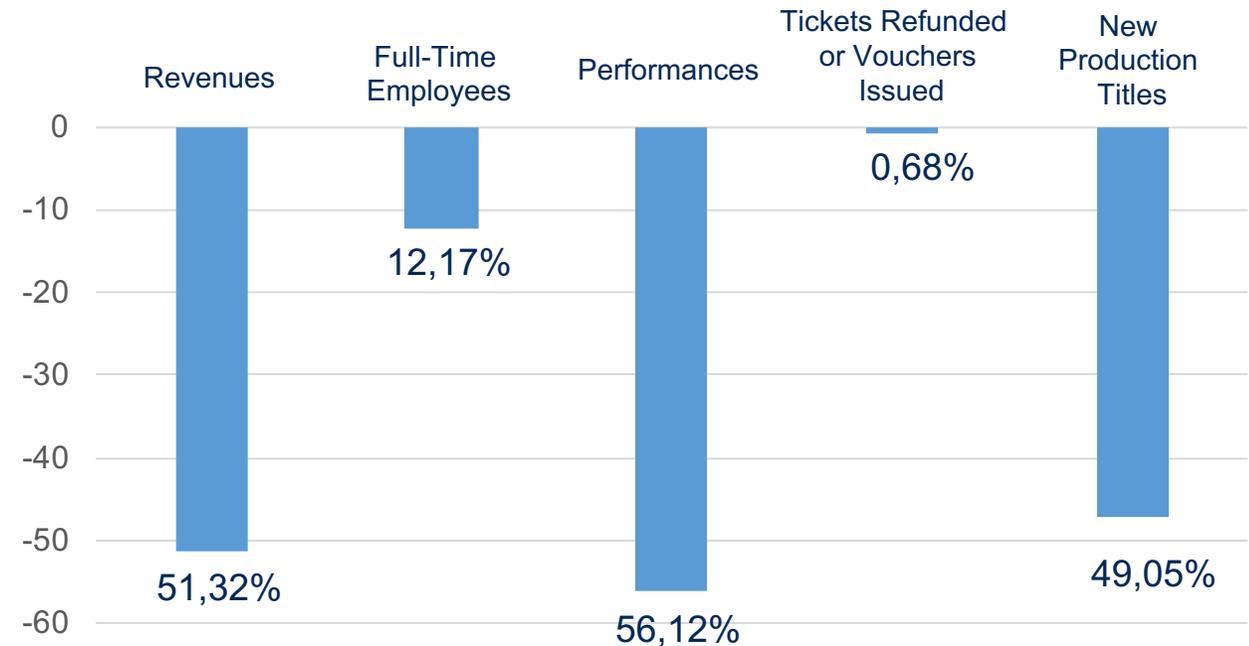
92.7% of the sample reported a **very strong** impact² of COVID-19 on Performing Arts institutions

Most severely impacted areas

- 1 Number of performances
- 2 Institutions' revenues
- 3 Number of new productions

In general, COVID-19 had a negative impact on all the areas considered.

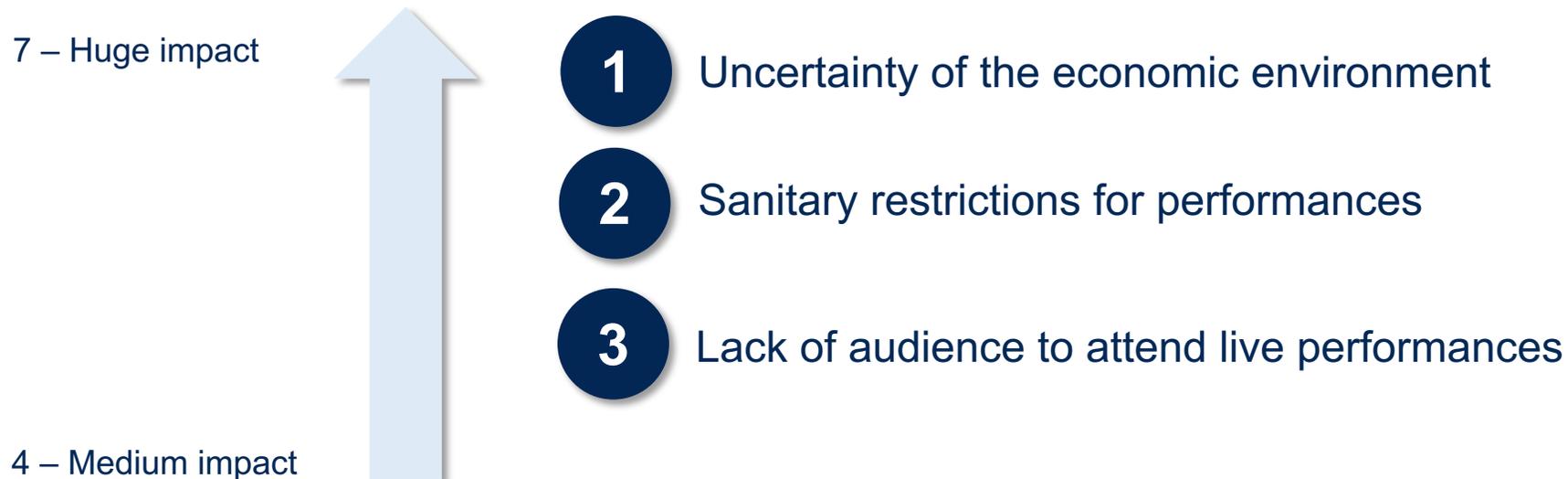
Average % Reduction in 2020 vs. 2019 *



* Data collected for periods from January to July for respective years

² Rated as 6 or 7 on a 7-point scale (with 7 being "Huge impact")

What potential problems are institutions most worried about?



To a medium extent, some institutions also reported concerns about financial problems, unavailability of public grants and funds, and lack of resources to invest in digital activities.

Negative impact across geographies, but considerably different trends

- Both in Europe and the US, the most negatively impacted areas were revenues, performances, new production titles, and number of full-time employees.
- However, the severity of impact varies between Europe and the US, as the ranking below shows:

EUROPE

- 1 Performances
- 2 New productions
- 3 Revenues

THE US

- 1 Revenues
- 2 Performances
- 3 Full-time employees

- The different impact on revenues is likely to be due to differences in the prevailing business models in Europe and the US, something that will be further analyzed.

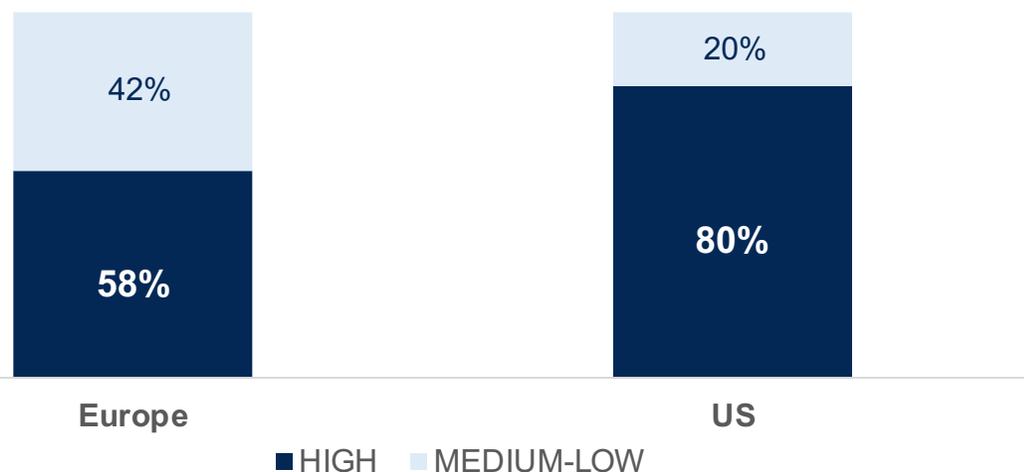
Q0_0		Revenues	FullTimeEmpl oyees	Performance s	RefundsAnd Vouchers	NewProducti onTitles
EUROPE	Mean	-45.87	-2.39	-55.39	2.13	-51.77
	N	31	31	31	31	31
US	Mean	-68.20	-42.50	-58.40	-9.40	-32.40
	N	10	10	10	10	10
Total	Mean	-51.32	-12.17	-56.12	-.68	-47.05
	N	41	41	41	41	41

The greatest difference between Europe and the US is the **% change in the number of full-time employees** between 2019 and 2020 (shown in red above). So, the number of full-time employees has decreased by 2.39% in Europe, versus 42.5% in the US. This points to considerable layoffs in the US, something that did not happen in the European institutions in the sample.

Different levels of concern between institutions in Europe and the US

Worry is high for **80% of American** executives, and **58% of European** executives.

Worry about institutions' future financial position



		Very worried			Not worried			
		1	2	3	4	5	6	Total
QO_0	EUROPE	7	5	6	6	6	1	31
	US	2	3	3	0	2	0	10
	Total	9	8	9	6	8	1	41

Revenue distribution

Data from the sample shows that revenue models differ widely between the US and Europe; although financial data was not available for all institutions, the overall trends show that:

- In Europe, **public funding** represents the largest source of revenue for most institutions, followed by direct revenues and private funding.
- In the US, **direct revenues** represent the most important source of revenues, followed by private funding and then by public funding.

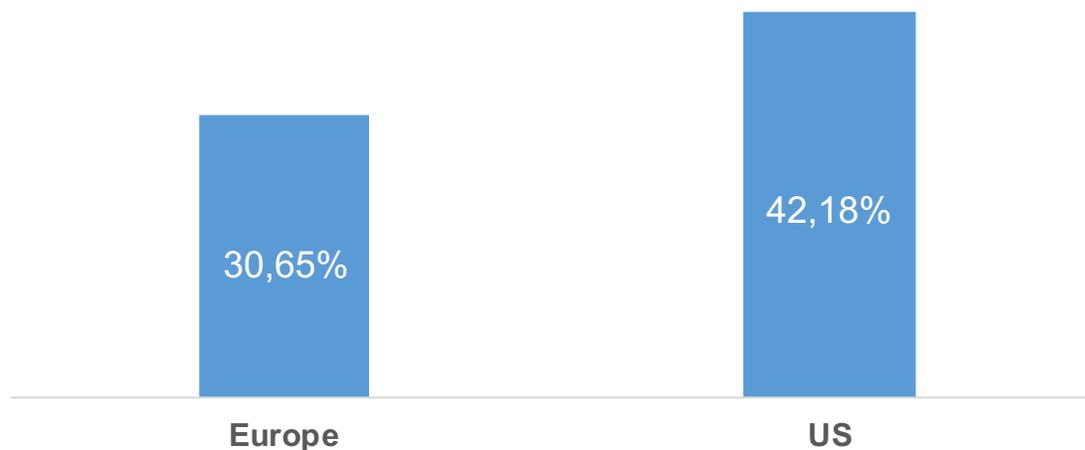
Mean	Revenues
QO_0	
EUROPE	-45.87
US	-68.20
Total	-51.32

Given their heavier reliance on direct revenues, **US institutions' revenues were more severely impacted** by the COVID-19 closures and restrictions. For them, the average reported decrease in revenues in 2020 vs. 2019 equals to 68.2%, against the 45.87% in Europe.

Differences in levels of worry, revenue models, and perceived impact between Europe and the US

As shown on the previous page, the financial statement data of the institutions in the sample, when available³, shows differences between institutions in the two continents, for what concerns revenue sources and levels of worry about the future. The overall perceived negative impact of the pandemic is also different:

Average perceived negative impact of the pandemic on institutions overall⁴



Due to different degrees of state support in Europe and the US, **American executives** are both reporting a **stronger negative impact** of the pandemic on their institutions and **higher levels of worry** about their future financial position.

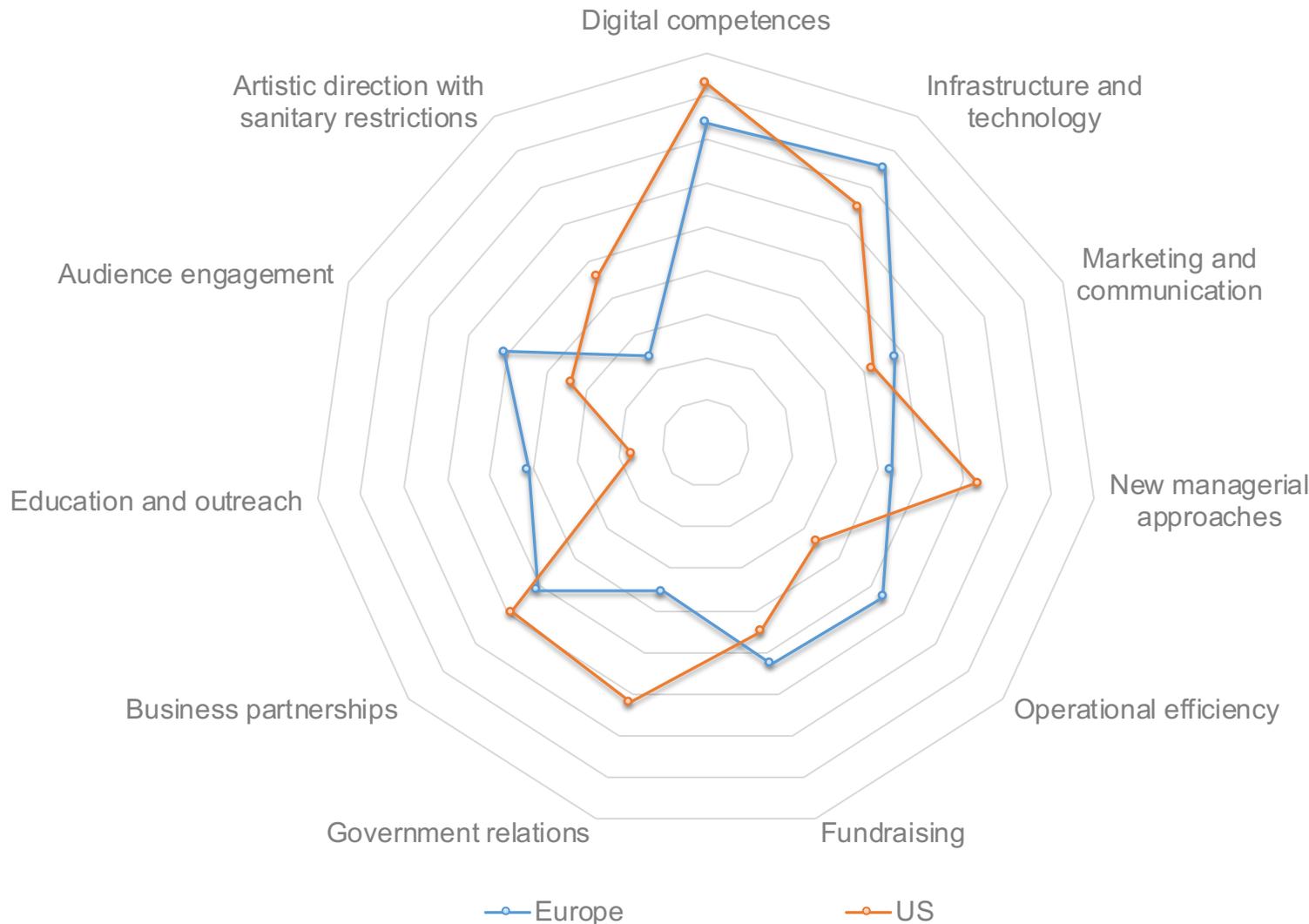
³ Such data was not always available, mainly due to regulation differences across countries. The Revenue Sources statistics refer to a reduced sample of 23 institutions

⁴ Overall negative impact calculated as the average impact across the categories shown on page 5, divided by geographic area

“Do you think it will be necessary for your institution to change one of the following items?”

Operations	NEED FOR CHANGE	AVERAGE RATING (1-7 scale)
Main subcategories:		
<ul style="list-style-type: none">Improving business processes	HIGH	5
<ul style="list-style-type: none">Marketing and communication	HIGH	5
<ul style="list-style-type: none">Cost management	HIGH	5
Business Model		
Main subcategory:		
<ul style="list-style-type: none">Partnerships with other organizations	MODERATE	4
Fundraising Strategy		
Main subcategories:		
<ul style="list-style-type: none">Lobbying for public support	HIGH	5
<ul style="list-style-type: none">Business partnerships	LOW	3

What institutions are missing right now



Digital competences, together with infrastructure and technology and business partnerships, are the top 3 skills that most institutions across the sample are currently lacking.

Note: see the Appendices for information about the analysis process.

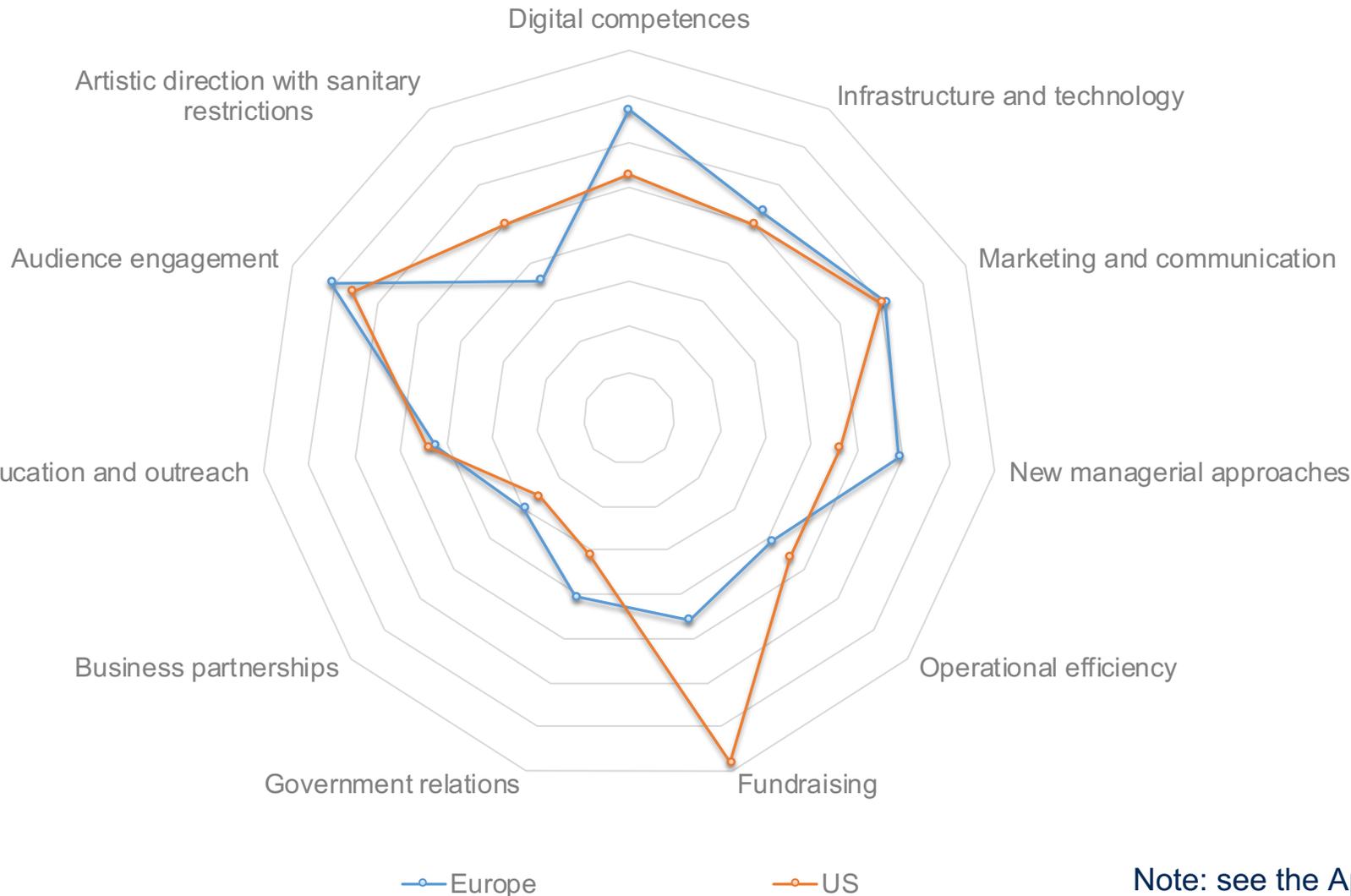
What competences will be required in the sector in the next 5 years

From most to least important



- There is a strong consistency between the skills institutions are missing, and those that will be necessary in the future. The key 5 skills for the future of the Performing Arts sector are: **audience engagement, digital competences, marketing and communication, new managerial approaches, and fundraising.**

What will be required in the sector in the next 5 years



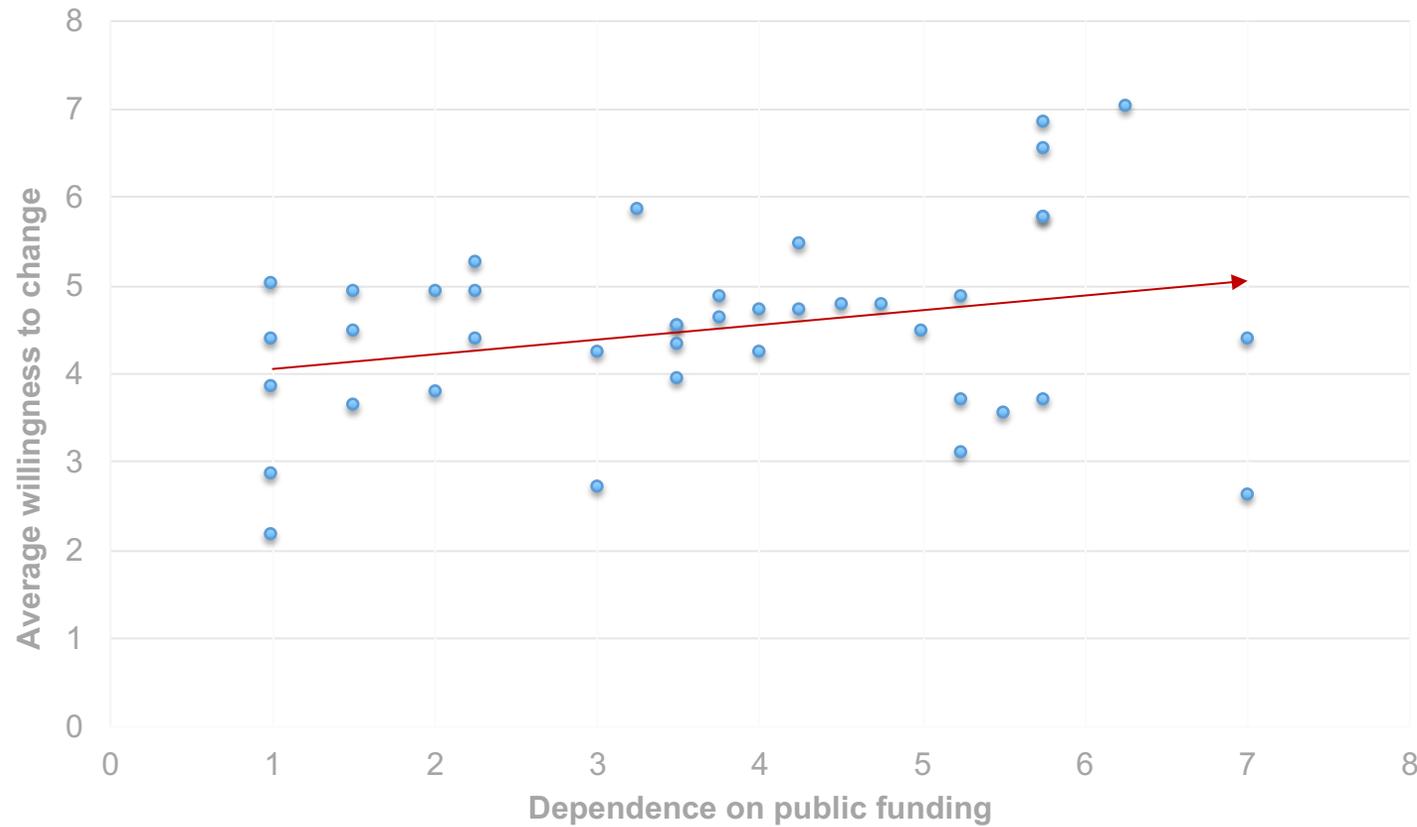
Between Europe and the US, there are differences in the skills institutions perceive as the most needed in the future.

The largest difference is represented by **fundraising skills** that are seen as 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.

Note: see the Appendices for information about the analysis process.

The higher the dependence on public funding⁵, the higher the willingness to change



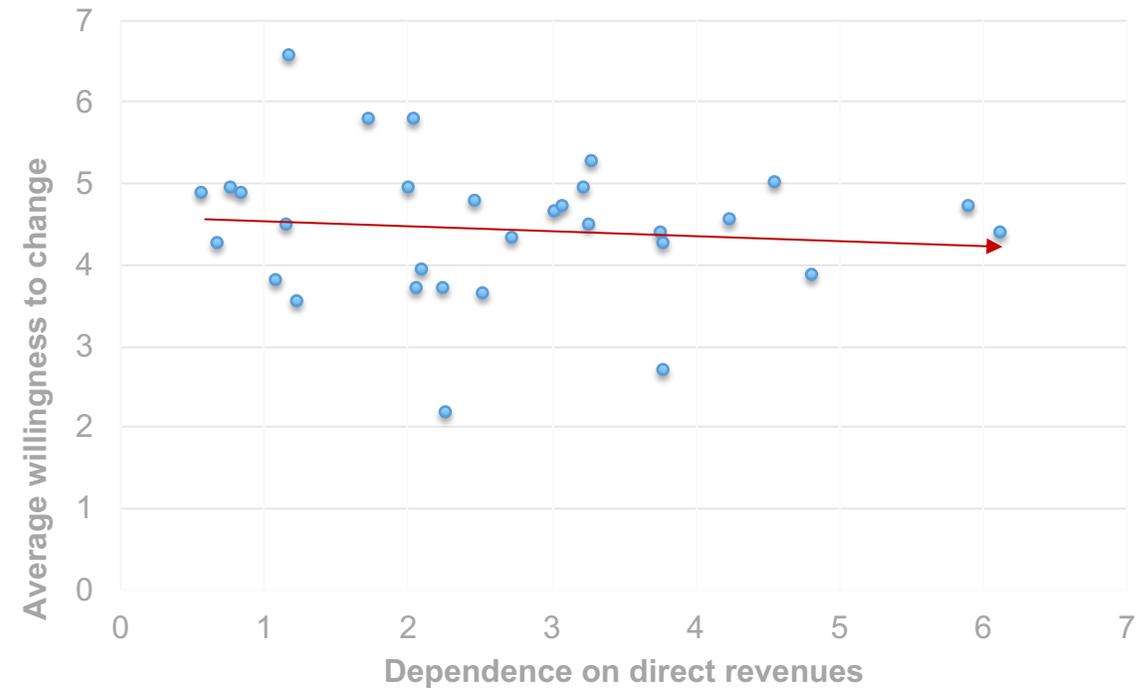
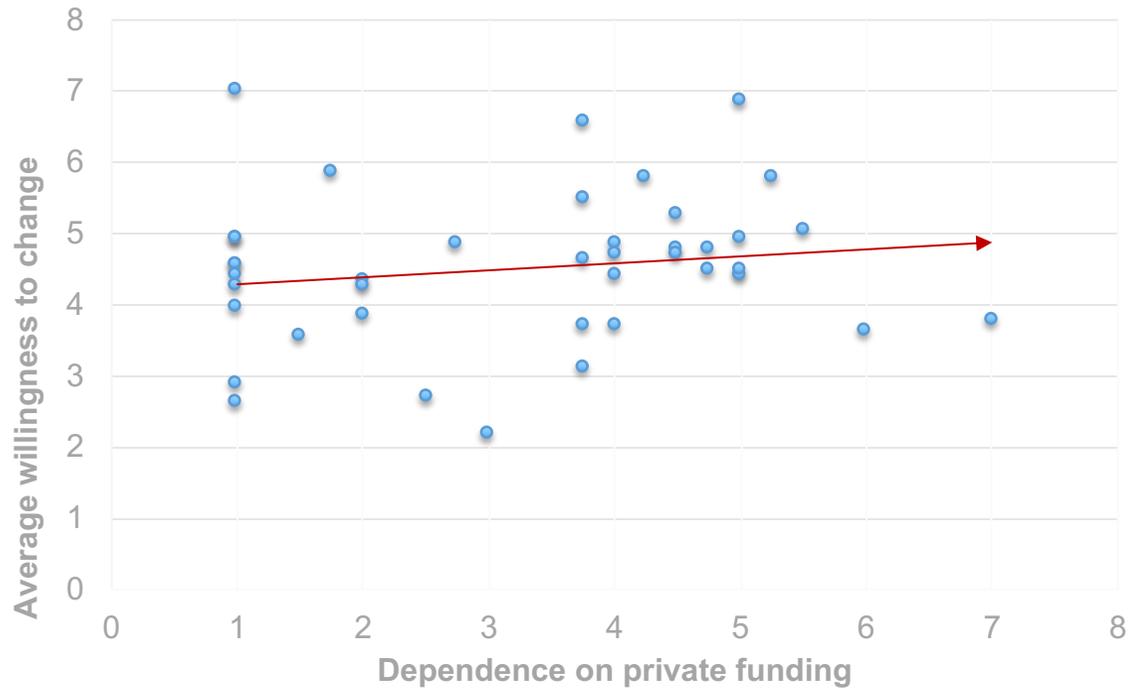
The X axis represents how dependent on public funding different institutions are; the Y axis shows the average willingness to change, for what concerns the business model, fundraising activities, and operations.

As the graph shows, there is a moderate trend showing the more institutions are dependent on public funding, the more they envision a need to change.

⁵ Calculated as the perceived constraint on institutions' activities, due to such type of funding

The higher the dependence on private funding⁵, the higher the willingness to change

The higher the dependence on direct revenue⁶, the lower the willingness to change



⁵ Calculated as the perceived constraint on institutions' activities, due to such type of funding

⁶ Direct, or earned, revenue includes box-office revenues and revenues from other commercial activities. This insight is derived from a reduced sample of 32 institutions, as such data was not available across the whole initial sample.

- **Research methodology applied:** survey with close and open-ended questions and analysis of the results; collection of the institutions' financial statements (subject to availability), analysis of revenue data from the income statements, and exploration of the connection between such data and the survey insights
- **Research dataset:** 131 surveys sent
- **Final sample size:** 41 surveys completed
- **Data collection period:** from July 31st to November 13th, 2020
- **Research focus:** Performing Arts institutions in Italy, France, Germany, Spain, UK, USA
- **Quantitative data analysis software:** IBM SPSS Statistics 26
- **Qualitative analysis** of data coming from the open-ended questions

Institutions - Country of Origin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FRANCE	3	7.3	7.3	7.3
	GERMANY	6	14.6	14.6	22.0
	ITALY	13	31.7	31.7	53.7
	SPAIN	6	14.6	14.6	68.3
	UK	3	7.3	7.3	75.6
	US	10	24.4	24.4	100.0
	Total	41	100.0	100.0	

Question: What is **the impact of COVID-19 on your institution?** Please compare the data (in %) during Jan - Jun 2020 vs. Jan -Jun 2019 and position the slider accordingly for the following indicators.

	Revenues	FullTimeEmploees	Performances	RefundsAnd Vouchers	NewProducti onTitles
Mean	-51.32	-12.17	-56.12	-.68	-47.05
N	41	41	41	41	41

Question: Thinking about the next 12 months, which of the following problems that might affect your institution **are you most concerned about?**
The ranking was calculated by computing the mean of each of the items below, and then ranking them from most to least concerning.

Lack of audience willing to attend live performances

Q6_1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	3	7.3	7.3	7.3
3	2	4.9	4.9	12.2
4	5	12.2	12.2	24.4
5	8	19.5	19.5	43.9
6	11	26.8	26.8	70.7
7	12	29.3	29.3	100.0
Total	41	100.0	100.0	

Cost of labor

Q6_2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	6	14.6	14.6	14.6
2	6	14.6	14.6	29.3
3	5	12.2	12.2	41.5
4	11	26.8	26.8	68.3
5	9	22.0	22.0	90.2
6	3	7.3	7.3	97.6
7	1	2.4	2.4	100.0
Total	41	100.0	100.0	

Recruiting and retaining quality employees

Q6_3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	11	26.8	26.8	26.8
2	9	22.0	22.0	48.8
3	7	17.1	17.1	65.9
4	7	17.1	17.1	82.9
5	3	7.3	7.3	90.2
6	3	7.3	7.3	97.6
7	1	2.4	2.4	100.0
Total	41	100.0	100.0	

Financial problems

Q6_4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	3	7.3	7.3	7.3
2	5	12.2	12.2	19.5
3	4	9.8	9.8	29.3
4	6	14.6	14.6	43.9
5	8	19.5	19.5	63.4
6	10	24.4	24.4	87.8
7	5	12.2	12.2	100.0
Total	41	100.0	100.0	

Competition in own sector

Q6_5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	8	19.5	19.5	19.5
2	11	26.8	26.8	46.3
3	5	12.2	12.2	58.5
4	10	24.4	24.4	82.9
5	6	14.6	14.6	97.6
7	1	2.4	2.4	100.0
Total	41	100.0	100.0	

Sanitary restrictions to perform

Q6_6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	2	4.9	4.9	4.9
3	2	4.9	4.9	9.8
4	3	7.3	7.3	17.1
5	11	26.8	26.8	43.9
6	12	29.3	29.3	73.2
7	11	26.8	26.8	100.0
Total	41	100.0	100.0	

Uncertainty of economic environment

Q6_7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	1	2.4	2.4	2.4
4	4	9.8	9.8	12.2
5	7	17.1	17.1	29.3
6	16	39.0	39.0	68.3
7	13	31.7	31.7	100.0
Total	41	100.0	100.0	

Unavailability or reduction of public grants and funds

Q6_8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	2.4	2.4	2.4
2	8	19.5	19.5	22.0
3	3	7.3	7.3	29.3
4	9	22.0	22.0	51.2
5	6	14.6	14.6	65.9
6	9	22.0	22.0	87.8
7	5	12.2	12.2	100.0
Total	41	100.0	100.0	

Lack of resources to invest into digital activities

Q6_9

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	2	4.9	4.9	4.9
2	8	19.5	19.5	24.4
3	4	9.8	9.8	34.1
4	6	14.6	14.6	48.8
5	9	22.0	22.0	70.7
6	9	22.0	22.0	92.7
7	3	7.3	7.3	100.0
Total	41	100.0	100.0	

Question: Which **skills, competences and capabilities** are required for the sector to survive over the next 5 years?

Mean

Q14_Digital_competences	Q14_Infrastructure_and_technology	Q14_Marketing_and_communication	Q14_New_managerial_approaches	Q14_Operational_efficiency	Q14_Fundraising	Q14_Government_relations	Q14_Business_partnerships	Q14_Education_and_outreach	Q14_Audience_engagement	Q14_Artistic_direction_with_sanitary_restrictions
4.63	5.73	4.93	5.41	6.78	5.63	7.17	8.10	6.73	4.02	7.10

These average values were then ranked from the smallest to the largest, as institutions had to rank, through the survey, the 11 factors above, from most to least important

Question: Which **skills, competences and capabilities** is your institution missing at the moment?

Mean

Q15_Digital_competences	Q15_Infrastructure_and_technology	Q15_Marketing_and_communication	Q15_New_managerial_approaches	Q15_Operational_efficiency	Q15_Fundraising	Q15_Government_relations	Q15_Business_partnerships	Q15_Education_and_outreach	Q15_Audience_engagement	Q15_Artistic_direction_with_sanitary_restrictions
3.39	3.68	6.37	6.22	6.10	5.90	6.80	5.68	7.46	6.32	8.07

These average values were then ranked from the smallest to the largest, as institutions had to rank, through the survey, the 11 factors above, from most to least important

Question: Which **skills, competences and capabilities** is your institution missing at the moment?

Mean

Q0_0	Q15_Digital_competences	Q15_Infrastructure_and_technology	Q15_Marketing_and_communication	Q15_New_managerial_approaches	Q15_Operational_efficiency	Q15_Fundraising	Q15_Government_relations	Q15_Business_partnerships	Q15_Education_and_outreach	Q15_Audience_engagement	Q15_Artistic_direction_with_sanitary_restrictions
EUROPE	3.61	3.42	6.23	6.71	5.61	5.71	7.45	5.87	6.87	5.90	8.61
US	2.70	4.50	6.80	4.70	7.60	6.50	4.80	5.10	9.30	7.60	6.40
Total	3.39	3.68	6.37	6.22	6.10	5.90	6.80	5.68	7.46	6.32	8.07

Question: Which **skills, competences and capabilities** are required for the sector to survive over the next 5 years?

Mean

Q0_0	Q14_Digital_competences	Q14_Infrastructure_and_technology	Q14_Marketing_and_communication	Q14_New_managerial_approaches	Q14_Operational_efficiency	Q14_Fundraising	Q14_Government_relations	Q14_Business_partnerships	Q14_Education_and_outreach	Q14_Audience_engagement	Q14_Artistic_direction_with_sanitary_restrictions
EUROPE	4.29	5.65	4.90	5.10	6.90	6.42	6.94	8.00	6.77	3.90	7.45
US	5.70	6.00	5.00	6.40	6.40	3.20	7.90	8.40	6.60	4.40	6.00
Total	4.63	5.73	4.93	5.41	6.78	5.63	7.17	8.10	6.73	4.02	7.10

In the survey, the minimum ranking the competence could get was 11, meaning it was ranked as the least important/needed one, among the 11 skills and competences considered. Thus, in order to produce the graphs, the following process was used: the difference between the number 11 (minimum ranking) and the above average values, calculated for each factor and each country, was calculated. The larger this difference (i.e. the higher the number obtained), the more the competence was ranked as important and needed. This is reflected in the graph, where the most needed/missing skills are located more towards the outward circles.