

NEW MANAGEMENT PARADIGMS DETERMINED BY THE PANDEMIC: THE DIGITAL REVOLUTION IN THE OPERA SECTOR

Aurora Eleonora TWAROWSKI, Nicolae BIBU, Laura BRANCU

Faculty of Economics and Business Management, West University of Timișoara, România

aura.twarowska@e-uvt.ro

nicolae.bibi@e-uvt.ro

laura.branco@e-uvt.ro

Abstract *This paper analyses the impact of the COVID-19 pandemic on the digitization process of the opera sector under the impact of the COVID-19 health crisis. Surviving in a time of humanitarian disaster was a great challenge for opera houses, which faced new challenges. Most of the world's opera houses survived this crisis, but in different ways. The authors identify three different categories of approach of digital technologies in response to the hostility of the environment, depending on the status and brand power of each opera house, the sustainable validity of competitive advantages, and the loyalty of audiences. Evidence collected from personal observations are presented. A comparative analysis of the management of opera houses in different areas of the globe was conducted to examine how they have embraced digitization to stay in touch with audiences during the pandemic. We have identified solutions like online concerts, broadcasting shows and concerts on radio and TV, using shows from the archives, and organising online museum tours. These provided joy in hard times to the public, hope and motivation, to escape the dark and sad reality. The results are discussed with reference to two ideal types of pandemic-induced pathways: back to the old normal vs. forward to the new normal. The influences that determine the differences in strategies are also considered: tradition, national context, leadership, knowledge, digital capability of the staff, etc. From an academic perspective, this article enriches the current understanding of the adaptation of the management model of opera houses in a hostile environment and provides managers with concrete guidelines on the systematic adaptation of their business models in hostile situations.*

Keywords: opera theater, pandemic crisis, innovation, digital, transformation

JEL Classification: D29; L29; L32 ; M10.

1.Introduction

This paper analyses the impact of the COVID-19 pandemic on the digitization process in the world of opera from the perspective of innovation management. With the outbreak of the pandemic in March 2020, those forms of entertainment considered non-essential and requiring physical presence were severely affected (Seetharaman, 2020). With the brutal freezing of all artistic activities worldwide (Annunziata & Annunziata, 2021), it was the online environment that fed the need for culture and reduced the anguish of isolation.

With social distancing and quarantine in mind, finding new ways to use media channels, which became a vital link to the outside world, turned challenging. For many, the pandemic accelerated the transition to the digital environment, and self-preservation determined the discovery of new paths to innovation and new ways of approaching the market (Chatzichristodoulou *et al.*, 2022).

Innovations in opera management occurred as a response to the new challenges imposed by global health restrictions and the digitization of everyday life. The unexpected event can be considered as an innovation opportunity (Drucker, 2002) and any unexpected success

should be exploited into an innovation opportunity by developing a new variant of the product or artistic act.

Innovation is quickly accepted if it is proven to subscribe to the improvement trajectory of the organization (Steiber *et al.*, 2020). Digital opera is breaking down barriers by cultivating a new audience of people who choose to watch performances from the comfort of their own homes rather than invest time and effort in a move. The pandemic has forced artists to make a virtue of being online. Virtual performances, discussions, and artistic presentations have become the “norm” in the pandemic.

2. Digital Transformation

Digital transformation is the incorporation of computer-based technologies into an organization's products, processes, and strategies and is defined as a socio-economic change shaped by digital technologies, which induces changes in the structures, routines, and business models of organizations (Warner & Wäger 2019).

Digital business transformation is an objective process that responds to changing business environments. Its implementation requires prioritization supported by financial resources, leadership, and the active participation of all employees in the organization. In the pandemic crisis, the desire to survive determined an open, firm attitude towards digital transformation. With the pandemic they went to forced digitization in response to “sudden and unforeseen disturbances that require the transformation of the service offer and the business model within the limits of available resources and operations” (Heinonen & Strandvik 2021, 103). In the case of these forced innovations, the goals cannot be predetermined and the effects can only be partially anticipated and controlled (Sarasvathy, 2001). Digital technologies strongly influenced the opera sector in the pandemic crisis and were based on four innovative forces with congruent directions: social networks, mobile devices, cloud computing, and data analysis. They have radically transformed society destroying old business models and opening new directions. Their impact can take place in a short time interval, but also in a longer interval (Heinonen and Strandvik 2021).

3. Types of operation management in the pandemic

Based on published data, personal observation and discussion with managers, we have identified a few types of operation management in the pandemic.

3.1. Operation management that took a prompt but cautious approach to digital technologies

The great opera houses of the world fall into this category. The management of these theatres confidently awaited the reopening and consciously limited the exploration of new options, taking a firm attitude based on the recognition and strength of their brand, the lasting validity of their competitive advantages, and the loyalty of their audience. They used the potential of digital technologies right from the beginning of the pandemic, but with caution. First, videos of previous performances and other behind-the-scenes documentaries of the theatre were made available on the web. Through the management policies addressed, they showed full confidence in a scenario of returning to the pre-pandemic model, using the digital space only as a temporary surrogate. Among so many free streaming deals, the big theatres have asked for an (albeit symbolic) price for viewings. In the following lines, some historical examples of the use of digital during the COVID-19 crisis are highlighted:

Milan's Teatro alla Scala approached digital strategies sparingly because of its dependence on the national public television company, RAI, which owns most of the video material of Teatro alla Scala's productions. Under the leadership of Sovrintendent Dominique Meyer, Scala presented an exceptional televised event, the *Gala A Riveder le Stelle*. The show, conceived in cooperation with RAI1, marked a departure from traditional streaming featuring many spectacular moments and an impressive "special effects" show. The show was broadcast by Italian Television and had a record of views: 1.5 million in 24 hours and 2.5 million views after 48 hours. Teatro alla Scala launched its own opera streaming platform only in January 2023. The pandemic confirmed this strategic choice but did not accelerate it.

The New York Metropolitan Opera, through General Manager Peter Gelb, was among the first cultural institutions to understand the role that digital would play during the pandemic and had several historic initiatives, such as Free *Nightly Met Opera* streams aired throughout the opera's closure. The announcement of this series of transmissions was made one day after the closure of the opera. The broadcasts started on March 16, 2020. These constituted a free series of live presentations. The *At-Home Gala*, broadcast free on the Met website on April 25 at 1 p.m. EDT, was part of New York's Metropolitan Opera's *The Voice Must Be Heard* emergency fundraising campaign. The biggest names in classical music performed live on Skype from their homes in 13 different countries. Thirty-three live performances and seven pre-recordings took place over four hours. The event raised \$3 million (1.5 million from private individuals and another \$1.5 million from major sponsors) and the live stream on its website had reached about 300,000 views in 162 countries, and the total with replays had reached 1 million views within days. (Blum, 2020). *Met Stars Live in Concert* is another online recital series that featured opera's biggest stars live from striking locations around the world and broadcast via satellite in HD quality. Tickets for each recital were \$20 and could be purchased on the Metopera website at [metopera.org](https://www.metopera.org), and the performances were available for viewing on demand for 14 days after each live event..

Opéra National de France, an institution over 300 years old and with the largest subsidy from the French state – 95 million euros annually – cashed in for the first-time from virtual transmissions through the *L'Opéra chez soi* programme. which was launched at the beginning of December 2020. The first broadcast was the ballet *La Bayadère* by Rudolf Noureev, and the viewing price was 11.90 euros. By December 20, 2020, after 13 operas and 8 ballets broadcast, the platform already had 2.5 million views on the institution's networks. It was the first time that this institution cashed in through virtual broadcasting.

The Bolshoi Theatre in Moscow held, for the first time in its history, a digital broadcast on March 27, 2020. It can be said that this is one of the good things brought by the pandemic. The Bolshoi Theatre partnered in this project with Google, Mezzo, *Pathé Live*, and *Bel Air Media*.

3.2. Opera management that saw the pandemic as an opportunity for expression

This category includes smaller opera organizations, which accepted the challenge of reinventing themselves of breaking the traditional barriers of operatic concepts in the new context. Compared to A-category theatres, which attacked the digital space in the first weeks of the pandemic, smaller theatres approached digital innovation cautiously also in the early stages of the pandemic. However, later embraced the change with great courage and determination through a proactive attitude. The equipment and technological readiness allowed small theatres to use the lock-down to experiment new ways of recording works for Internet broadcast. Thanks to this strategic approach focused on communication and building a youth-oriented digital community, theatres stayed in touch with their audiences and even managed to get in touch with new audience segments. In most cases, these theatres distributed their shows online for free, only asking for voluntary donations.

A Feast in a Time of Plague piqued the interest of the management team at Teatro Municipal Rio de Janeiro. The musical version by Cesar Cui, a Russian composer from the Group of Five, based on Pushkin's text and translated into Portuguese by Irineu Franco Perpetuo, was chosen. It was about a recording made during the quarantine, without the protagonists having left the isolation. The initiative belonged to the new Music Director Ira Levin and to André Heller-Lopes, renowned opera director in Latin America. The soloists recorded their vocal parts from their homes, creating their own script and setting, by candlelight.

The Handwashing Public Service Video Project is a project made up of a series of explanatory videos, featuring Pacific Opera singers performing well-known operatic moments, but with new lyrics by Bill Richardson.

Save at the Greek National Opera or Mozart in a Time of Corona was the project initiated by the management of the Greek National Opera (GNO) in Athens. The project consisted of a video released in October 2020, in which the new social distancing measures imposed by the Greek government and the rules to be followed when entering the opera house were explained. In this adapted version, in the aria, instead of listing Don Giovanni's conquests, the baritone presented the list of protective measures taken by the Greek National Opera against the spread of the virus.

Staatstheater Augsburg produced performances in Virtual Reality, which could be watched with the help of VR glasses, from home, without the risk of being infected with the coronavirus. The producers proposed a new experience, in 360-degree perspective.

Teatro Coccia di Navaro, produced the first smart working opera, already in April 2020, titled *Alienati*. The show was designed specifically for the internet, using a video game structure. Artists recorded from their homes and turned to a sound engineer. The viewers were allowed to be the protagonists of the story, being able to decide its course and the fate of the characters from the comfort of their own home. The viewing was free, but with the possibility of a donation to a special fund established by the municipality of Novara.

3.3. Personal management of one's artistic career in the pandemic.

In the pandemic, and especially during the lock-down periods, the focus has shifted from institutions to artists. In the previous period, most of the artists were employed with a fixed contract in an opera house, or had collaboration contracts, so they were not obliged to think about the management of their own career. With the outbreak of the pandemic and the closing of theatres, they had to be inventive and flexible to find new ways to stay connected with their fans, with their loyal audience. The main thing that most opera artists did was to engage in as active a presence as possible on social media. Most of the time, they did this alone, with their own tools and knowledge, but the most enterprising ones engaged in an accelerated appropriation of know-how and equipment, often even through collaborations, or signed contracts with specialized companies. These artists, who had a proactive attitude towards digitization, developed a more proactive attitude, feeling the need to regain their visibility in the new scenario.

Hänsel and Gretel with Animal Crossing avatars on the Nintendo platform was the project of two young sopranos, Larisa Baiton and Celeste Pelligrino, alumni of the New England Conservatory and co-founders of a small opera company in Boston, Massachusetts. They realized that interesting project right at the beginning of the health crisis, in the spring of 2020. Being also passionate players of Animal Crossing, the two had the idea of success to launch, through the company Due Donne Production, an opera on the Nintendo platform in the series of Animal Crossing games. Animal Crossing is a franchise developed and published by Nintendo and created by the Japanese Katsuya Eguchi and Hisashi Nogami. All characters were portrayed by Animal Crossing avatars (with comic character, oversized heads, and brightly coloured eyes, blue hair, etc.) Through this project, the two young musicians brought the work closer to the younger generation, the Animal Crossing players, but also won the appreciation of music lovers traditional.

Gingerbread! is the virtual version of Humperdinck's *Hänsel and Gretel* by Iford Arts, a Wiltshire company known for its educational work. This production makes clever use of Zoom-style home recordings with special backgrounds. This is a production created, written, and performed by the artists in their homes during the lockdown, recreating the opera in a whole new interactive way.

Mi camino is the new cycle of multimedia songs brought together in an opera, belonging to the composer and artistic director Héctor Armienta. It describes the impact of COVID-19 on agricultural workers in the Greater Bay Area. Armienta created an animated work inside a virtual world.

4. In conclusions

Managers of opera theaters were abruptly confronted with a total unexpected and unpredicted crisis of a total new nature and consequently, were caught without plans to mitigate this type of crisis. Due to health restrictions which abruptly closed live shows for an indefinite period they were forced to quickly look for alternatives to keep their activity, to continue to satisfy their public and to find new ways to generate revenues or to provide artistic comfort to the general public. Also, we conclude that the pandemic crisis and especially the lockdowns have forced international art world staff and managers to become aware of the fragility of "normality" in the artistic field, thus quickly lowering the resistance to change of artists and staff regarding the adoption of the digitally based solutions to deliver the show and keep in touch with the public. In general, all artists shared the same feeling about the pandemic situation: maintaining an emotional connection with the faithful public and sharing the feeling of continuous involvement and preparation for the relaunch of the cultural sector when normality returns.

Most artists were nostalgic for live performance, however, a significant part of them showed openness to the digital product, considering it an available surrogate for the live experience. Is there a "normal state" to return to, or is it time to define and establish a new "normal"? What normality means in times of pandemic? How the uncertainties and insecurities brought about by change can be addressed in accordance with the operatic tradition?

Based on the identification by the Opera managers of the opportunities and threats triggered by the health crisis, as well as by the openness or reluctance towards the digital space of the work, two trends/expectations/paths of the workers in the artistic sector were identified: the first, the Return to the Old Normality (RON), and the second: the Move towards the New Normality (MNN).

The first path RON is a temporary situation determined by the need to use the virtual environment only as a surrogate of the live performance, while MNN considers digitization as an opportunity for new operatic experiences compared to traditional participation in performances. According to RON, live experience is irreplaceable and will return after the pandemic, as this is the only way artists can address the public and be rewarded by them for their artistic performance (through applause). In this variant, the operating model of the business is confirmed, and the innovations are of small size. In this case, all expectations, actions, and resources of the institution are directed to speed up the resumption of live performances. This category includes successful organizations with a prominent position in the traditional market and a long-term stable position in the international market. They had a conditional openness to digital transformation. Examples from the A classification fall into this category.

The second path the MNN needs to identify extensive and long-term innovative solutions, to make digital experiences an autonomous part of the operatic product, and to revise and adapt the value-creation model of the institution. Resources are also directed towards increasing know-how in the field of digital technologies. Weaker market players were more motivated to experiment with variations from the traditional business model.

The willingness to experiment was also strongly influenced by the creativity of managers, as well as the willingness to work in co-specialized assets (Teece, 2007) by collaborating with other companies and institutions (specialized firms, research centres, and universities). On the other hand, people's desire for convenience and security has fuelled the addiction to digital tools, with consumers willing to look for smart gadgets, apps, and systems. It is, now, obvious that people's relationship with technology will deepen as the population increasingly relies on digital connections for work, education, healthcare, daily business transactions, etc. This pandemic has ushered in a new era, the Era of Tele-Everything (tele-work, tele-medicine, tele-education, and why not, tele-entertainment). And this "remote" process is growing. Many of the smaller opera houses, with a less prominent position in the traditional market, have survived the effects of the pandemic by proposing redesigned business models in response to the hostility of the environment and the changing behaviour of the public. These theatres have been able to adapt to a hostile environment, even gaining competitive advantages, just by using improvisation in adapting their business model. Examples from the B classification fall into this category.

We have also identified the third path Category C at the intersection of RON and MNN, which comprise "enterprising individual artists" who, being aware that the return to "old normal" will happen, were flexible and nimble, and accessed the way that allow them to stay in touch with their audience.

References

1. Annunziata, F. & Annunziata, C., (2021), *Dove Sono I Bei Momenti? Opera Production and Aesthetics in the Age of COVID-19*, Rivista di Diritto delle Arti e dello Spettacolo, Bocconi Legal Studies Research Paper no. 3776196
2. Blum, R., (2020), *Silenced by virus, Met Opera links for digital global gala*, Apnews
3. Chatzichristodoulou, M.; Brown, K.; Hunt, N.; Kuling P.; & Sant. A. (2022). *COVID-19: Theatre Goes Digital – Provocations*. International Journal of Performance Arts and Digital Media, 18, 1-6, accessed February 18, 2024.
4. Drucker, P. (2002) *The Discipline of Innovation*. Harvard Business Review
5. Heinonen, K.; & Tore, St. (2021), *Reframing Service Innovation: COVID-19 as a Catalyst for Imposed Service Innovation*. Journal of Service Management, 32, 101-12.
6. Sarasvathy, S. D. (2001), *Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency*. The Academy of Management Review, 26, 243-63.
7. Seetharaman, P., (2020). *Business Models Shifts: Impact of COVID-19*. International Journal of Information Management, 54, 102173.
8. Steiber, A.; Sverker A.; Swapan G. & Dulce G. (2020). *Digital Transformation of Industrial Firms: An Innovation Diffusion Perspective*. European Journal of Innovation Management, 24, 799-819.
9. Teece, D. J. (2007). *Explaining Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance*. Strategic Management Journal, 28, 1319-1350.
10. Warner, K. S. R. & Wäger, M. (2019), *Building Dynamic Capabilities for Digital Transformation: An Ongoing Process of Strategic Renewal*, Long Range Planning, 52, 326-49.