



GULBENKIAN MÚSICA: DIGITAL TRANSFORMATION IN CLASSICAL MUSIC

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Abstract

Title: Gulbenkian Música: Digital Transformation in Classical Music

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This Dissertation examines the strategic transformation of the Calouste Gulbenkian Foundation's Music Department, focusing on its shift from traditional marketing methods to a comprehensive digital marketing strategy. Under the leadership of Chief Marketing Officer Nuno Prego, the Foundation successfully navigated the challenges of low occupancy rates, declining revenues, and an aging audience by embracing digital transformation and innovative programming. Key initiatives included the creation of a unified digital presence, active engagement on social media platforms, and the use of data analytics to inform marketing strategies. The case also explores the introduction of new concert formats designed to attract younger audiences and the appointment of a charismatic young conductor, Lorenzo Viotti, which significantly boosted audience engagement. Additionally, the case highlights the impact of digital tools such as live streaming in extending the reach of classical music performances globally. The success of these strategies underscores the importance of adaptability, audience diversification, and the integration of new technologies in maintaining the relevance and financial sustainability of cultural institutions. Including a Literature Review on relevant topics and a Teaching Note to assist instructors in preparing the in-class Case discussion, this Case Study serves as a valuable resource for students and professionals in arts management, strategic marketing, and non-profit management, offering insights into the effective management and modernization of cultural organizations.

Keywords: digital transformation, marketing strategy, non-profit management, audience development, cultural institutions.

Resumo

Título: Gulbenkian Música: Transformação digital na música clássica

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Esta Dissertação centra-se na transformação estratégica do Departamento de Música da Fundação Calouste Gulbenkian, com particular foco numa mudança dos métodos de comunicação e marketing tradicionais para uma estratégia abrangente de marketing digital. Sob a liderança de um novo Diretor de Marketing, Nuno Prego, a Fundação ultrapassou diversos desafios relacionados com baixas taxas de ocupação, diminuição de receitas e um público envelhecido através de uma presença digital unificada, uma presença ativa nas plataformas de redes sociais e o uso de análise de dados para informar as estratégias de marketing. Este caso também explora a introdução de novos formatos de concertos e a nomeação de um jovem maestro carismático, Lorenzo Viotti, que aumentou significativamente o número de jovens. Além disso, este caso destaca o impacto de ferramentas digitais, como transmissões ao vivo, na ampliação do alcance global dos concertos de música clássica. O sucesso destas estratégias demonstra bem a importância da diversificação de públicos e da integração de novas tecnologias para que as instituições culturais se mantenham relevantes, atuais e financeiramente sustentáveis. Incluindo uma Revisão de Literatura sobre tópicos relevantes e uma secção de Notas Didáticas para ajudar os instrutores a preparar a discussão do Caso em sala de aula, esta Dissertação pode ser utilizada por estudantes e profissionais em gestão das artes, marketing estratégico e gestão de organizações sem fins lucrativos.

Palavras-chave: transformação digital, marketing estratégico, gestão organizações sem fins lucrativos, criação de audiências, instituições culturais.

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Table of Contents

Abstract.....	1
Resumo	2
Acknowledgments.....	3
1. Case.....	5
1.1. A Portuguese Foundation for the whole humanity.....	6
1.2. The Music Department – Gulbenkian Música.....	7
1.3. A new department, a new strategy.....	8
1.4. “Classical music is not boring”	9
1.5. The challenges ahead.....	11
1.5. Exhibits.....	13
2. Literature Review.....	20
2.1 Managing Non-Profit Organizations in the Cultural Sector.....	20
2.2 Digital Transformation in Cultural Institutions.....	23
2.3 Marketing Strategies for Audience Development – Attracting young people.....	26
3. Teaching Note.....	30
3.1 Synopsis.....	30
3.2 Suggested assignment questions.....	30
3.3 Statement of Learning Objectives.....	31
3.4 Class plan.....	31
3.5 Analysis.....	35
4. Conclusion.....	42
5. References	43

1. Case

On a cold morning of February 2024, Nuno Prego, the Chief Marketing Officer of the Calouste Gulbenkian Foundation, was strolling through the beautiful gardens that surrounded the main building of its headquarters in Lisbon, Portugal, right before joining a meeting where the future of the annual classical music season would be decided.

With over 500 employees and a financial endowment of 3.72 billion euros, Gulbenkian was among the largest and most prestigious charitable foundations in Europe and a major player in the cultural sector in Portugal, featuring two museums, an art library and a resident orchestra and choir.

When Nuno was invited in 2015 to create a new Marketing Department and implement a digital transformation strategy across all sectors of the institution, he knew he had a big task at hands.

At the time, the Gulbenkian Foundation had a marketing and communication strategy centered almost entirely around traditional media. It had a fractured presence across digital platforms and a near-absence of marketing intelligence tools.

The Music department (Gulbenkian Música), which promoted an annual classical music season, was one of the sectors where this outdated approach was having stronger consequences: facing low occupancy rates, declining revenues from ticket sales and an ageing audience, Gulbenkian Música was getting behind most concert halls in Europe.

With a background in Finance and drawing on his experience as Chief Digital Officer and Executive Board member of PT, one of the largest telecoms in Portugal, Nuno hired a new team and started from scratch. Between 2015 and 2023, Nuno's team implemented a profound shift in investment towards digital media and content creation, a new approach to connecting with audiences, and even some bold programming decisions. By the end of 2023, Gulbenkian Música was already considered one of the most successful cases within the institution and a reference among the most prestigious concert halls in Europe.

But an occupancy rate of over 98% and a demand that largely surpassed the capacity of the 1200-seat concert hall was beginning to create frustration among audience members who struggled to get tickets. And a record number of subscriptions (season tickets) sales was jeopardizing the goal of diversifying audiences and attracting young people.

Despite being a philanthropic organization which focused on subsidizing access to culture, some people within the Gulbenkian Foundation were starting to question whether prices were excessively low, especially when considering the high purchasing power and economic status of a substantial part of the audience.

After stopping for a quick moment to watch the ducks moving gracefully over the lake behind the impressive glass wall of the auditorium, Nuno was ready to discuss whether the strategy that served the Foundation during the last eight years was still the right one to address the challenges of the future.

1.1 A Portuguese Foundation for the whole humanity

Born in 1869, Calouste Sarkis Gulbenkian (Exhibit 1) was a businessman, art collector and philanthropist of Armenian origin, born in the Ottoman Empire. Bringing Eastern and Western cultures together, Gulbenkian was above all a “business architect”. Due to his vision, his contacts and persuasive skills, Gulbenkian played a decisive role in the first half of the twentieth century mediating international negotiations that led to the exploitation of the exceptionally rich oil fields of Al-Jazeera, Iraq. Throughout his life, he assembled an eclectic and unique art collection of over 6.000 works that was influenced by his travels and his personal taste.

During World War II, Gulbenkian initially stayed in France, but decided to seek refuge in Portugal, a neutral country, in April 1942. Gulbenkian spent his last years living in Hotel Avis, in Lisbon (Exhibit 2), dying in 1955 and establishing in his will the creation of an international foundation that would bear his name to benefit the whole humanity and ultimately extol his Art Collection.

The Foundation was created in 1956, undertaking its activities structured around its headquarters in Lisbon and delegations in France (Paris) and the United Kingdom (London). Since then and over nearly seven decades, the Foundation had responded to the most fundamental needs of the Portuguese society, promoting the development of people and organizations through art, science, education and charity, with a view to a more equitable and sustainable society.

Employing over 500 collaborators and partners who contributed on a daily basis to carrying out this mission, the Foundation had a museum that housed Calouste Gulbenkian's private

collection, and hosted around 10 temporary exhibitions per year, totalling 265.000 visitors in 2022; a Modern Art Centre with the most significant collection of modern and contemporary Portuguese art; a resident orchestra and choir that performed in an annual music season with over 190.000 attendees; one of the most prestigious art libraries in the country; and a renowned scientific research institute specializing in the fields of Biology and Life Sciences (Exhibit 3). The Foundation also developed innovative programmes and projects that provided support in the form of more than 1500 study grants and 400 subsidies per year to social institutions and organisations in Portugal, the United Kingdom and France, as well as in Portuguese-speaking countries in Africa and Armenian communities.

1.2 The Music Department – Gulbenkian Música

The Music Department was created in 1958 with a mission to foster artistic qualification in music on a national level, based on international standards of excellence. This was reflected most keenly by promoting a classical music season, with a particular focus on performances by the Foundation's resident artistic groups: the Gulbenkian Orchestra, which was founded in 1962 and included a permanent body of 60 musicians, a number that could be expanded depending on the needs of the repertoire; and the Gulbenkian Choir, created in 1964 and consisting of around 100 singers. Gulbenkian Música's mission also included the development of new audiences, support for vocational music training, a musical creation incentive and the dissemination of Portugal's musical heritage. As part of this mission, the Gulbenkian Orchestra and Choir had produced more than 70 records for labels such as Erato, Pentatone and Deutsche Gramophon, while also performing across the country and in international tours of over 35 countries.

The annual music season in the Grand Auditorium (Exhibit 4) included around 120 concerts per year, spread across 5 cycles: the Gulbenkian Orchestra, featuring about 23 concerts with guest conductors and soloists; the Piano Cycle, which included solo recitals by some of the most virtuous pianists in the world; Sunday Concerts, a lighter, shorter and commented version of the orchestra performances for kids and families; the Great Interpreters Cycle, which featured invited orchestras, ensembles or prestigious soloists; the Met Opera Live in HD Cycle, consisting of live or deferred broadcasts from the Metropolitan Opera in New York; and the World Music Cycle, comprising performances by artists from several cultures, musical traditions and geographical landscapes.

The Gulbenkian Foundation, namely the Music Season, was often perceived, especially among younger people, as a highly elitist institution that only older and very educated people visited, and the cultural activities of the Foundation, especially the classical music concerts, were perceived as very expensive. In the 2015 season, people younger than 30 years old accounted for only 11% of the total number of tickets sold in the Gulbenkian Orchestra concerts. (Exhibit 5). In this cycle, only 58% of the tickets were being sold and the total occupation rate of 75% (Exhibit 6) was being masked by a large number of complimentary tickets. Like most concert venues and institutions in the cultural sector, ticket sales revenue represented an important component when balancing out the annual budget of Gulbenkian Music. In 2015, ticket sales accounted for only 13% (1.5M€) of a budget of around 11.3M€, with the remaining part being almost entirely subsidized by the Gulbenkian Foundation. Generous discounts (Exhibit 7) and prices starting as low as 6€, contrasted with very high costs in wages, making the orchestra a heavy financial investment for the Foundation. In 2005, the Foundation had decided to extinguish its resident Ballet Company (Exhibit 8) precisely due to low box office revenues, paired with unsustainable and mounting costs associated with salaries and pensions of its dancers, who retired at an early age.

1.3 A new department, a new strategy

Perhaps as a consequence of its high reputation across the Portuguese society, there was a perception within the Foundation that it was so well-known that it did not need to make substantial efforts towards brand awareness or marketing actions. Until 2015, the Foundation had only one centralized Communication Department, which dealt mostly with press inquiries and public relations. In 2015, Nuno was hired to create a new Marketing department and start what would become a profound digital transformation across all sectors of the institution.

Up to that year, advertising campaigns were rare and happened almost exclusively through traditional media, such as printed newspaper ads and outdoors. Investment in digital platforms was close to zero, and the Foundation's website was fractured between different departments, working mostly as a content depository and an online calendar. One of Nuno's first missions was to create a new unified website (Exhibit 9), a new online box office and start using marketing intelligence tools to analyse and aggregate data, cross-sell products and customize interactions with customers.

The Foundation's broad scope of activity and heavy programming schedule required a constant need for communication and marketing efforts, generating a large volume of content that often competed with itself. This was particularly problematic across social media platforms, where the algorithms increasingly prioritized content posted by personal profiles over commercial or institutional pages. By 2015, the Foundation already had profiles on Facebook, Instagram and Twitter, where it had a fragmented and unstructured presence, with no post planning or content creation strategies.

Gulbenkian Música was the department that required more frequent campaigns, which were getting mixed up and lost among the posts by other areas like the Museum, grant-giving and several other projects and initiatives. At this point, the Foundation was only posting organic content and not investing in paid campaigns, making it impossible to target specific audiences and broaden its reach.

Nuno and his team – at this point still a small department with only eight people – decided it was time to create a separate Facebook page for Gulbenkian Music, independent from the Foundation's main channel, which quickly grew to 100.000 followers (Exhibit 10). This new follower base needed to be frequently fed with new engaging and interesting content. Nuno's team started investing in creating educational videos about music and the different instruments of the orchestra, a series that became popular among music students and music teachers, accumulating over 1 million views on YouTube and Facebook (Exhibit 11); behind-the-scene videos that introduced the staff working backstage; interviews with conductors and soloists that performed in the music season; and a new podcast curated for classical music lovers. All this content was aggregated into a new area of the Gulbenkian website called "Read, watch, listen" (Exhibit 12).

1.4 "Classical music is not boring"

Nuno quickly realized that even with substantial technological improvements, the marketing strategy needed to be paired with smart programming decisions, namely to start including programs specifically curated to attract young people. Nuno had several meetings with Risto Nieminen, the artistic director and programmer of the music department, to persuade him of this idea.

Cinema music was often considered a good introduction to classical music, as many creators like John Williams drew their inspiration from the great symphonic works of composers like Gustav Mahler. A first experiment had already been tried successfully in 2014 with the screening of Stanley Kubrick's "2001: A Space Odyssey" while the Gulbenkian Orchestra played the soundtrack live. Risto and Nuno decided to create a new film-concert series, choosing highly popular film saga like "Lord of the Rings" and "Star Wars". In these concerts, audiences were significantly younger and included a larger number of people that had never been at Gulbenkian or even attended a classical music concert (Exhibit 13).

One of Nuno's missions was also to rethink the repertoire played in family concerts (Sunday Concerts Cycle), which served as "entry-level" performances, playing a crucial role in developing new audiences and attracting younger people. Nuno managed to persuade Risto to redesign the program of these concerts by reducing their duration to 60 minutes and choosing shorter, lighter, and more digestible pieces, which were commented or narrated by musicians of the orchestra.

Having successfully addressed the programming dimension of the season, Gulbenkian Música soon realized that the choice of invited artists, especially the conductors and guest soloists that performed with the Gulbenkian Orchestra, also had a profound impact on which type of audiences were drawn to the Grand Auditorium. By the end of 2015, a few months after Nuno's arrival, Paul McCreesh would end his tenure as the Principal Conductor of the Gulbenkian Orchestra, and the Foundation was looking for a new candidate to replace him.

After a long and complex assessment period that involved several candidates and took nearly two years, in 2018 the Executive Board, Risto and the Orchestra Commission decided to hire Lorenzo Viotti (Exhibit 14), a talented 28-year-old French-Swiss conductor who had recently won a prestigious award (Nestlé Salzburg Conducting Competition). As a conductor from a younger generation and often working simultaneously in the fashion industry as a model, Lorenzo was particularly careful with his image and had a strong presence on social media, with a significant number of followers. As a charismatic person, Lorenzo had exceptional communication skills and took special pleasure in commenting concerts, talking to the audience about the pieces he was going to play and having free open rehearsals, where anyone could watch and listen to him working with the orchestra. During the first two years of his tenure, Lorenzo also sought to rethink and enrich the concert experience through an interdisciplinary approach, working with artists from other fields such as actors, movie

directors, scenographers and light designers to create staged or semi-staged productions that were more attractive than a “standard” classical music concert. Concerts conducted by Lorenzo quickly became a phenomenon, often selling months in advance and attracting a large number of young people (mostly female) that came to the Foundation on purpose to see him.

In March 2020, just as Lorenzo was about to begin his third term as Principal Conductor of the Gulbenkian Orchestra, the Covid-19 pandemic broke out. Like all event venues and concert halls around the globe, Gulbenkian Musica was forced to cancel its performances and had to find a way to remain connected with its audiences. The Foundation decided to invest in fitting its auditorium with state-of-the-art equipment and started to regularly offer free live streaming of its concerts. Located in the heart of Lisbon, and centering most of its activities within the city and its headquarters, the Foundation had always been concerned with democratizing and decentralizing the access to culture. This initiative addressed both concerns in quite an effective way, by renewing audiences and reaching more people in remote parts of the country that could not either afford or attend concerts in Lisbon. Broadcasting the signal through platforms like YouTube and Facebook, the Foundation also managed to reach audiences outside Portugal, namely Portuguese citizens living in foreign countries, further developing the orchestra’s international reputation. Between 2020 and 2023, the Foundation’s livestreaming of 46 concerts had already accumulated over 1.5 million views, 26% of which from international viewers. An online poll made during one of those streaming events revealed that 45% of the online audience had never visited the Gulbenkian Foundation, 20% had never watched a classical music performance and 35% were listening to the pieces for the first time.

1.5. The challenges ahead

The multifaceted approach of Nuno and Risto’s strategy, and its implementation over a period of 8 years, resulted in a sustained growth of nearly all performance indicators of the Gulbenkian Music season: between 2015 and 2023, the number of subscribers in the main cycles had more than doubled, and the global occupancy rate jumped to 98% (Exhibit 15).

The orchestra concerts were the ones that saw the strongest demographic changes in the audience. In 2015, the number of people under 30 years old represented only 11% of the total number of tickets sold. By 2023, this percentage had already doubled to 22%. (Exhibit 5).

However, a large number of subscribers meant that the same group of people – a small niche of highly educated people with a strong purchasing power – were attending every concert week after week, a reality that clashed with the Foundation's willingness to diversify audiences. In fact, the weight of subscription sales on the total amount of ticket sold had been steadily increasing since the 2015/2016 season (Exhibit 15).

Younger audiences, which typically have a lower purchasing power, were left with just a few seats after the subscription period. With a demand largely surpassing the offer, these tickets often sold out within a few hours after sales opened online.

The total occupancy rate of the season, which was one of the most important indicators of success for concert halls, had been steadily growing since 2015, reaching an historic record of 98% in 2023.

Limited to the 1200-seats of the Grand Auditorium, a relatively small capacity compared to concert halls in Europe with equivalent music seasons and number of concerts, the Gulbenkian Foundation had little options to address the growing demand and the consequent frustration of its audience. Since increasing the number of concerts was not an option due to mandatory regulation regarding rest periods for the orchestra musicians, Nuno's team decided it was time to approach the situation from a different perspective and asked his team to address several issues: should we decrease the number of available subscriptions and release more seats for single ticket sales? Should we increase the price of subscriptions? Are our prices in general excessively low for the type of audiences the Foundation served? If we do increase prices significantly, are we still fulfilling our philanthropic mission as a foundation? Should we continue to offer free admission concerts, open rehearsals, and open days? One thing was clear – 2024 was the year when things had to change.

1.6 Exhibits



Exhibit 1 – Calouste Sarkis Gulbenkian.



Exhibit 2 – Hotel Avis, Lisbon.

Exhibit 3



The Gulbenkian Gardens.



The Gulbenkian Foundation's Main Building.



The Gulbenkian Museum.



The Modern Art Centre.



The Gulbenkian Art Library.



The Gulbenkian Science Institute.



The Gulbenkian Orchestra and Choir.

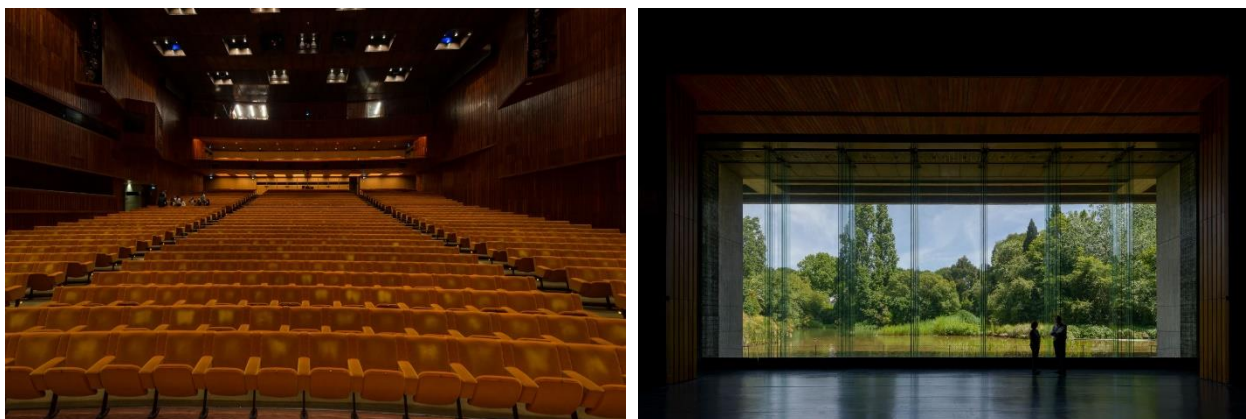


Exhibit 4 – The Grand Auditorium.

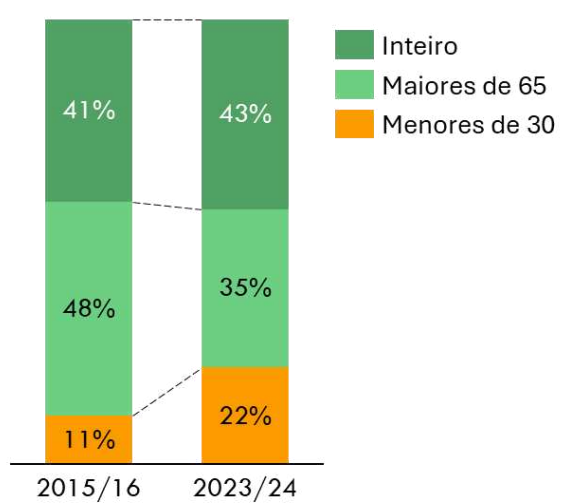


Exhibit 5 – Comparison of the percentage of tickets sold by age discount between 2015 and 2023.

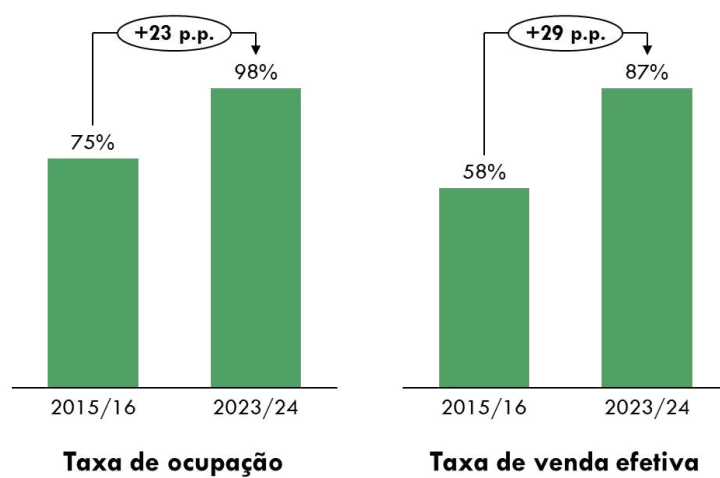


Exhibit 6 – Comparison of the occupancy and sales rate in the Gulbenkian Orchestra cycle, between 2015 and 2023.

Venda Avulso		
CORO E ORQUESTRA GULBENKIAN, GRANDES INTÉRPRETES E PIANO		CONCERTOS DE DOMINGO E CONCERTOS PARTICIPATIVOS
GRANDE AUDITÓRIO		GRANDE AUDITÓRIO
A	PLATEIA A	€ 55,00
	PLATEIA B	€ 50,00
	PLATEIA C	€ 38,00
	BALÇÃO	€ 25,00
B	PLATEIA A	€ 50,00
	PLATEIA B	€ 45,00
	PLATEIA C	€ 34,00
	BALÇÃO	€ 22,00
C	PLATEIA A	€ 36,00
	PLATEIA B	€ 30,00
	PLATEIA C	€ 20,00
	BALÇÃO	€ 16,00
L	PLATEIA	€ 10,00
M	PLATEIA	€ 17,00
MÚSICAS DO MUNDO		
GRANDE AUDITÓRIO		
H	PLATEIA	€ 25,00
J	PLATEIA	€ 18,00
MET OPERA LIVE IN HD		
GRANDE AUDITÓRIO		
N	PLATEIA	€ 20,00
BE WITH ME NOW E L'AUTRE HIVER		
GRANDE AUDITÓRIO E TEATRO MARIA MATOS		
O	PLATEIA	€ 15,00
D	PLATEIA A	€ 32,00
	PLATEIA B	€ 27,00
	PLATEIA C	€ 20,00
	BALÇÃO	€ 16,00
E	PLATEIA A	€ 28,00
	PLATEIA B	€ 23,00
	PLATEIA C	€ 20,00
	BALÇÃO	€ 15,00
F	PLATEIA A	€ 22,00
	PLATEIA B	€ 19,00
	PLATEIA C	€ 16,00
	BALÇÃO	€ 12,00
MÚSICA ANTIGA E DE CÁMARA, ORQUESTRAXXI		
GRANDE AUDITÓRIO E IGREJA DE S. ROQUE		
G	PLATEIA	€ 35,00
H	PLATEIA	€ 25,00
JAZZ EM AGOSTO		
ANFITEATRO AO AR LIVRE		
P	SEM LUGAR MARCADO	€ 20,00
Q	SEM LUGAR MARCADO	€ 15,00
R	SEM LUGAR MARCADO	€ 12,00
PRÉMIO JOVENS MÚSICOS, FESTIVAL CANTABILE, PORTAS ABERTAS / RISING STARS		
SEM LUGAR MARCADO E SUJEITO AO LEVANTAMENTO PRÉVIO DE BILHETE		SUPRADA LIVRE
DESCONTOS		
30% — Maiores de 65 anos		
50% — Jovens até aos 25 anos		

Exhibit 7 – Prices of the Gulbenkian Music Season 2015-2016.



Exhibit 8 – Ballet Gulbenkian.

Exhibit 9 – The new Calouste Gulbenkian Foundation's website.

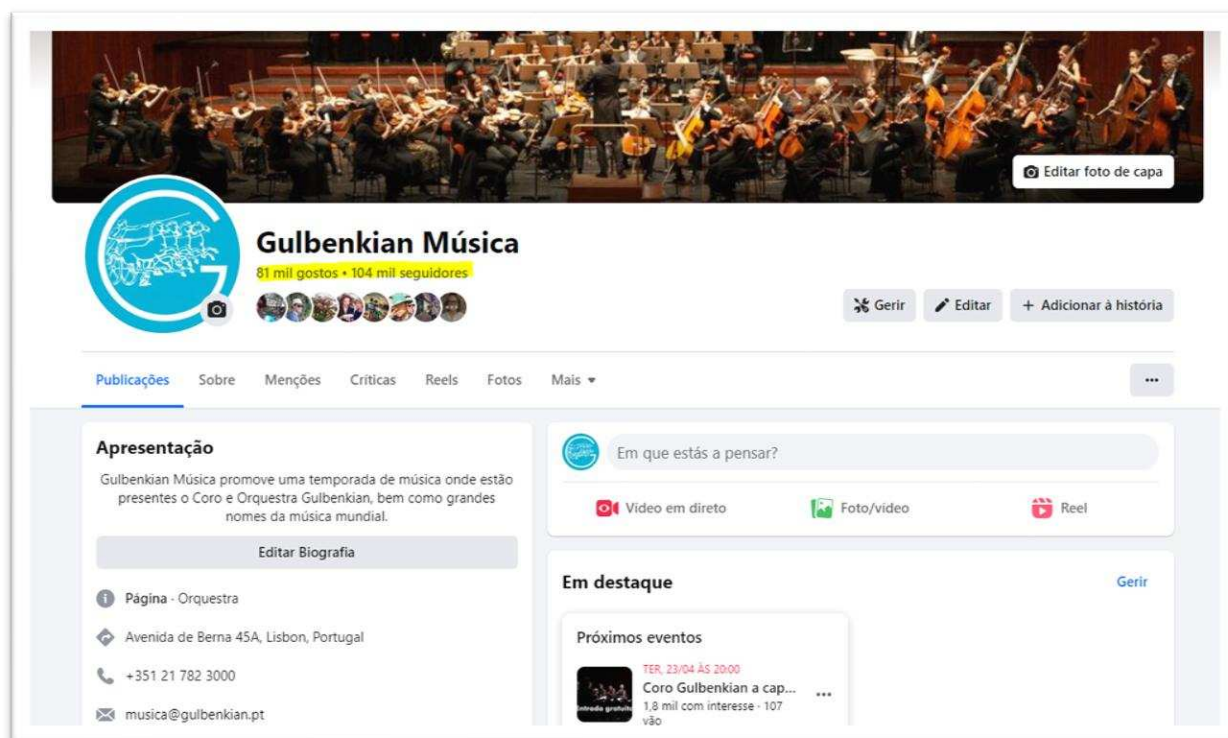


Exhibit 10 – Gulbenkian Música’s Facebook page in 2023.

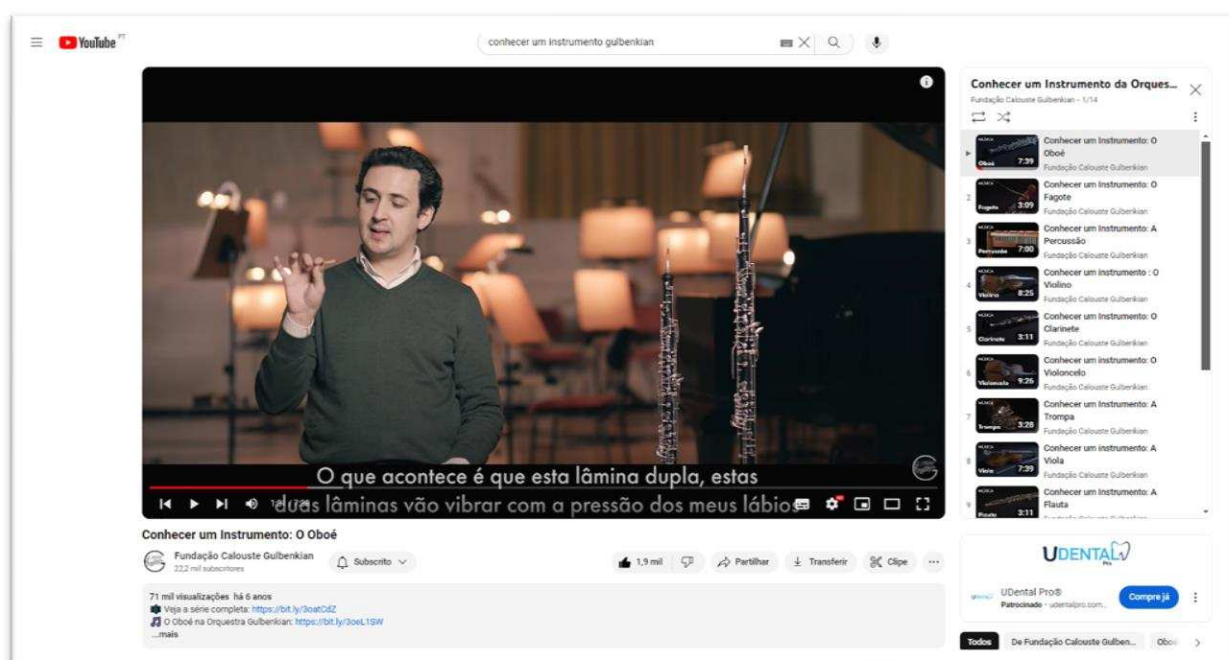


Exhibit 11 – YouTube playlist of the video series “Conhecer um instrumento da Orquestra”.

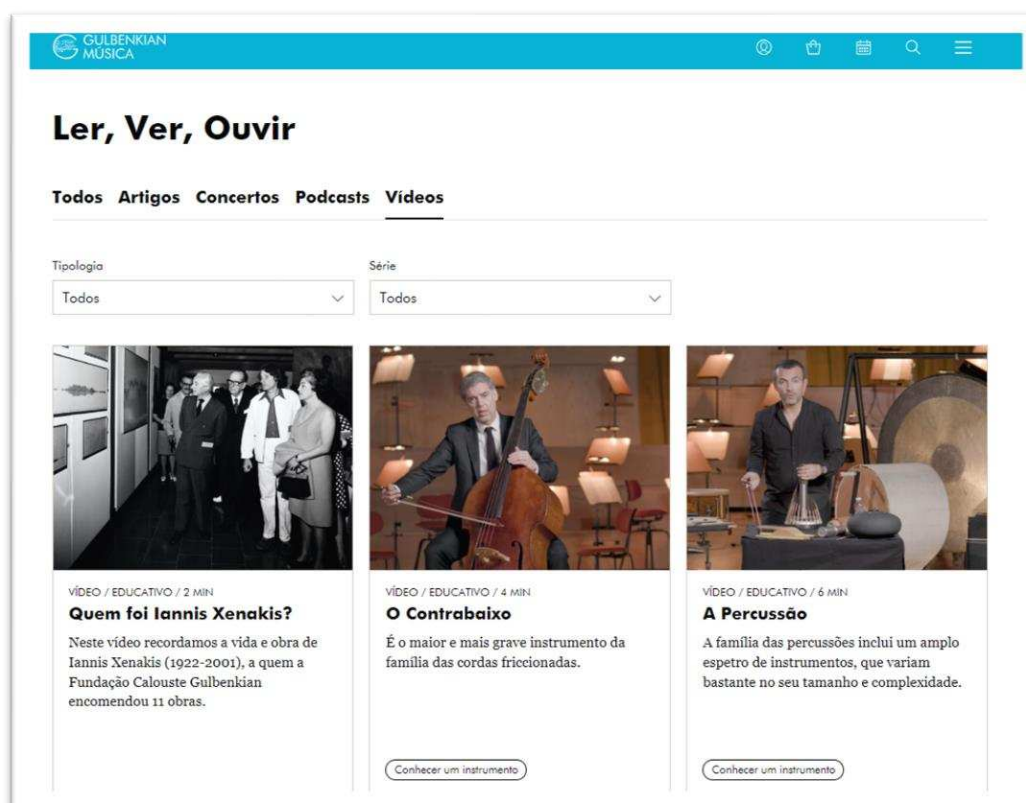


Exhibit 12 – The “Read, watch, listen” section of the Gulbenkian Foundation’s website.

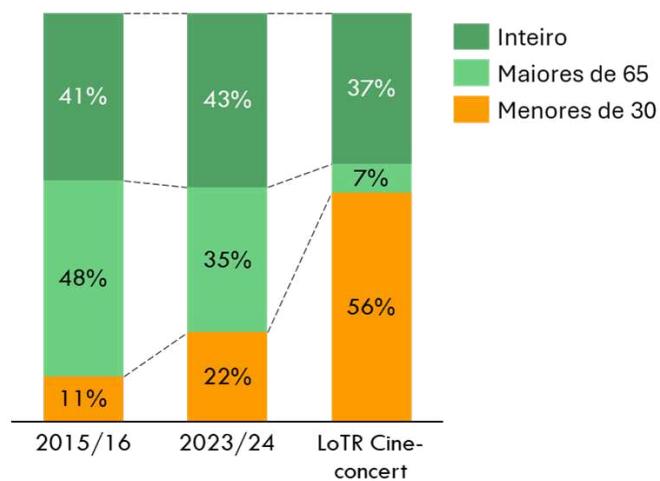


Exhibit 13 – Comparison between the percentage of people under 30 years old in regular concerts of the Gulbenkian Orchestra and a cine-concert (Lord of the Rings).



Exhibit 14 – Lorenzo Viotti.

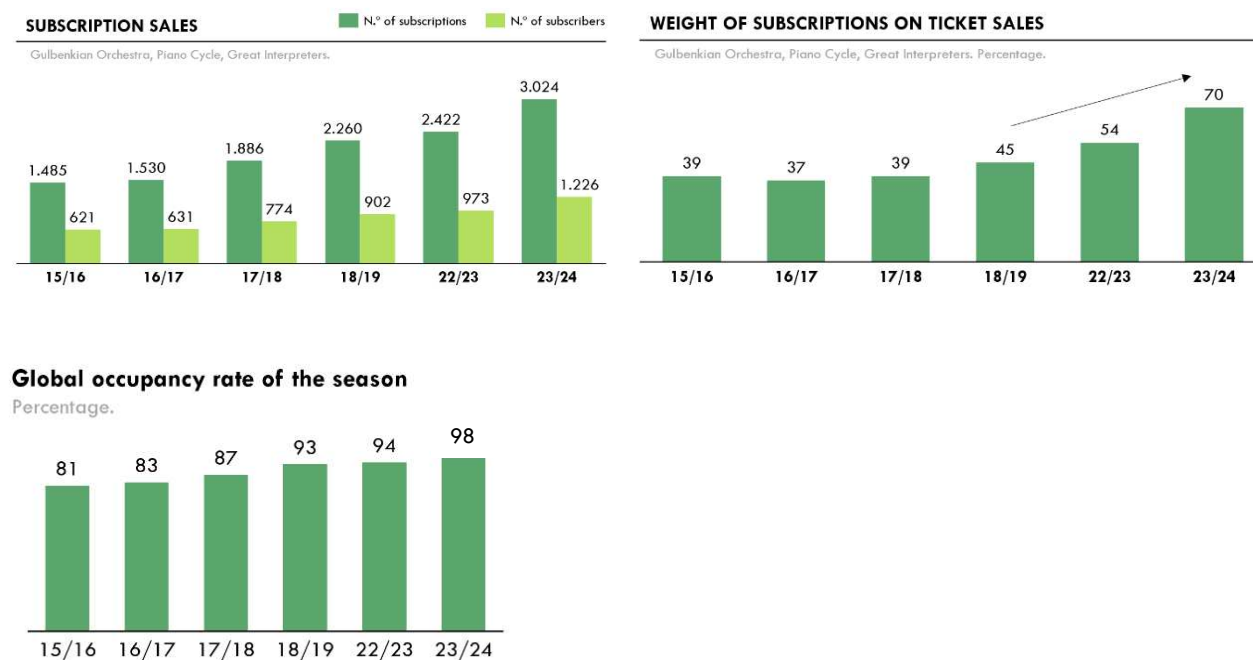


Exhibit 15 – Sales and attendance indicators.

2. Literature Review

The main goal of this chapter is to review concepts and ideas from the academic literature that are relevant for the subjects raised by the Case Study. In order to shed some light on the challenges and opportunities faced by the Calouste Gulbenkian Foundation, the first part of the chapter will present ideas from literature on how to manage non-profit organizations in the cultural sector. The second part will address digital transformation in cultural institutions, namely in classical music concert halls. Finally, the third part proposes best practices and examples of marketing strategies for audience development and attracting young people to classical music.

2.1 Managing Non-Profit Organizations in the Cultural Sector

Operating in an inherently dynamic cultural landscape, non-profit organizations in this sector face a unique set of management challenges. Unlike their counterparts in the commercial sector, these institutions often rely heavily on donations, government funding, and philanthropy to sustain their activity. According to Pick & Andriessen (2016), leadership within these organizations should balance artistic vision and integrity with financial and operational sustainability, ensuring that it remains financially viable and relevant to its community. Rentschler (2002) argues that this can only be achieved through strategic planning, with clear and mission-aligned objectives that guide the organization through fluctuating economic scenarios and shifting audience demographics. Stakeholder management is therefore a critical dimension, as these organizations typically navigate a complex web of relationships with donors, government entities, artists, and the public. According to Ostrower (2005), successful concert halls like the Carnegie Hall in New York engage stakeholders not merely as donors or audience members but as active participants in shaping the institution's artistic and educational missions. This engagement is facilitated through regular communication, special events, and inclusive decision-making processes that align stakeholders' interests with the goals of the concert hall.

Financial management in these organizations involves sophisticated fundraising techniques and the management of diverse revenue streams, from ticket sales to sponsorships, private donations, and endowments (Toepler & Dewees, 2005). When compared to other European countries such as the United Kingdom, fundraising and private donations within the cultural sector in Portugal are still in their early stages, particularly due to the absence of legislation

regulating this practice and offering tax incentives for donors. This is one of the reasons why the Calouste Gulbenkian relies almost exclusively on the revenues generated through its endowment fund (Gulbenkian Foundation's Annual Report, 2023).

Tschirhart and Bielefeld (2012) emphasize the importance of endowment funds, which provide a stable financial cushion and reduce dependency on unpredictable revenue sources. When well-managed, these funds generate interest income that can support operational expenses and fund special projects which could never be covered entirely by ticket sales. In the United States, where public funding for culture is less predominant when compared to Europe, orchestras still rely heavily on their endowment funds to support ambitious programming and educational outreach efforts, ensuring artistic excellence while maintaining financial stability.

However, McCarthy and Jinnett (2001) warn that non-profits should not rely solely on single funding sources, defending a diversification of revenue streams as a crucial strategy employed by successful organizations like the Metropolitan Opera, which has adopted a multi-faceted approach that includes membership programs, licensing deals, merchandise sales, and live HD broadcasts to cinemas globally, significantly broadening their revenue base. Another example, the Sydney Opera House, has developed multiple revenue streams that include not only traditional funding sources but also commercial activities such as hosting events and licensing its space and brand, which contribute to its financial health without compromising its artistic integrity (Radbourne et al., 2013).

Additionally, the governance structure of non-profit cultural organizations is critical to their sustainability and success. Oster (1995) emphasizes that effective governance goes beyond meeting regulatory requirements; it involves creating a transparent and clear decision-making process. Key components include regular board meetings, thorough financial oversight, and active board member participation in fundraising activities. The board should be composed of individuals with diverse skills and backgrounds, capable of offering strategic guidance and ensuring the organization's activities align with its mission and values.

Furthermore, leadership development within these organizations is essential. Leaders need not only artistic and cultural expertise but also strong business knowledge. Rentschler (2002) suggests that training programs and professional development opportunities for leaders and staff can greatly enhance the organization's ability to navigate complex challenges and

capitalize on new opportunities. Leadership in non-profit cultural organizations should cultivate a collaborative and inclusive culture, fostering innovation and adaptability.

Effective management of volunteers is a key aspect of operating non-profit cultural organizations. Volunteers provide essential support in many areas, such as front-of-house operations, educational programs, and fundraising events (Brudney & Meijs, 2009). Successful volunteer management involves recruiting individuals who are enthusiastic about the organization's mission, offering them proper training, and acknowledging their contributions. A strong volunteer base can enhance community engagement and support the organization's activities in a cost-efficient manner.

Furthermore, audience development and community engagement are critical for the longevity of non-profit cultural organizations. Gaining a thorough understanding of the audience's needs and preferences through market research and audience analysis can shape programming and marketing strategies (Brown & Ratzkin, 2011). Engaging with the community through outreach programs, educational initiatives, and partnerships with local organizations can build strong relationships and foster a sense of ownership and support among community members.

Non-profit cultural organizations also need to address the challenges posed by technology and digital transformation. Utilizing digital tools for marketing, fundraising, and program delivery can enhance operational efficiency and broaden audience reach. For example, customer relationship management (CRM) systems can streamline donor management and improve communication with supporters (Kotler & Scheff, 1997). Social media and online platforms can boost visibility and engagement, while virtual programming and digital content can make cultural experiences accessible beyond geographical boundaries.

Moreover, assessing and evaluating the impact of the organization's activities is crucial for ongoing improvement and accountability. Developing comprehensive evaluation frameworks and gathering data on program outcomes can provide insights into the effectiveness of various initiatives and guide strategic planning. Transparent reporting of results to stakeholders, including funders and the community, can build trust and highlight the organization's value and impact (Herman & Renz, 2008).

In summary, managing non-profit cultural organizations requires a multifaceted approach that balances artistic and financial considerations, engages diverse stakeholders, and embraces innovation and adaptability (Moore, 2000). By implementing effective governance, leadership, volunteer management, audience development, and digital transformation

strategies, these organizations can overcome challenges, seize opportunities, and achieve sustainable success.

2.2 Digital Transformation in Cultural Institutions

Digital transformation in cultural institutions refers to the integration of digital technology into all aspects of an organization's operations and services. This transformative process is crucial as it extends the reach and accessibility of cultural offerings, allowing institutions to engage broader and more diverse audiences. Bakhshi and Throsby (2012) outline how digital technologies such as streaming services, virtual tours, and public digital archives break down geographical and physical barriers, making cultural content accessible to a global audience.

The importance of digital transformation extends beyond accessibility, significantly enhancing audience engagement. According to Nesta's report (2015) on digital culture, interactive platforms, and social media have transformed the way audiences interact with cultural content, enabling personalized experiences and fostering deeper connections between the institution and its visitors. These digital interactions not only enrich the audience's experience but also provide valuable data that can be used to tailor future offerings and improve marketing strategies. Moreover, this digital interaction creates opportunities for user-generated content and peer-to-peer engagement, further deepening the audience's connection to the institution and fostering a sense of community.

Operational efficiency is another critical area improved by digital transformation. As noted by Smit (2017), advanced data analytics and management systems streamline various administrative and operational processes, from ticketing to customer relationship management. The use of digital ticketing systems not only reduces the physical logistics of ticket sales but also allows for real-time tracking of sales and attendance patterns. Customer relationship management (CRM) systems enable institutions to maintain detailed records of patron interactions, preferences, and feedback, facilitating more personalized and effective communication. These technologies can also automate routine tasks, such as membership renewals and donation processing, freeing up staff time for more strategic initiatives. Furthermore, digital transformation supports enhanced security measures, protecting sensitive patron data and ensuring compliance with privacy regulations.

Digital transformation in cultural institutions like classical music concert halls is not merely a trend but a strategic imperative that enhances accessibility, boosts audience engagement, and improves operational efficiency by reducing costs and freeing up resources for creative and programmatic activities, ensuring these institutions remain relevant and resilient in a rapidly evolving cultural landscape. Many concert halls around the world are in fact actively embracing digital transformation through the adoption of various innovative technologies, each significantly expanding their audience reach and enhancing operational practices.

Virtual Reality (VR) experiences, for example, are being utilized to create immersive performances, allowing audiences from around the globe to experience concerts as if they were seated in the hall. According to a study by Guttentag (2010), VR can dramatically enhance the user's experience, providing a sensory-rich engagement that traditional media cannot offer. VR technology also enhances educational programs by enabling students to virtually explore concert halls and engage with musicians, thereby broadening educational outreach beyond local communities (Gutiérrez et al., 2008).

Live streaming services have also been pivotal. As outlined in the MIT Technology Review (2018), live streaming allows concert halls to broadcast performances in real-time, reaching an audience that extends well beyond the physical limits of the venue. This technology not only increases accessibility but also democratizes the consumption of “high-culture,” which traditionally has been limited by geographical and socio-economic barriers (Kay, 2018). Recent research published after the Covid-19 pandemic suggests that digital experiences can also affect audience behaviour and future cultural participation (Leguina, A., Manninen, K., & Misek, R. E., 2023). This study highlights that while digital platforms increase accessibility, particularly for disabled or remotely dispersed audiences, they could also enhance future in-person cultural engagement, suggesting that people who participate in high-quality online experiences may be persuaded to attend live concerts.

The Berliner Philharmoniker's Digital Concert Hall is one such example, which has pioneered the use of digital streaming. Since its inception in 2008, this initiative has allowed global audiences to experience concerts live, significantly expanding the hall's reach. According to a report by the Digital Concert Hall team (2020), the platform has attracted viewers from over 40 countries, demonstrating the potential of digital tools to transcend geographical boundaries and democratize access to classical music.

Another notable example is the Royal Concertgebouw in Amsterdam, which launched the RCO Editions app, an innovative approach to digital archives and educational content. The app not only provides access to live recordings but also integrates musician interviews and conductor insights, enriching the listening experience. According to Vervoorn (2018), this strategy has not only enhanced user engagement but has also fostered a deeper understanding and appreciation of classical music among audiences. The app includes curated playlists and thematic collections, enabling users to discover music in an organized yet adaptable way. It also offers educational modules that teachers and students can use to enhance their understanding of classical music, making it a versatile resource for both casual listeners and serious music students.

The Metropolitan Opera in New York has also leveraged digital streaming through its 'Met Opera on Demand' service, which streams performances across various devices. This service has reported a substantial increase in subscriptions, particularly from younger demographics, indicating a successful expansion in its audience base. As noted in their annual report (2019), the service has helped maintain a steady revenue stream, even as traditional box office sales have fluctuated. The success of 'Met Opera on Demand' demonstrates the critical role of providing access across multiple platforms, allowing users to enjoy performances on smartphones, tablets, smart TVs, and computers. This adaptability aligns with the viewing habits of today's audiences, who frequently consume media on the go and on various devices (Johnson, 2020).

Additionally, digital archives play a critical role in preserving and providing access to past performances. These archives, as discussed by Rothenberg (1999), not only safeguard the cultural heritage but also serve as valuable resources for education and outreach, allowing students, researchers, and enthusiasts access to historical performances that would otherwise be inaccessible. Converting these archives to digital formats protects them from physical wear and loss, ensuring their availability for future generations to appreciate and learn from (Lavoie, 2014). Moreover, advanced search features and metadata tagging in digital archives simplify the process of locating specific performances, composers, or historical periods, thus enhancing their usability and educational significance.

Together, these digital advancements are transforming classical music concert halls into more accessible, efficient, and globally connected institutions, by broadening their reach and engaging with new audience segments, while also streamlining operational practices and

financial sustainability, ensuring these institutions remain relevant and continue to thrive in the digital age. By embracing these technologies, concert halls can provide more varied and enriching cultural experiences, cultivating a deeper appreciation for classical music in today's digital environment (Walmsley, 2019). Incorporating digital tools not only aids in preserving and sharing classical music but also drives innovation within the cultural sector, prompting institutions to experiment with new formats and methods of audience engagement. It is nonetheless important to note that digital experiences also present challenges such as high production costs and the inability to replicate the social aspects and unique experience of live performances (Colotti, 2023). Therefore, further research is needed to explore the long-term effects of digital engagement on live attendance and audience demographics.

2.3 Marketing Strategies for Audience Development – Attracting young people

Audience development is a critical factor in ensuring the sustainability and continued relevance of classical music halls in today's modern cultural economy. As cultural preferences shift and new entertainment options emerge, these institutions must actively engage and expand their audiences to thrive. According to Colbert, Beauregard, and Vallée (2016), attracting a younger demographic is particularly vital as this group brings new energy and perspectives that can invigorate classical music and ensure its future legacy.

The need to attract younger audiences is not just about filling seats but also about fostering an appreciation of classical music among the next generation. Research by Walmsley (2013) emphasizes that younger audiences are more likely to experiment with different cultural experiences and can be engaged through innovative marketing strategies tailored to their interests and media habits. These strategies are essential for the long-term financial health and artistic vibrancy of music halls.

Successful case studies, such as the San Francisco Symphony's "SoundBox" series, demonstrate the effectiveness of targeted marketing campaigns in attracting younger demographics. The series introduced a casual, immersive concert experience with mixed media and social elements, which significantly appealed to younger concertgoers. As reported by the Symphony's marketing department (2018), this approach not only increased ticket sales but also enhanced the institution's relevance among a demographic traditionally perceived as disengaged from classical music.

Social media platforms are at the forefront of strategies used to engage younger audiences. Orchestras like the London Symphony Orchestra utilize platforms such as Instagram, TikTok, and YouTube to stream live performances and share behind-the-scenes content, which resonates well with a younger audience. Colbert, Beauregard, and Vallée (2016) highlight the effectiveness of these platforms in creating interactive and personal experiences that attract younger viewers, who value authenticity and immediacy in their digital interactions.

Collaborating with artists from other music genres is another successful strategy. For instance, the Los Angeles Philharmonic's collaboration with popular artists like John Legend has drawn considerable attention from younger crowds, creating a bridge between different musical tastes and cultures. These collaborations often receive extensive coverage in digital and traditional media, thereby broadening the institution's reach and appeal, as discussed in the *Journal of Cultural Management and Policy* (2015).

Educational initiatives are crucial for cultivating a deeper understanding and appreciation of classical music. Programs aimed at schools and universities can introduce classical music to young people in engaging ways. Furthermore, event diversification, such as combining classical music performances with an audiovisual component or interactive digital installations, offers a richer cultural experience.

Retaining young audiences involves more than initial attraction; it requires the development of loyalty and community engagement. Loyalty programs that offer discounts, exclusive content, and special event invitations can help maintain interest and attendance. A successful example, the "Young Barbican" program, hosted by the Barbican Centre in London, is designed to attract young audiences aged 14-25 by offering discounted access to a wide variety of arts and entertainment. Membership in the program is free, and members can purchase tickets to events like art exhibitions, films, music concerts, and theater performances for as little as £5, £10, or £15. Notably, the program also allows members to bring a friend within the same age range for the same ticket price, which helps to encourage group participation and a shared cultural experience. In addition to ticket discounts, Young Barbican members are offered unique opportunities to engage with the arts through workshops, backstage experiences, and mentorship programs. These initiatives not only provide entertainment but also foster educational growth and professional development in the creative sectors. The program also incorporates a Youth Panel, which includes members aged 14-18, allowing young people to have a say in the decision-making processes at the Barbican, thus

actively involving them in the cultural dialogue and operations of a major arts institution. The success of the program is evident in its popularity, with a large number of young people taking advantage of the discounted ticket scheme and participating in the various offered activities, highlighting the effectiveness of such initiatives in making the arts more accessible to younger audiences.

Ensuring the engagement of young audiences is vital for the longevity of classical music institutions. Initiatives such as the "Young Barbican" program illustrate that focusing on accessibility and active participation can significantly boost audience development. These programs emphasize the need to integrate educational and interactive components into events to cultivate a lasting appreciation for classical music (Walmsley, 2013). By consistently adapting to the interests and lifestyles of younger generations, classical music institutions can secure their ongoing relevance and success in the cultural landscape.

Additionally, forming partnerships with educational institutions can greatly extend the influence and reach of classical music. Collaborations with schools and universities can lead to the creation of curriculum-based programs that introduce classical music to students in engaging and educational ways. These initiatives not only improve students' cultural knowledge but also help in nurturing future patrons of classical music (Hallam, 2011). Activities like open rehearsals, masterclasses with well-known musicians, and interactive workshops offer students unique and enriching experiences, fostering a stronger connection to the art form.

Moreover, leveraging technology in marketing strategies can enhance outreach efforts. Utilizing data analytics to gain insights into audience preferences and behaviours enables more targeted and effective marketing campaigns. Personalized marketing, informed by data, can boost engagement and attendance by providing relevant content to specific audience segments (Kotler & Scheff, 1997). Examples include customized email campaigns, targeted social media advertisements, and interactive online content, all contributing to a more engaging marketing approach.

The creation of mobile apps that offer exclusive content, ticket purchasing, and real-time event updates can also enhance the audience's experience. These apps provide a convenient platform for users to interact with the institution, discover upcoming events, and access multimedia content such as interviews, behind-the-scenes footage, and educational materials

(Anderson, 2012). Using technology in this way creates a more interactive and immersive experience for audiences, fostering greater engagement and loyalty.

Finally, developing inclusive and diverse programming that mirrors the interests and backgrounds of a wider audience can draw a broader range of attendees. Including works by contemporary composers, incorporating diverse voices in programming decisions, and hosting events that celebrate various cultural traditions can make classical music more relatable and appealing to a diverse audience (DiMaggio & Mukhtar, 2004). By embracing inclusivity and diversity, classical music institutions can enhance their appeal and significance in today's multicultural society.

Conclusion

This literature review underscores the multifaceted challenges and opportunities that non-profit cultural organizations face. Managing these organizations requires a delicate balance between artistic vision and financial sustainability, effective stakeholder engagement, and innovative financial strategies, including the diversification of revenue streams and robust endowment fund management. Digital transformation emerges as a critical strategic imperative, enhancing accessibility, audience engagement, and operational efficiency. The literature suggests that digital experiences such as livestreamings and VR seem to be an effective way to engage and diversify audiences, but further research is needed to explore the long-term effects of digital engagement on live attendance and audience demographics. Furthermore, targeted marketing strategies, particularly those aimed at attracting and retaining younger audiences, are essential for ensuring the long-term viability and relevance of classical music institutions. By embracing educational initiatives, leveraging technology, and fostering inclusivity, these organizations can navigate the dynamic cultural landscape, expand their reach, and cultivate a deeper appreciation for classical music across diverse audience segments.

3. Teaching note

Focusing on the digital transformation of a cultural institution, this case could be suitable for students in arts management or business administration, fitting well in courses on strategic management, marketing, non-profit management, and cultural policy. It can also be beneficial for executive education participants working in cultural, artistic, or non-profit sectors, serving as a starting point for discussions.

3.1 Synopsis

This case examines the strategic transformation of the Calouste Gulbenkian Foundation's Music Department, focusing on its shift from traditional marketing methods to a comprehensive digital marketing strategy. Under the leadership of Chief Marketing Officer Nuno Prego, the Foundation successfully navigated the challenges of low occupancy rates, declining revenues, and an aging audience by embracing digital transformation and innovative programming. Key initiatives included the creation of a unified digital presence, active engagement on social media platforms, and the use of data analytics to inform marketing efforts. The case also explores the introduction of new concert formats designed to attract younger audiences and the appointment of a charismatic young conductor, Lorenzo Viotti, which significantly boosted audience engagement. Additionally, the case highlights the impact of digital tools such as live streaming in extending the reach of classical music performances globally. The success of these strategies underscores the importance of adaptability, audience diversification, and the integration of new technologies in maintaining the relevance and financial sustainability of cultural institutions.

3.2 Suggested assignment questions

1. What are the main characteristics of the market where Gulbenkian Music operates?
2. What is your assessment of Gulbenkian Music's strategic shift?
3. What recommendations would you make to the Gulbenkian Foundation's Music Department?

3.3 Statement of Learning Objectives

- To understand the challenges faced by cultural institutions in maintaining relevance and financial stability.
- To explore strategic marketing and audience development practices in the non-profit cultural sector.
- To analyse the implications of digital transformation in traditional cultural institutions.
- To develop strategic recommendations for similar institutions facing digital transformation challenges.

3.4 Class plan

1. How do you evaluate the strategic situation of the Music Department of the Gulbenkian Foundation before 2015?
2. What are the main characteristics of the competitive and economic environment of the market/industry in which the Gulbenkian Foundation operates?
3. Evaluate Gulbenkian Música's strategic shift towards digital marketing. What were the key factors that contributed to its success?
4. Discuss the potential risks and rewards of targeting younger audiences for classical music. How can other institutions replicate this strategy?
5. Analyse the impact of digital transformation on the Gulbenkian Foundation's Music Department. What lessons can be learned about integrating new technologies in traditional settings?
6. What are Gulbenkian Música's main strengths, weaknesses, opportunities and threats?
7. How can cultural institutions balance the need for financial stability with their mission to promote culture and education?
8. What are the main alternative future paths for Gulbenkian Música?
9. What are your recommendations for the management team of Gulbenkian Música?

3.5 Analysis

3.5.1 How do you evaluate the strategic situation of the Music Department of the Gulbenkian Foundation before 2015?

Before 2015, Gulbenkian Music was facing low occupancy rates, declining revenues, and an aging audience. The artistic programming was mainly centered around traditional concert music settings, with guest artists often consisting of older conductors or soloists, and a near-absence of different concert formats or initiatives tailored to younger people. For many years, Gulbenkian Música served mostly an older, loyal, and more traditional audience that purchased subscriptions (season tickets) which filled nearly two-thirds of the hall. Relying on an audience with such a limited demographic diversity was probably the main cause of Gulbenkian Música's problem up to 2015. There was a heavy reliance on traditional marketing methods, such as printed advertising and outdoor ads, with minimal investment in digital platforms and tools such as Analytics and Marketing Intelligence to inform decisions. Moreover, Gulbenkian Música's website was fragmented and primarily served as a content repository rather than an interactive platform for audience engagement. Social media presence was also fragmented and unstructured, with little investment in content creation, leading to limited reach and engagement. Moreover, the use of outdated marketing efforts, heavily dependent on traditional media and with almost no investment in digital platforms, only made it harder to renew and develop its audience. Regarding operational efficiency, the absence of data analytics or marketing intelligence to inform decisions, led to less effective and targeted communication efforts. Finally, a more traditional and conservative approach to programming was also making it harder to diversify the audience, particularly among younger people.

3.5.2 What are the main characteristics of the competitive and economic environment of the market/industry in which the Gulbenkian Foundation operates?

Porter's Five Forces can be applied to the case of the Gulbenkian Music Department to analyse the competitive environment and understand the various forces that impact its operations. Porter's framework includes the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and the intensity of competitive rivalry.

Threat of New Entrants

The threat of new entrants in the classical music and cultural institution sector is relatively low but not entirely absent. Establishing a reputable classical music institution demands significant investment in infrastructure, talent, marketing efforts and a capacity to raise funding through public subsidies or private sponsorship, which creates high barriers to entry. The Gulbenkian Music Department benefits from its long-standing reputation, substantial financial endowment, and a well-established audience base, all of which act as deterrents to new entrants. Additionally, the department's strong brand loyalty and reputation make it challenging for new entrants to attract a comparable level of patronage. Moreover, the ability to leverage economies of scale in marketing, talent acquisition, and event production further consolidates the department's competitive position, making it difficult for new players to compete effectively.

Bargaining Power of Suppliers

The bargaining power of suppliers for the Gulbenkian Music Department varies, ranging from moderate to high. Renowned conductors, soloists, and orchestras, who are crucial for attracting audiences, possess significant bargaining power due to their specialized skills and reputation. Similarly, suppliers of digital platforms, streaming services, and technical equipment hold considerable power, as the department's digital transformation relies heavily on these technologies. Furthermore, suppliers involved in venue maintenance, production services, and other operational needs also have a moderate level of bargaining power. However, the department's established relationships with these suppliers may mitigate some of this power, ensuring a more balanced dynamic.

Bargaining Power of Buyers

The bargaining power of buyers, or audience members, is relatively high for the Gulbenkian Music Department. Audience expectations have risen with the increasing availability of digital content and alternative entertainment options, compelling the department to meet high standards of quality and engagement to retain their interest. Additionally, there is a significant degree of price sensitivity among audience members. Despite offering various discounts, particularly for younger audiences, the department must carefully balance ticket prices to ensure accessibility while also maintaining financial stability. The abundance of alternative entertainment options, both in-person and online, further enhances the bargaining power of buyers, making it essential for the department to offer unique and compelling experiences to

attract and retain its audience. By selling a significant number of seats with subscription tickets, Gulbenkian Música is also reducing the bargaining power of buyers. While these subscriptions may include several discounts and a fixed seat throughout the season, they limit flexibility and choice because subscribers are less likely to negotiate prices or demand changes since they have already committed to a package deal.

Threat of Substitute Products or Services

The threat of substitute products or services for the Gulbenkian Music Department is high, given Lisbon's growing offer of entertainment and cultural activities. Alternative cultural experiences, such as those offered by other cultural institutions, museums, theatres, and concert venues, compete for similar audiences. Additionally, digital entertainment options, including streaming services, online concerts, and virtual reality experiences, provide accessible and often more convenient alternatives to live classical music performances. Moreover, general recreational activities like movies, sporting events, and social media also serve as substitutes, vying for the audience's time and financial resources. This high threat of substitutes necessitates continual innovation and differentiation by the department to maintain its competitive edge.

Intensity of Competitive Rivalry

The intensity of competitive rivalry in the cultural and classical music sectors is high. However, unlike other European countries, the number of professional orchestras and classical music seasons is still quite low in Portugal and the Gulbenkian Orchestra faces very limited competition from them. The Gulbenkian Music Department faces competition from other prestigious concert halls and cultural institutions both locally and internationally. Competitors are continually innovating and differentiating their offerings to attract audiences, which requires the department to do the same to sustain its competitive advantage. The market can become saturated with various events and performances, leading to intense competition for audience attention and financial support. This competitive pressure underscores the need for the department to consistently offer high-quality, unique experiences and to effectively engage with its audience through both traditional and digital means.

Overall Industry Attractiveness

We can conclude that while classical music and the cultural market are quite attractive industries that offer many opportunities for growth through digital transformation and

audience diversification, they also pose significant challenges that require innovative programming and strategic management to maintain relevance, competitiveness and profitability.

3.5.3 Evaluate the Gulbenkian Music Department's strategic shift towards digital marketing. What were the key factors that contributed to its success?

The key factors contributing to the success of the Gulbenkian Music Department's strategic shift towards digital marketing include a comprehensive overhaul of their digital presence, which involved the creation of a unified and engaging website, active use of social media platforms, and targeted digital campaigns. Hiring Nuno Prego, who brought extensive experience in digital transformation from the telecom industry, was pivotal. His expertise helped to align digital marketing strategies with the department's objectives such as audience development and enhanced engagement. Additionally, investments in content creation like educational videos and behind-the-scenes interviews enriched the digital experience and attracted a broader, younger audience. Furthermore, the implementation of data analytics and marketing intelligence tools allowed for personalized interactions with the audience and informed decision-making based on real-time data. This analytical approach enabled the Music Department to cross-sell different types of concerts, tickets or cycles, narrow the audience segments (demographically and geographically) in targeted campaigns, and adapt to the preferences and behaviours of different customers. Another critical factor was the strategic use of paid advertising on digital platforms, which extended the reach of their campaigns beyond the traditional audience base.

3.5.4 Discuss the potential risks and rewards of targeting younger audiences for classical music. How can other institutions replicate this strategy?

Targeting younger audiences can rejuvenate the audience base and ensure long-term sustainability. Younger generations bring new energy and can help perpetuate the appreciation of classical music through contemporary means such as digital media and modernized programming. Engaging younger audiences also creates opportunities for innovative programming and collaborations, leading to creative and diverse concert experiences that can appeal to a wider demographic. Additionally, cultivating young audiences can lead to the development of lifelong patrons who will continue to support the institution financially and culturally. The primary risk is alienating traditional audiences who may prefer conventional

programming. There's also the challenge of ensuring that the content remains true to classical music's artistic integrity while appealing to younger demographics. Moreover, significant investments in marketing and programming tailored to younger audiences might not yield immediate returns, requiring patience and sustained effort. There is also the risk of over-reliance on digital engagement, potentially neglecting in-person experiences that some audiences may still value highly. Other institutions can replicate this strategy by introducing innovative programming that resonates with younger people, such as film-concert series and family-friendly concerts. It is also crucial to leverage digital tools to engage these audiences where they are most active, such as on social media and streaming platforms. Institutions can also collaborate with influencers and contemporary artists to bridge the gap between classical music and popular culture. Offering educational programs and interactive experiences tailored to younger audiences can further enhance engagement and appreciation. Implementing discounts for younger attendees can make classical music more accessible. Additionally, developing mobile apps and digital platforms that provide exclusive content, behind-the-scenes access, and interactive features can help maintain ongoing engagement.

3.5.5 Analyse the impact of digital transformation on the Gulbenkian Foundation's operations. What lessons can be learned about integrating new technologies in traditional settings?

The digital transformation at the Gulbenkian Foundation significantly enhanced operational efficiency, audience reach, and engagement. Key lessons include the importance of leadership vision and commitment to digital integration, the necessity of investing in skilled personnel and technology infrastructure, and the value of a strategic approach that aligns digital initiatives with overall organizational goals. Additionally, it is crucial to maintain flexibility and adaptability in processes to accommodate evolving technological trends and audience expectations. The Foundation's experience shows that embracing digital tools can lead to cost savings and more efficient resource allocation, enabling organizations to redirect funds towards creative and programmatic activities. Another important lesson is the significance of data-driven decision-making. By utilizing advanced data analytics, the Foundation gained insights into audience behaviours and preferences, which informed their marketing strategies and programming choices. This approach can help other institutions better understand their audiences and tailor their offerings accordingly. Furthermore, the success of livestreaming

initiatives at the Gulbenkian Foundation highlights the potential of these technologies to enhance the cultural experience and reach global audiences. Institutions should consider incorporating these technologies to expand their reach and provide immersive experiences.

3.5.6 What are Gulbenkian Música's main strengths, weaknesses, opportunities and threats?

Performing a SWOT analysis is helpful in this situation as it provides a structured framework to evaluate the Gulbenkian Foundation's strategic position, identifying its strengths, weaknesses, opportunities, and threats, which are crucial for informed decision-making and future planning.

Strengths

The Gulbenkian Music Department boasts several significant strengths that have contributed to its success. Under the visionary leadership of Nuno Prego, and through Risto Nieminen's bold programming, the department has undergone a comprehensive digital transformation, creating a unified and engaging online presence. The new website, active social media engagement, and targeted digital campaigns have significantly enhanced visibility and audience interaction. The strategic use of educational videos, behind-the-scenes content, and interviews enriched the audience experience, attracting a broader, younger demographic. The implementation of data analytics and marketing intelligence tools enabled personalized audience interactions and informed decision-making, further fine-tuning their strategies to cater to different segments. Additionally, innovative programming, such as film-concert series and family-friendly concerts, along with the appointment of charismatic young conductor Lorenzo Viotti, known for his strong social media presence, boosted audience engagement and significantly improved occupancy rates, achieving a notable 98% by 2023.

Weaknesses

Despite these strengths, the Gulbenkian Music Department faces several internal weaknesses. There is a high dependence on traditional audiences, with a significant portion of the subscription base consisting of older, highly educated individuals. This reliance limits broader demographic engagement and poses challenges in diversifying the audience. The limited physical capacity of the Grand Auditorium, with only 1200 seats, restricts the ability to accommodate growing demand, leading to frustration among potential audience members

who struggle to obtain tickets. Furthermore, there are ongoing concerns about the pricing strategy, with debates on whether ticket prices are too low given the high purchasing power of a substantial part of the audience. Balancing this without compromising the foundation's philanthropic mission is challenging. Additionally, awareness of the available discounts for younger audiences remains inadequate, indicating a gap in effective communication and outreach.

Opportunities

The Gulbenkian Music Department has several promising opportunities to leverage. Expanding digital platforms through live streaming and virtual reality technologies can extend the reach of performances to global audiences, attracting more viewers from remote areas and international markets. Forming collaborations and partnerships with contemporary artists and influencers can bridge the gap between classical music and popular culture, appealing to younger demographics. Developing educational initiatives aimed at schools and universities can cultivate a deeper appreciation for classical music among younger audiences, potentially creating lifelong patrons. Continued investment in cutting-edge technology for digital content creation and delivery can enhance audience experience and engagement, positioning the department at the forefront of innovation in the cultural sector. Exploring diverse revenue streams, such as sponsors or private donations, licensing deals, and hosting events, can improve financial stability while maintaining the foundation's artistic and cultural mission.

Threats

However, the department must navigate several external threats to sustain its success. Market competition from other cultural institutions and entertainment options is intense, particularly in attracting younger demographics. Staying competitive requires constant innovation and adaptation. Rapid technological changes necessitate ongoing investment and adaptation to maintain a cutting-edge digital presence, with the risk of losing audience engagement if they fall behind. Economic uncertainty, including potential downturns or changes in funding priorities, could impact the foundation's financial stability, especially given its reliance on endowment funds and donations. Shifts in audience preferences and consumption habits, particularly among younger generations who may prefer digital over live experiences, could affect traditional concert attendance. Additionally, potential changes in cultural funding policies or regulations could impact the foundation's operations and financial health, necessitating adaptability to new regulatory environments for continued success.~

Competitive Advantage

The Gulbenkian Foundation's long-standing and prestigious reputation as a major cultural player, both nationally and internationally, is among its strongest competitive advantages. Loyalty from an already consolidated audience base, which consistently attends the Foundation's activities, is also a competitive advantage. Being one of the largest Foundations in Europe, with a public endowment fund of 3.72 billion euros, also sets it apart from the majority of cultural institutions in Portugal, where public and private funding for culture is very low. A larger budget and strong financial sustainability explain the Foundation's significant investments in digital transformation, which would be nearly impossible for smaller institutions with less funding.

3.5.7 How can cultural institutions balance the need for financial stability with their mission to promote culture and education?

Balancing financial stability with the mission to promote culture and education involves diversifying revenue streams through ticket sales, subscriptions, donations, and, in some cases public funds. Implementing dynamic pricing models and offering tiered membership options can also help maximize revenue while maintaining accessibility. Cultivating relationships with stakeholders through regular engagement and demonstrating the value of cultural and educational programs is crucial for sustained support. Finally, leveraging digital platforms to extend reach and develop new audiences can contribute to both enhanced visibility and increased funding opportunities. Cultural institutions can also explore partnerships with corporate sponsors and philanthropic organizations to secure additional funding. Developing merchandise and licensing deals can also provide supplementary income while promoting the institution's brand. Additionally, these institutions can consider hosting fundraising events and benefit concerts that not only generate revenue but also raise awareness about their mission and programs. Pursuing funding from other foundations and government agencies dedicated to arts and culture can further bolster financial stability. Maintaining transparency and accountability in financial management can also build trust with donors and stakeholders, ensuring continued support.

3.5.8 What are the main alternative future paths for Gulbenkian Música?

The main alternative future paths for Gulbenkian Música include expanding their digital offer by building on the success of their livestreamings, investing further in virtual reality experiences and enhancing their digital content to reach a global audience. Audience diversification is another path, where Gulbenkian Música could implement even more targeted artistic programming and marketing strategies to attract younger and more diverse audiences. This could be also achieved through collaborations with contemporary artists and influencers that are closer to people of the current generation. Increasing the number of tours and concerts in other halls outside Lisbon – even if with a smaller orchestra – would also help in diversifying audiences and fulfilling one of the Foundations core missions – providing more people with access to culture by decentralizing its activity. Enhanced use of data analytics is also crucial, as it can help them better understand audience preferences and behaviours, enabling even more personalized interactions with customers. Forming strategic partnerships and collaborations with other cultural institutions, educational entities, and individual or corporate sponsors could broaden their reach and community engagement. Lastly, exploring new revenue streams such as sponsorships and private individual donations would help reduce a heavy dependence on its endowment fund.

3.5.9 What are your recommendations for the management team of Gulbenkian Música?

Considering the physical constraints of the auditorium's capacity and a demand that largely surpasses supply - as demonstrated by an occupancy rate of 98% -, price increases could be a first approach. However, there are a few considerations regarding this strategy. Firstly, a large portion of the audience has a high purchasing power, making it less price-sensitive and very likely to keep buying tickets despite price increases. Secondly, as the Gulbenkian Foundation is a non-profit institution with a philanthropic mission, it is crucial to keep prices affordable for people with more fragile economic capabilities, especially younger people. Therefore, I would recommend that price increases should be applied first and foremost to subscription tickets, which should have a lower share of the auditorium seats. An excessive number of subscription tickets – purchased precisely by audience members with higher purchasing power – reduces the number of available seats (individual tickets) for people who cannot afford such an investment and is the root cause of a less diversified audience. Regarding the Foundation's digital strategy, I recommend investing in digital marketing and content

creation, virtual reality experiences and especially livestreamings, which helps decentralize access to culture and create international audiences. The reach of livestreamings (and even deferred broadcasts) could be widened through partnerships with movie theatres around the country and the National Public Television (RTP). Annual concerts with accessible prices in other venues such as arenas – which might have poorer acoustics but a much larger capacity – could be a way to address the physical constraint of their 1200-seat auditorium. Alternatively, outdoor concerts in public parks, squares or other unusual and original venues could be considered. Innovative programming designed for younger audiences could also start including collaborations with contemporary and well-known artists, even if outside the classical music realm. Increasing the offer of educational activities, and strengthening community engagement through partnerships with schools, universities, and local organizations can also foster a deeper connection with the audience. Lastly, when the legislation is further consolidated, expanding revenue streams by accepting private donations from individuals and sponsorships could help the Foundation to be less dependent on its endowment fund.

4. Conclusion

Writing this thesis offered me vital insights into the management and sustainability of cultural institutions and the critical importance of adaptability in sustaining their relevance. The case of the Calouste Gulbenkian Foundation and its strategic evolution within the Music Department provides a compelling narrative about the challenges and opportunities faced by cultural institutions today.

When the Foundation was created in 1956, Portugal was much poorer and the cultural offer much smaller. For this reason, the Gulbenkian Foundation was often nicknamed the “Ministry of Culture”, and most of their initiatives – from scholarships and subsidies to concerts, exhibitions, and itinerary libraries (Bibliotecas Itinerantes) – had a very strong impact across the Portuguese society. Almost 70 years later, Portugal is now a much more developed country, and the Government replaced the Foundation in addressing most of these needs. As the cultural offer also significantly increased in Lisbon during the last decade, the Foundation had to reinvent itself to remain relevant among the competition. Since 2015, and under the leadership of Nuno Prego and the strategic vision of Risto Nieminen, the Music Department has not only preserved its rich legacy but has also innovatively expanded its reach and relevance, setting a benchmark for other institutions facing similar issues.

The strategic decisions made by the Gulbenkian Foundation reflect a deep understanding of the evolving cultural ecosystem and the need for continuous innovation in audience engagement strategies. Having more access to detailed audience data – which is often protected by GDPR legislation – would have enriched this case study. As cultural institutions worldwide continue to face pressures from changing audience demographics and an increasingly digital world, I am quite interested in seeing whether the Gulbenkian Foundation continues to embrace change and innovate while keeping relevance in the cultural sector and fulfilling its philanthropic mission.

5. References

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