

Giulia Cancellieri

Product innovation in cultural industries

Key challenges, success factors
and antecedents



Giappichelli

Part 1

**Understanding product innovation
in cultural industries**

Chapter 1

Product innovation in cultural industries: Motivations and typologies

Abstract

The pursuit of product novelty is a key feature of cultural organizations, which are commonly described as permanently innovative organizations. These organizations can pursue product innovation by offering new, unconventional, or experimental cultural and artistic programs. Although the focus on product innovation provides aesthetic material for creative change and success in cultural industries, the pursuit of product novelty in this context has rarely been studied in a systematic way. Therefore, in this chapter, I identify different ways through which cultural organizations can renew their product offerings. In addition, I propose future avenues of research to foster a greater understanding of the varied approaches to product novelty in the cultural context.

1.1. Why product innovation by cultural organizations

Product innovation by cultural organizations – also known as artistic or cultural innovation – refers to the launch of a new or improved cultural product or innovation in the goods and services offered by the organization (Castaner & Campos, 2002; Castaner, 2014; Cancellieri et al., 2022).¹ Research in the field of arts and cultural management

¹ While the term culture can be interpreted in a broader way to refer to the assumptions, values, norms, rituals and artefacts of a society or community (Geertz, 1975), in this book it is restricted to cultural goods which encompass an aesthetic and/or artistic dimension, being produced primarily for human enjoyment, enter-

suggests that cultural organizations are facing difficulties and that product innovation can help them to deal with important strategic challenges (Bernstein, 2017; Crealey, 2003; Bakhshi & Throsby, 2012; 2009; Durand & Kremp, 2016). First, cultural organizations are experiencing growing competition from other types of organizations, as well as forms of entertainment (Colbert, 2009). As stated by Colbert (2003, p. 17), “in reaching his or her purchasing decision, the cultural consumer does not distinguish between high art and popular art. Indeed, aside from a very small number of connoisseurs, consumers are looking for entertainment when choosing a cultural venue. This means that all cultural products are in direct competition with all leisure products; the consumer's decision is based on his or her current state of mind, the opportunities currently available, and his or her pocketbook [...]. Producers of high art and popular art must play their cards right in order to successfully compete against many exciting propositions to attract consumers' attention”. An example of this phenomenon is the boom in the number and range of museums, coupled with the growth of the leisure industry, which has forced these institutions to compete with one another, as well as with new leisure options in a limited market (Burton & Scott, 2003). This situation has led many museums to focus more on visitors' needs and expectations, and on developing new products and services. Vicente et al. (2012) suggest that “the assumption that the intrinsic worth of museums' object is sufficient justification for their existence has been substituted by the belief that museums must actively engage everybody and widen the scope of the subject matters considered worthy of their attention”. In this context, innovation emerges as one of the primary goals of these museums in their effort to enhance the museum-going experience and attract greater numbers of visitors. For example, several European museums are increasingly investing in technological innovations to

tainment and/or education. Cultural products offer a low level of utilitarian value, and a high level of aesthetic, symbolic, and social meaning (Peltoniemi, 2015; Bourdieu, 1984). Importantly, cultural products are experiential, meaning that they are judged on their ability to offer enjoyment and pleasure, and, prior to consumption, consumers cannot know whether the goods will succeed in delivering these (Holbrook & Hirschman 1982).

improve their exhibitions and the quality of visitors' experiences; their ultimate aim is to make their product offerings more accessible to a wide audience and attract more funds from donors and sponsors. In many cultural contexts, both the recognition and attribution of value are strongly linked to uniqueness and product differentiation (Becker 1982; Heilbrun & Gray 2001; Hirsch, 1972; Throsby, 1994). One of the means of differentiating cultural products in order to gain market recognition is leveraging product innovation successfully (Wijnberg & Gemser, 2000). A source of distinctiveness, product innovation enables firms to distinguish themselves from their competitors and is, therefore, a key to gaining a competitive advantage and enhancing growth prospects in difficult times (Durand & Kremp, 2016). For example, Bernstein (2017) invites performing arts organizations in altering theatrical product contents, structures, technical figures, and to propose new emotional and cognitive stimuli to the audience. The ability to provide new and existing consumers with a stream of new products and services can be key to sustaining competitive advantage, particularly in the crowded environment of culture, in which the competing pressure for audiences and markets is steadily increasing. Thus, activities endeavored with new product development are a major aspect of success for cultural organizations (Crealey, 2003).

Second, data on audience participation in cultural activities are not encouraging, with organizations around the world reporting declining participation rates and older audience bases, especially in the field of performing arts (Bernstein, 2017). Globally, opera houses and classic music institutions are increasingly attracting older audiences. For example, a recent article published in the *New York Times* reported that the average age of the audience at the Metropolitan Opera House was 57 years in 2020, the same as that observed at the New York Philharmonic. More specifically, approximately 62 percent of the audience at the Philharmonic was 55 years of age or older. These aging audiences act as an ominous indicator that these art forms are on a slow, inexorable death spiral (Tommasini, 2020). Orchestras and opera companies that are inordinately beholden to standard repertory are not able to speak to younger people, who are instinctively curious about new, more adventurous work in all the arts. In such a scenario, innovative

product strategies can provide cultural organizations with real opportunities to reach new audiences and reinvigorate their relationships with existing ones. Opera companies across Europe and the US have started asking themselves challenging questions: How can we engage with and build new, curious, and open-minded audiences? How can we foster alternative creation and renew our art forms? These opera houses are working hard to meet these challenges and, importantly, are increasingly relying on product innovation to do so in order to cultivate younger audiences. For these organizations, product innovation would involve presenting newer repertoires, newly commissioned works for young visitors, and reinterpretations of revered classics that make them more palatable for the youngest generations. Many companies struggle to fill their seats with the staging of new forms of opera and the work of modern composers. To address this, large main-stage productions are investing significant effort to connect with today's audiences in new ways. Opera companies are also making efforts to attract young people and new target groups by offering a diverse selection of repertoire. In addition, technological innovation applied to products and services can significantly contribute to extending their reach by capturing the attention of new audience groups, especially those who are not regular art attendees (Bakhshi & Throsby, 2012). Consider, for example, the case of the opening of La Scala's 2021-2022 season with a groundbreaking production of Verdi's *Macbeth*. Davide Livermore, the stage director, reinterpreted this classic with a modern production that used augmented reality and videogames to offer a product that appealed to customers who preferred and were more accustomed to cinema, television, and videogames. From the very first images, it was immediately clear what Livermore was referring to when he spoke of his intention to give the viewer an augmented reality experience: "vertigo that videogame enthusiasts are used to". To achieve this, Livermore resorted to advanced technology (Di Paolo, 2021).

In general, product innovation can be seen as a response from cultural organizations to growing competition from other organizations and various forms of entertainment, as well as a declining audience base, by extending audience reach and piquing the curiosity and ex-

citement of new customers. In addition to addressing these strategic challenges, product innovation allows these organizations to cultivate the tastes and preferences of their audiences and extend a given genre or art form (Bakhshi & Throsby, 2009). Indeed, the focus on product innovation not only helps support their artistic achievements but also “provides aesthetic material for creative change and success in cultural industries” (Cancellieri et al., 2022, p. 5; Jensen & Kim, 2014; Kim & Jensen, 2011). Most cultural organizations have a social and artistic obligation to develop their programs based on what experts consider necessary for cultivating the current tastes of art attendees, as well as those of future generations, and for the development of each cultural genre itself (Stigler & Becker, 1977; Cornes & Sandler, 1986). For example, as nonprofit organizations that exist partly to advance and renew operatic art, opera houses strongly aspire to innovation and artistic originality (Kim & Jensen, 2011; Jensen & Kim, 2014). Moreover, pursuing product innovation can also support these organizations’ ability to attract customers who value and appreciate innovation (Cancellieri et al., 2022).

It must be noted that cultural consumers are not a monolithic being; instead, this term represents a multitude of individuals, with varying experiences, tastes, preferences, and the ability to cope with novelty (Colbert, 2009; 2003; Jensen & Kim, 2014; Kim & Jensen, 2014; Cancellieri et al., 2022). As suggested by Colbert (2009, p. 16), “it should be kept in mind that the cultural market is not a monolith. It comprises a wide variety of consumers with a broad range of tastes and preference”. In a recent study on Italian opera, Cancellieri et al. (2022) observed that different customer segments – single-ticket buyers and season-ticket holders –responded differently to varying product innovation strategies that reinterpreted traditional operas. By focusing on the differential appeal of these innovation strategies to different customer segments, they shed light on intra-audience heterogeneity as an important yet underexplored demand-side condition that may influence product market appeal. This finding supports the view that different customer groups within a given market space may differ in their responses to change and modifications of product attributes. Therefore, cultural organizations can pur-

sue product innovation to attract customers who are more receptive to these changes. However, they must also be sensitive to the heterogeneity of their market and be capable of targeting the right innovation strategy to the right audience. In summary, why is product innovation by cultural organizations necessary? The answers to this question can certainly be found in the growing competition from other organizations and forms of entertainment, and in the shrinking audience size that is particularly affecting the performing arts sector. Importantly, the need to extend existing art forms and attract heterogeneous customer groups has increasingly become an important driver of novelty in the cultural context.

1.2. Defining product innovation in cultural industries: The taxonomy

How can cultural organizations pursue product innovation? How can they reach new audiences, cross artistic borders, and add value to customer experiences through product innovation? Strategic management and arts management scholars, as well as sociologists, analyzed different ways through which cultural organizations can introduce novelties in their product offerings. In doing so, they often adopted different perspectives and arrived at varying meanings of the phenomenon under study (Castaner & Campos, 2002). Some authors explicitly refer to the term “innovation” (Cloake, 1997; Castañer & Campos, 2002; Chen, 2021; Bakhsi & Throsby, 2010), while others use a lack of repertoire standardization and programming nonconformity or unconventionality as the equivalent for evaluating an organization’s openness to innovation (DiMaggio & Stenberg, 1985; Pierce, 2000; Gilmore, 1993; Kremp, 2010). Moreover, some of these studies considered the mere programming or adoption of a new, contemporary, or unknown title (e.g., an exhibition of visual arts, an opera, or a theatrical play) as an innovative act per se (DiMaggio & Stenberg, 1985; Sgourev, 2013). In contrast, more recent research examines the specific product attributes and configuration of features that determine the degree of innovativeness of the cultural product

with respect to previous ones (Cancellieri et al., 2022; Castaner & Campos, 2002; Sagiv et al., 2020). These studies focus on the intrinsically artistic features that make the cultural product innovative; for example, they may examine the combination of elements from otherwise disconnected categories of genres, or the adoption of original and experimental forms of presenting and interpreting a cultural product.

However, although the term artistic or cultural innovation has been widely used to signal product innovation in cultural contexts, the pursuit of product novelty by cultural organizations has been rarely studied in a systematic way (Berg & Hassink, 2014; Chen, 2021). I aim to bridge this gap by distinguishing among different approaches adopted by cultural organizations to renew their product offerings and shedding light on the opportunities that they can gain from different types of product innovation strategies.

I identify four main approaches to product novelty in the cultural context: repertoire unconventionality, genre or content innovation, form innovation, and technological innovation applied to products and services. These different methods of pursuing product innovation are not mutually exclusive. Rather, they can co-exist and be used in multiple ways and various combinations. However, for the sake of clarity, I discuss them separately in this chapter.

1.2.1 Repertoire unconventionality

Some authors define innovation as the programming of new or contemporary works and cultural products that have never or rarely been programmed before (Sgourev, 2012; Heilbrun, 2001; Pierce, 2000; DiMaggio & Stenberg, 1985; Martorella, 1977; Jensen & Kim, 2011; Voss et al., 2006). By focusing on programming, these authors consider the mere adoption of a new or infrequently performed title (e.g., an exhibition of visual arts, an opera, or a theatrical play) and its introduction into the organization's artistic program as an innovative act per se, regardless of its specific stylistic features. This way of conceptualizing and measuring innovation refers to the composition of the season's programs and, thus, on titles, and not to the artistic aspects of

a cultural product (in opera, for example, artistic aspects are visual, dramatic, and musical). Indeed, a symphony orchestra or an opera house can commission a new piece by a contemporary composer, but whether the new piece can be considered intrinsically innovative is a separate issue (Castaner & Campos, 2002). The premiere of a work (Sgourev, 2013) or new to the world plays in the theatrical field (Voss et al., 2006) are examples of repertoire unconventionality. This also refers to the programming of underperformed works that are rarely programmed by companies in a given field. In the context of US resident theatre, DiMaggio and Stenberg (1985) were the first to develop an index to measure repertoire unconventionality or nonconformity, which they define as the extent to which a theatre repertoire diverges from that of other theatres by including infrequently programmed theatrical works. Conventional repertoires are performed or offered frequently because they appeal to a broad audience or because they are particularly good examples of a specific genre (Kim & Jensen, 2011). In contrast, unconventional repertoires may be either underperformed cultural products of the past that have fallen into disuse, or new creations never presented before. For instance, in the opera sector, *La Bohème* by Giacomo Puccini is more conventional (and, therefore, less innovative) than *La Wally* by Alfredo Catalani, just as the opera *La Traviata* by Giuseppe Verdi has a higher degree of conventionality than the modern and contemporary opera *Einstein on the Beach* by Philip Glass.

Arts management and marketing scholars generally use the term repertoire unconventionality/nonconformity to highlight the extent to which cultural organizations are willing to depart from the logic of commercial accessibility and embrace that of artistic originality. For instance, researchers identified an artistic deficit in the opera sector by emphasizing the high level of conformity in opera houses' repertoire (Heilbrun, 2001). The first evidence of this tendency appeared with Martorella's (1977) study on American opera companies between 1966 and 1975, which showed a standardization of the repertoire around operas by nineteenth-century composers, such as Verdi, Puccini, and Donizetti. As expressed by Martorella (1977, p. 358), the "opera ABC" for commercial success continued to be Verdi's *Aida*,

Puccini's *La Bohème*, and Georges Bizet's *Carmen* as they appealed to a broad audience base. Later, Heilbrun (2001) observed a decline in the diversity of the US opera houses' repertoires in the 1990s, which increasingly relied on conventional operas and excluded unconventional titles, such as operas by 20th composers. In their study of US theatres, DiMaggio and Stenberg (1985) found that dependence upon the market and commercial logic is often associated with greater conformity of repertoire. Theatres with smaller budgets to maintain, fewer seats to fill, and less need for earned income are less conformist in their programming than large theatres with capacious houses and high rates of earned income. The case of symphony orchestras can be considered as an example; their repertoires became more undifferentiated in the second half of the 19th century as orchestras increasingly offered only a narrow set of composers and standardized programming to their audiences (Gilmore, 1993). An environment which was stuck into few canonical composers and relies on well-known and appreciated repertoire programming is underlined also by Hart (1973) who sustain major orchestras were in a state of symphonic quagmire. Similar tendencies toward conformity have been found in different fields of the arts, such as opera and theatres (DiMaggio & Stenberg, 1985; O'Hagan & Neligan, 2005), where the pursuit of commercial success and financial stability often explains conservative, risk-free programming decisions. Since the budgets of the majority of arts organizations – especially in the performing arts – are often precariously balanced (Baumol & Bowen, 1965), these organizations are rather sensitive to changes in earned revenues from the box-office.

More recently, research has started to examine how cultural organizations can simultaneously achieve commercial and artistic success by balancing conventional and unconventional repertoires. Jensen and Kim's (2014) study on the US opera market, for example, suggests that to satisfy commercial demands for accessibility and artistic demands for renewal, opera houses are often compelled to schedule both conventional and unconventional operas. As suggested by the authors, conventional and unconventional repertoire choices reflect the tension between the safety of convention and commercial success on the one hand, and artistic originality on the other. In particular, they show that

opera companies actively consider the benefits of appealing to divergent audiences (i.e., risk-averse and innovation-oriented ones) rather than only one type of audience by balancing conventional and unconventional operas in their repertoires. By simultaneously adding Puccini's *Madama Butterfly* and Glass's *Einstein on the Beach* to the repertoire, for example, opera companies try to appeal to both the majority audience preferring traditional Italian opera, as well as the important minority audiences seeking more unconventional opera experiences. In another study, the same authors recommend the use of interspersion, namely the act of changing the order of titles in the artistic proposal to influence the market appeal of a given theatrical repertoire. In particular, they suggest that in the US context, opera houses try to increase the market appeal of their productions by changing the ordering (interspersion) between conventional and unconventional operas in their repertoire. According to Kim and Jensen (2011, p. 238), "organizations may increase their perceived appeal [market identity] to some or all audiences by making certain features more or less salient through different orderings without making substantive changes to their products or product portfolios". Interspersing conventional and unconventional operas temporally or spatially allows these organizations to balance the divergent demands of heterogeneous audiences through program-ordering decisions. When similar operas (e.g., conventional ones) are grouped together temporally or spatially, their salience increases. Thus, customers tend to identify the organization with one or the other opera, even when titles with different levels of conventionality are adopted. Alternatively, instead of grouping conventional and unconventional operas together in their promotional and communication materials, organizations could strategically alternate them to draw the attention of different audience segments to the type of opera they are most responsive to.

The concept of repertoire unconventionality or nonconformity has been widely used in the literature and frequently adopted for ease of measurement and comparability, as well as the richness of the available data (especially in the USA). However, I believe that evaluating product innovation in cultural industries only in terms of repertoire unconventionality is, at best, incomplete. Indeed, while repertoire un-

conventionality is primarily concerned with notions of originality, unpopularity, and a reduced or even absent commercial focus, it does not explain which attributes of a cultural product can be considered innovative in comparison with previous ones. Claiming that a product is new to the world, new to the field, or infrequently programmed does not convey any information about the intrinsic aspects that make it innovative. Indeed, repertoire unconventionality is unrelated to the concrete details that constitute an innovation design. Therefore, I now turn to studies that considered the intrinsic artistic features that determine product innovativeness by examining genre and form innovations.

1.2.2. Genre innovation

Some studies focus on the concept of genre or content innovation, which stems from the recombination of styles and art forms (Castaner & Campos, 2002; Hsu, 2006; Khaire & Wadhvani, 2010). This type of innovation refers to the creation of innovative works that combine different genres that have not been previously combined or deviate from existing genres, resulting in hybrid products (Castaner & Campos 2002). In most cultural industries, genre innovation is fundamental for sustaining demand, product variety, and differentiation (Lampel et al., 2000; Mezias & Mezias, 2000). In all art forms, genres are formed by sets of conventions and are useful categories that bridge multiple concerns. For example, films that are classified under the same genre share a variety of features, such as “the nature of the protagonist and antagonist, the structure of dramatic action, the catalytic event, narrative style, structure, and tone” (Hsu, 2006, p. 427). In contradistinction, films classified under different genres present different dramatic plots and resonate with audiences in distinct ways. Evidence suggests that genre is one of the most relevant factors that audiences consider when choosing which films to watch (Austin, 1989) because it enables them to make inferences about different offerings as a basic step in their selection process (Hsu, 2006; Hsu et al., 2009). From the consumers’ perspective, a genre is a type of contract that helps satisfy their expectations of novelty in a controlled environment that they

recognize and consider familiar (Altman, 1999). Genres usually have clear, stable identities and borders. However, all genres are interfertile and may at any time be crossed with any existing or past genre (Bielby & Bielby, 1994). Indeed, a new genre is often derived from borrowing and recombining the different conventions of multiple genres (Perretti & Negro, 2007). An example of this occurrence is the case of opera and drama theatre, in which multiple art forms are often combined. Castaner & Campos (2002) highlight multidisciplinary-based innovations in the Barcelona opera house's 1999 production of a baroque opera (Pergolesi's *La Serva Padrona*), which combined the traditional music setting with marionettes. In this production, singers not only gave voice to the marionettes but also interacted with them. Similarly, in the context of popular music, New Wave's innovation emerged from the recombination of previous styles into new meanings and styles of performance (Denisoff 1986; Straw 1988). According to Straw (1988), "New Wave's eclectic recombination of existing musical forms and musical performance was an innovation of, and is distinct from, the formal and limited boundaries established in popular music in the 1970s". Instead of adhering to an authentic rock sensibility, New Wave "played" with styles of music, performance, and identities. At the time of its emergence, the rap genre also represented significant innovations in musical form, meaning, and performance (Toop, 1984; Lopes, 1992) because it blended funk pulse with rhymed streetwise narrative. Moreover, it was rather sophisticated in the use of dubbing and remixing of sound "tracks" and "bites", which were either self-produced or taken from a variety of previously recorded material. Similarly, in their study of French gastronomy, Rao *et al.* (2005) show that some chefs consistently address the tension between the culinary rhetoric of classical cuisine – with its emphasis on conservatism and preservation – and the experimental ethos of nouvelle cuisine – with its emphasis on unconventional techniques exotic foreign ingredients – by blending elements from both types of cuisines. They innovate by adhering to the norms of traditional cuisine while also borrowing some elements from rival nouvelle cuisine. Further, the establishment of the new "Indian modern art" (Kaire & Wadhvani, 2010) can be considered genre innovation as it was initiated by mixing traits

from “Indian” and “modern Western” arts. Finally, we can consider the case of Cirque du Soleil; to face competition in an increasingly crowded market, it developed a new form of entertainment by combining circus, theatre, and dance performances.

A genre innovation strategy often brings novel and unfamiliar offerings to the market by recombining and hybridizing elements from disparate categories or genres and bridging categorical boundaries (Durand & Paoletta, 2013). However, there remains an open debate surrounding the factors that influence the success of this product innovation strategy. While several studies suggest that such novel combinations hold potential for great impact and change, they also consistently observe that innovation through genre mixing is commonly rejected (March, 2010; De Vann et al., 2015). Indeed, the outcomes of atypical recombination are often less likely to be positively recognized by the relevant audiences (Cattani et al., 2020; Uzzi et al., 2013; Augier et al., 2015). While blending the characteristic features of existing categories by recombining commonly understood categorization systems is widely regarded as a source of experimentation and innovation (Rao et al., 2005), it may also entail penalties. Ambiguous products that do not fit clearly within the boundaries of one category or genre run the risk of being ignored or explicitly devalued by targeted audience members (Zuckerman, 1999; Cattani et al., 2008). Hence, attempts at recombination may end in failure or result in offerings that are poorly appreciated because atypicality is often accompanied by unfamiliarity. Highly atypical offerings may be untested and incompletely understood, and product definitions may be ambiguous, due to which they may not be regarded as legitimate (Navis & Glynn, 2010). Therefore, product innovation via genre mixing provides organizations with a way to differentiate and innovate their products at the risk of being ignored, misunderstood, or devalued. In sum, although category mixing may enable firms to deliver novelty in the market and conceive new ways to serve it, it is also a highly risky endeavor. Indeed, by creating hybrid products that do not fall clearly within the boundaries of one category, this blending mechanism may engender ambiguity and reduce audience attention (Zuckerman, 1999; Cattani et al., 2008).

However, recent research on the consequences of category mixing is shifting its focus from the penalties of hybridity to investigations into the conditions under which the negative effects of hybridity and genre-spanning can be mitigated (Zhao et al., 2013). In this regard, evidence suggests that the penalties of hybridity are less acute when the boundaries segregating categories or genres become more blurred or eroded (e.g., Kennedy et al., 2010; Kovács & Hannan, 2010; Rao et al., 2005). Other studies indicate that category mixing may even be rewarded when it reflects the audiences' understanding and expectations about how these categories should be combined (Vergne & Wry, 2014). Overall, research is converging around the idea that audience heterogeneity plays a critical role in influencing the success of atypical product offerings. Scholars emphasize how judgments regarding the negative or positive evaluation of category mixing are a function of the nature of the audience themselves (Pontikes, 2012). Depending on the type of audience and, more importantly, on their interests, preferences, and expectations, hybridity can be evaluated either positively or negatively (Durand & Paoletta, 2013). For example, some studies show that market-maker audiences, such as critics and experts, who think outside categorical boundaries and value innovation (Venrooij & Schumutz, 2018; Babin et al., 2004) can reward hybridity. In contrast, a market-taker audience of consumers tends to be less likely to appreciate such an approach (see also Pontikes, 2012). Current understanding tends to relate the positive reward of hybridity to audience-specific characteristics and, more specifically, to a novelty-seeking market-maker audience that prefers ambiguous classifications because they allow organizations the flexibility to develop novel offerings (Pontikes, 2012; Venrooij & Schumutz, 2018). However, scholarly evidence is consistent in defining the general audience of consumers as risk-averse, as well as identifying the factors and moderators that could mitigate such negative evaluations (Zhao et al., 2013). In contrast, comparatively less attention has been devoted to when and how an audience of consumers can also positively reward category mixing and how organizations can gain the flexibility to pursue innovation through hybridity while at the same time being rewarded by this audience. Future studies could consider exploring the under-theorized sit-

uation of consumers' positive evaluation of category blending, focusing specifically on whether and when different segments of consumers reward hybridity.

1.2.3. Form innovation: Interactivity and co-creation

Castaner & Campos (2002) identify two dimensions in which arts organizations can pursue artistic innovations: content or genre and form. While content or genre innovation refers to innovative works that combine different components (or genres) that have not been previously combined, form innovation refers to innovative ways of presenting, performing, and interpreting a work of art. Indeed, content or genre innovation does not exhaust all the dimensions of cultural product innovation. As Cloake (1997, p. 272) argues, "the arts product innovation also encompasses the form of presenting both old and new works". In this respect, innovative forms stem from a set of choices that determine how a cultural product is presented and performed, and strongly influence the appeal of a product to an external audience. Moreover, innovating a product form entails acting on the visual language of a product, which includes elements such as product materials, colors, shapes, textures, smells, and names. While existing studies have highlighted the importance of product form in cultural organizations' product innovation strategies, I believe that different dimensions of product form must be disentangled. Innovating the form of a product can result from a wide range of actions and alterations of different product attributes that are not mutually exclusive. Instead, they can simultaneously co-exist and overlap.

One dimension of innovative product form is interactivity and co-creation with customers. Cultural consumers are often being invited to take on more active roles in co-creating artistic experiences, and the borders between production and consumption are becoming more porous (Bruns, 2008; Johanson, Glow & Kershaw, 2014; Bonet & Négrier, 2018). Based on the premise that cultural consumers are comprised of people who make and do (as well as sit down and listen), research on arts participation highlights an emerging active cultural engagement centered around the new role of the consumer as a co-crea-

tor of the artistic experience. Specifically, arts participation can now range from spectating (receptive participation) to active participatory involvement (Novak-Leonard & Brown, 2011), presenting a new opportunity for cultural consumers to become co-creators of the artistic experience (Holbrook, 1996; Pine & Gilmore, 1998; Johanson et al., 2014). Co-creation practices stimulate consumers' engagement in cognitive and emotional practices to appropriate and make sense of cultural products (Caldwell, 2001; Johanson et al., 2014). Co-creation is a part of the enrichment activities that provide audiences with the possibility of taking part in the development of the arts experience itself. Consumers increasingly cocreate because they "want something that is not available in the market", and they value "the enjoyment or learning that it brings" (von Hippel, 2005, p. 5). The search for authentic consumption experiences is also another driver of participation in co-creative cultural consumption. This dimension of innovation challenges artists and arts organizations to think more broadly and more creatively about where audience encounter art and entails new ways in which arts organizations choose to create and present a performance, as well as inspire and capture the audience. Moreover, co-creative cultural consumption allows individual customers to actively co-construct their own consumption experiences through personalized interaction, thereby co-producing unique value for them (Bonet & Négrier, 2018). In addition, co-creation renews participation in art as it implies a redefinition of the notion of participation in the arts based on a shift toward active cultural involvement and an invitation to connect with other people, to share and create new knowledge in a process that is highly collaborative.

Co-creation often encompasses entirely new ways in which an organization can design its interaction with its audience during a performance, resulting in new spatial configuration for performance venues, audience activities, and engagement with artists and performers on stage (Markusen & Brown, 2014). An example of this interactivity is a performing arts organization designing an interaction with its audience during performances, which is a key formal dimension of artistic innovation (Castaner & Campos, 2002). Verdi's *Stiffelio*, for instance, can be staged in a context where the audience watches the per-

formance standing in the middle of an auditorium, moving within the space of the theatre and, therefore, determining their own point of view while simultaneously becoming the stage, the actor, and the spectator. Castaner and Campos (2002) illustrate the case of the old Teatre Lliure (Free Theater), an independent theatre company established in Barcelona in the 1970s, with its small rectangular stage situated at the center of the theatre and surrounded by rows of spectators on all four sides. The first row of spectators is so close to the stage that the actors can touch the audience, as they often do. Other theatrical companies, such as the Theatre de la Jeune Lune (Young Moon Theater) in Minneapolis and the Catalan performing group La Fura dels Baus, use similar interactive strategies (Castaner & Campos, 2002).

Interestingly, consumers may cooperate with an experience development process to a greater or lesser extent, which suggests the existence of different types of co-creative initiatives and degrees of co-creation (Grissmann & Stokburger-Sauer, 2012). For example, Bishop (2006, 2012) distinguished between interactive and participatory art; while the former is a closed process where consumers intervene in cultural production following cultural producers' directions, the latter is an open process where consumers take on more active roles in the process until they become co-authors of the experience. For example, in the performing arts field, interactive art encourages consumers to intervene in the artistic experience by following the precise direction of the professional artists on stage. Interactive shows provide for the active involvement of participants in the staging of the performance. This leads to an interaction between artists and spectators, who become part of the performance, following the instructions of the director and making choices on the basis of a preordained path. These are highly emotional experiences that are created to leave the viewer with a sense of physical and dreamlike involvement. Interactive theatre violates some of the rules of traditional theatre in many different ways. For example, the classical theatre space is remodeled to encourage user involvement. Another discordant element is that, the interaction between actors and spectators is a foundational and essential aspect of the performance. Engaging physically with the context by following a

script and experiencing a story through the five senses can shape the transformation of participants into spect-actors and reinforce their impressions of novelty. Furthermore, these perceptions of novelty can be strengthened by the participant's ability to develop a personal interpretation of the show. Interestingly, interactive art allows audiences to actively participate in the performance but does not offer them the opportunity to negotiate the construction of the show, which is entrusted to the performers and remains their full responsibility. Therefore, although the participants can make choices during the performance, these are always based on an obligatory path created in advance. In contrast, participatory art began and developed through the work of non-professional artists who blended and reinterpreted their personal stories, as well as those of other participants, to jointly create a new theatrical production from scratch. Therefore, this entails an even more active and autonomous role of consumers in the design of the experience in comparison to interactive art.

A key question that has not been addressed in the existing literature is related to understanding how audiences with different characteristics perceive and evaluate the cocreation of a cultural product. In particular, it is as yet unknown how they evaluate co-creative experiences shaped by different degrees of their involvement, such as interactive and participatory art. Future studies could advance current research on co-creation by delving deeper into how specific segments of consumers perceive the opportunity to actively intervene in the construction of an experience, as well as the aspects of novelty and authenticity that emerge from different co-creative dynamics and shape consumers' evaluation.

The characteristics of omnivorous consumers – educated elites who tend to consume the fine arts and are involved in a wide range of low-status activities – are well suited to the emergence of an active participation trend in the arts (Bonet & Négrier, 2018) and make them the ideal target of co-creation. Work on omnivorousness is generally characterized as part of a “post-Bourdieu debate” (Vander Stichele & Laermans, 2006). Traditionally, as Bourdieu (1984) documented, high-status individuals tended to differentiate themselves from others whom they considered to have lower status by engaging in cultural

consumption activities that were unique to them. Bourdieu argued that there exists a homology between social stratification and cultural consumption, whereby each social class consumes a set of cultural products that are exclusive to it (Kovács & Johnson, 2013). In recent decades, however, empirical research in the sociology of consumption has documented a shift towards omnivorousness (e.g., Peterson & Kern, 1996; Vander Stichele & Laermans, 2006). High-status individuals have opened up to a wide range of cultural preferences and enjoy cultural products from a wide variety of genres, be it traditionally defined as high, middle or low brow (Peterson & Kern, 1996; Warde, 2005; Vander Stichele & Laermans, 2006).²

Not only are omnivores open to a wide variety of cultural genres (Peterson & Kern, 1996; Warde, 2005; Vander Stichele & Laermans, 2006), but their openness to cultural diversity supports their search for novel artistic experiences (Ollivier, 2008; Kovács & Johnson, 2013). Furthermore, the same psychological trait makes it more likely that they will enjoy enriching art experiences, based on the discovery of novel and authentic features (Ollivier, 2008; Kovács & Johnson, 2013; Chae, 2021), together with self-improvement and knowledge acquisition opportunities. Hedegard (2013) suggests that omnivores may seek out significant experiential consumption as they “may search for interactions with artists, musicians, authors, and chefs at cultural events rather than being satisfied with attendance alone”. In particular, as it seems plausible that omnivorous cultural consumers are open to co-creation, it would be interesting to explore how they perceive different types of co-creative experiences and identify the dimensions and aspects of novelty and authenticity that they encounter during their co-creation journey.

²As stated by Peterson himself, omnivorousness is the shift “from intellectual snobbism, (...), based on the glorification of arts and the contempt of popular entertainment, (...) to a cultural capital that appears increasingly as a willingness to appreciate the aesthetic of a wide variety of cultural forms, including not only the arts, but also a wide range of folk and popular forms of expression” (Peterson, 2004).

1.2.4. Form innovation: Innovative interpretations

Another key dimension of form innovation is the interpretation of a work of art. Cultural products can be reinterpreted over time to infuse them with new meanings. Castaner (2014) suggests that programming Bach's *Magnificat* may not be considered innovative programming per se but performing it with ancient instruments and with early music interpretation criteria may represent form innovation for a cultural organization. Another example is the case of Italian opera houses that are increasingly offering innovative interpretations of traditional operas (Cancellieri et al., 2022).

One of the main approaches through which opera houses seek to pursue artistic renewal is, indeed, by interpreting traditional works in novel ways. This kind of innovation does not usually alter the opera as a musical form; rather, it implies restaging and redesigning traditional material in an effort to actualize its meaning. In these productions, traditional operas undergo a process of "modern displacement", whereby the temporal and spatial coordinates of the text are either transposed temporally and situated in a twentieth- or twenty-first-century visual setting or placed in atemporal and abstract visual contexts. The main intuition is that by working as an outer shell that amplifies the visual dissimilarity between the original material (traditional opera) and the reinterpreted one, the staging allows opera houses to reinterpret traditional and appeal to the sensibility of modern audiences. More specifically, this reinterpretation typically occurs through the modification of spatial and/or temporal coordinates by means of mechanisms of abstraction or transposition in time and place. Abstraction places the original work in a timeless context to signify its enduring validity and synthesizes its supporting elements, presenting them scenically in a minimalist way. An example of this is the interpretation of Christoph Willibald Gluck's *Orfeo and Euridice* by the stage director Graham Vick; he sets the story in an atemporal dimension through minimal stage direction, highlighting its eternal validity without allowing it to conflict with the music and the dramaturgy. In contrast, transposition situates the original work in a different historical period, usually by shifting the story into the present or near past. Staging

Giuseppe Verdi's nineteenth-century operas *La Traviata* or *Rigoletto* in the present and then making the protagonists feel contemporary, or presenting Mozart's *Così Fan Tutte* as a modern-day talk show, are all examples of interpretations that bring the original opera into a different time and place. Other examples include modern performances of *Macbeth* taking place in an airport terminal, *La Bohème* at a ski resort, and *Rigoletto* in Las Vegas.

Tradition can also be reinterpreted by introducing dramaturgic alterations (i.e., changes to the libretto), which are almost invariably accompanied by innovative visual elements, thus challenging the artistic vision of the authors of the work of art in a profound way. By moving away from the dramaturgy of the original opera, these reinterpretations update the libretto and are usually motivated by opera houses' desire to assert their identity and unique positioning outside the boundaries of mainstream culture. Yet, it is a challenging approach to follow and risks being penalized by opera-goers.

Examples of reinterpretation of traditional products can also be found in other contexts. For example, over the last few years, there has been a movement toward reinterpreting some classic ballets from novel points of views to reflect the heritage and, at the same time, transmit contemporary values (Sagiv et al., 2020). Some of these alterations include reimagined settings, content, and choreography, which contribute to making classic ballets more relatable to modern-day audiences. In the context of comics and cartoons, the reinterpretation of classic characters is often aimed at moving them into new eras while acknowledging their enduring traits (Cancellieri et al., 2022)

Importantly, this reinterpretation process is often based on the re-elaboration of a revered tradition (Petruzzelli & Savino, 2015). Although it is frequently regarded as an obstacle to innovation, tradition has been conceptualized in recent times as a valuable resource for fostering innovation in the present and a means of gaining a competitive advantage (De Massis et al., 2016). Tradition refers to past products, knowledge, competencies, materials, manufacturing processes, and values (Petruzzelli et al., 2015). Indeed, it has the potential to link the past to the future and act as a "cultural resource which patterns the responses of particular communities to contemporary challenges" (Can-

cellieri et al., 2022, p. 14). Organizations and individuals vested in the continuity of traditions proactively and often, strategically, link the past to the future through “continuous work of interpretation” (Giddens, 1994, p. 64). Several organizations operating in domains as diverse as fashion, design, music, performing arts, food, and musical instruments must routinely confront the dilemma of reconciling the need for renewal with the weighty legacy of a celebrated past. In this context, “reinterpreting revered traditions becomes a way of exploiting timeless resources encased in history by recasting them in new ways” (Cancellieri et al., 2022, p. 33).

Despite this increasing interest in how firms can reinterpret a revered tradition, limited research exists on how companies can concretely innovate their products through tradition, nor is there any clear explanation for the ways in which different companies can leverage tradition as a component of innovation (De Massis et al., 2016). More importantly, researchers are yet to identify the reinterpretation strategies that are most appealing to different audiences, as well as different segments of the same audience. Moreover, few studies, if any, explore whether and to what extent firms can deviate from their tradition without disappointing their key audience groups, on whom they depend for survival and success (for exceptions, see Cancellieri et al., 2022). As discussed previously, heterogeneous audiences exhibit unique expectations and preferences, with differing degrees of receptiveness toward novelty (Cattani et al., 2014; Cattani et al., 2017; Pontikes, 2012; Zhao et al., 2017). This evaluative heterogeneity stems not only from the coexistence of multiple audiences but also from diversity within each audience type (Cattani et al., 2020). Prior studies have demonstrated that different customer segments (e.g., relational versus transactional ones) may vary in their evaluative frameworks and attitudes towards novelty (Cancellieri et al., 2022; Voss et al., 2006; Kim & Jensen, 2011). For example, in the case of the performing arts, evidence suggests that season-ticket holders tend to be less open to radical novelty as compared to single-ticket buyers. The findings of other research support this view, arguing that season-ticket holders have a general disposition to preserve the status quo and are, on average, resistant to change (Martorella, 1977; Kim & Jensen,

2011; Voss, Montoya Weiss and Voss, 2006).³ However, future research should delve deeper into the issue of audience heterogeneity by examining cultural consumers' dispositions, level of expertise, or other cognitive or demographic characteristics, such as age and gender, that may explain their preferences for different types of reinterpretations of traditional cultural products.

1.2.5. Technological innovation applied to products and services

Technological innovation consists of the adoption of new technologies that can be applied to cultural products and services (Camarero & Garrido, 2011; Vicente et al., 2012; Chen, 2021; Taormina & Baraldi, 2022; Camarero et al., 2015; Bakhshi & Throsby, 2012) to improve cultural consumers' experience and generate new audiences to extend their reach. In a competitive environment, in which gaining the attention of audiences is becoming increasingly difficult, cultural organizations are encouraged to take the new opportunities that digital technologies offer to arts and culture. Digital technologies have often been described as an excellent fuel for propulsion toward progress in the arts (Bakhshi & Throsby, 2012; Vicente et al., 2012; Bernstein, 2017; Camarero et al., 2012). In particular, applying these technologies to existing products and services is important for the long-term survival and success of arts organizations. This is because they provide them with opportunities to develop and implement strategies that attract new audiences while continuing to build loyalty and regularity among their current audience groups. This task is most important for nonprofit arts organizations that often have a duty toward society to attract the widest

³ Indeed, season ticket holders behave differently than single-ticket buyers as they are more concerned with the preservation of the traditional values of the cultural organization that they support and have been shown to prefer risk-free performances. Therefore, catering only to season ticket holders can compromise an organization's artistic integrity by making its repertoire and casting selections more conservative (Martorella, 1977). Voss et al. (2006) highlight that season ticket holders usually exhibit preferences for existing products and incremental extensions that build on their familiarity and trust in those products (Chandy & Tellis, 2000).