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INNOVATION IN CULTURAL SECTOR – DEFINITION AND TYPOLOGY

Abstract

The article addresses the issue of innovative actions in the cultural sector as a key driver of change. This article examines how innovation can be defined and categorized in the cultural sector. It focuses on innovation typologies giving special attention to the existing statistical framework of cultural activities and guidelines for innovation data collection in their interconnection, and to the phenomena of ‘soft’ and ‘hidden’ innovation. An attempt is also made to extend the term ‘innovation’ beyond the traditional understanding in a way that it reflects the specificity of the cultural sector.

SŁOWA KLUCZE: innowacja, przemysły kultury, sektokultury, typologia innowacji

KEY WORDS: cultural sector, cultural industries, innovation, innovation typology

Introduction

To be successful and sustainable cultural organisations need to create new ideas as well as develop mechanisms how to implement these ideas and transform them into opportunities responding to fast changing environment. Being a core element of successful strategies, driving changes in almost every aspect of organizational performance, not only in production and technological processes, but also in resource management, fundraising strategy, business-modeling, marketing and communication, innovation should be clearly defined and categorized.

Giving insights on basic definitions of innovation the first part of the article points on the fact that these definitions do not reflect cultural sector specifics as they were developed in traditional manufacturing and hi-tech studies. The second part of the article turns to the innovation classification that can be implemented to cultural sector, visualizing it on the scheme, providing selective examples for innovation types and giving special attention to phenomena of ‘soft’ and ‘hidden’ innovations, outlining a range of innovation opportunities with which cultural sector is presented. Having formed more deep and systematic view on the innovative activities in cultural

sector based on the typology developed we conclude by redefining the term ‘innovation’ in a way that allows to catch features of innovations in the arts and culture.

Defining Innovations – European Standard

Classical definition of innovation was given by Joseph Schumpeter (1950) who defined innovation as encompassing new products, processes, raw materials, management methods and markets. Schumpeter also characterized the change process as involving three stages – invention (the generation of new ideas), innovation (the innovation generating process) and diffusion (the process by which global innovations spread across their potential domestic and overseas markets or non-market institutions). Although, for Schumpeter, innovation encompassed a single stage in the overall technological process, this concept is now widely used to define ‘innovation process’ involving all three stages mentioned above.

The standard by which statisticians, economists and policymakers in most OECD countries have measured innovation on national and international level is provided in the Oslo Manual. Initially it focused on technological product and process innovation (TPP), later additional types were included giving wider view on innovation phenomenon:

An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organization or external relations¹.

Although this definition includes a range of innovation types and shows that they involve more than purely technological and productive aspects, in cultural matters it should have broader dimensions paying more attention to non-functional types. Consequently, it is needed to extend the term ‘innovation’ in a way that it will complement classical perspective with culture sector specifics. As classification procedure serves as one of the main cognition methods, we should turn to the issue of innovation typologies first.

Innovation Typologies – Cultural sector perspective

From cultural sector perspective innovations can be categorized according to different criteria (Figure 1).

¹ *Oslo Manual: Guidelines for collecting and interpreting innovation data*, 3rd edition. OECD/EUROPEAN COMMUNITIES, 2005.

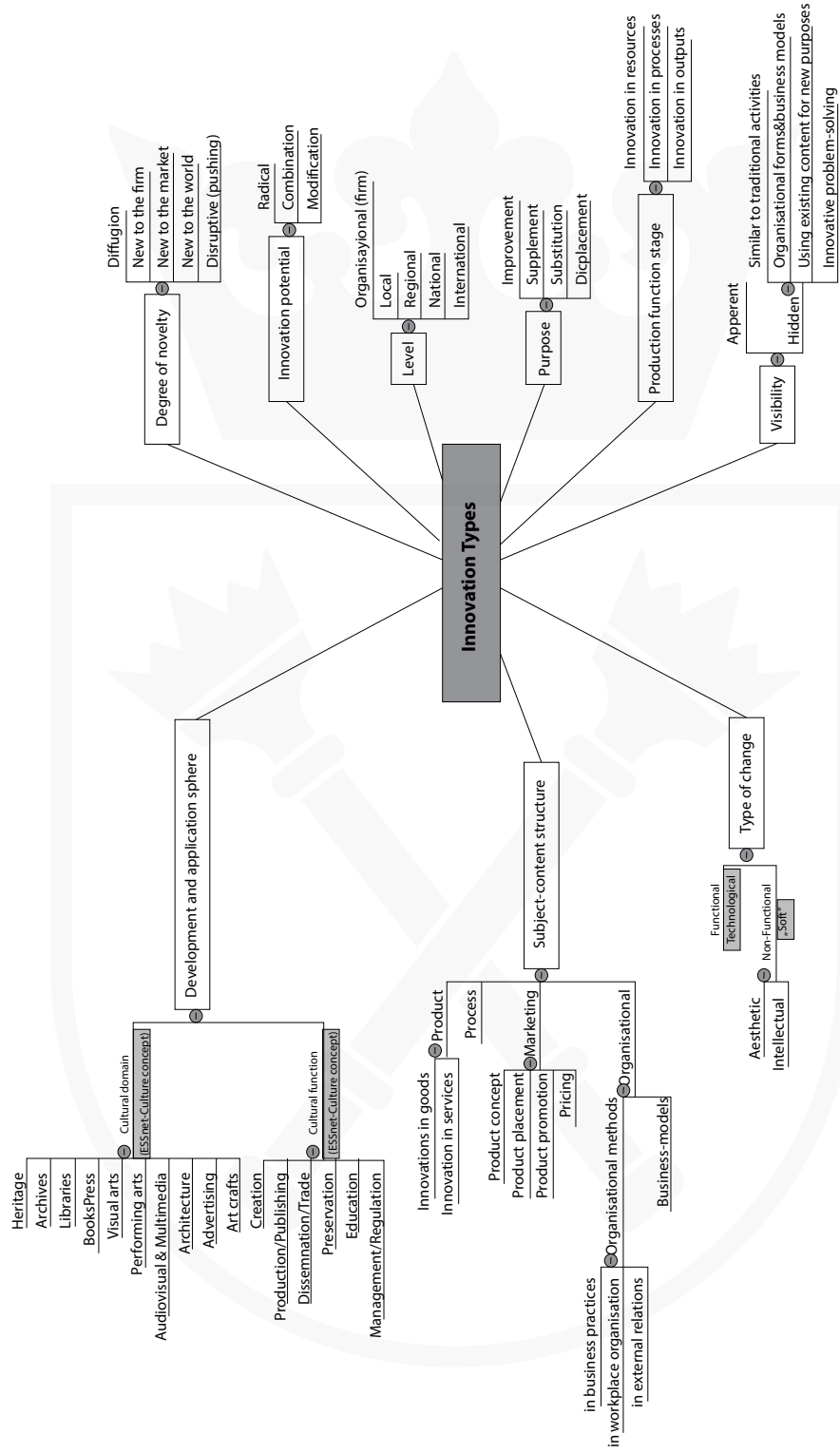


Figure 1. Innovation Types in Cultural Sector

Developing this typology we aimed in particular to answer the following questions:

- 1) Which cultural activities can be involved in innovation process?
- 2) What kind of changes they may course?
- 3) Is it easy to identify these changes for measurement and analysis?

To answer the first question we turn to the classification based on the principal economic and functional activities of the cultural organizations developing and/or applying innovation. The appropriate international classification for this purpose is European Statistical System Network on Culture (ESSnet-Culture 2012) which proposes statistical framework organized in ten cultural domains and six cultural functions. Cultural domains description and their correspondence to functional areas of creation, production, dissemination & trade and preservation are presented in table 1.

The interdisciplinary activities of education and management are the support activities linked to all sectoral domains. Education applied to this framework is understood as formal and non-formal education in the field of culture facilitating to the development and transfer of skills within cultural activities which can bring together professionals, practicing amateurs and consumers. New types of communications like webinars, for example, have given an impulse for innovative educational technologies. The management relates to activities carried out by institutional organizations whose mission is to offer the means and a favorable environment for cultural activities. Sophisticated project management tools can be deployed in many cultural organizations, especially for administrative and technical support and coordination complex projects.

To clarify the second question innovation subject-content structure is examined.

Definitions of product and process innovations (although with emphasis on technological change) are given in Oslo Manual:

A product innovation is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics².

Product innovations can utilize new knowledge or technologies, or can be based on new uses or combinations of existing ones. For cultural products more substantial change may be effected here when their content reworked for new media.

A process innovation is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software³.

² *Ibidem.*

³ *Ibidem.*

Table 1. ESSnet-Culture framework for cultural statistics: cultural activities by function

	CREATION	PRODUCTION / PUBLISHING	DISSEMINATION / TRADE	PRESERVATION
HERITAGE <i>Museums</i> <i>Historical places</i> <i>Archeological sites</i>		Museums sciences activities (constitution of collections) Recognition of historical heritage	Museums exhibitions Museumography and scenography activities Art galleries activities (incl. E-commerce) Trade of antiquities (incl. E-commerce)	Operation activities for historical sites Preservation of intangible cultural heritage Restoring of Museums collections Restoring of protected monuments Archeological activities Applied research and technical preservation activities
ARCHIVES		Acquisition of documents	Consultation of archives Archives exhibitions	Archiving activities (incl. Digitization)
LIBRARIES		Acquisition and organizations of collections	Lending activities	Preservation activities
BOOKS & PRESS	Creation of literary works Writing of cultural articles for newspapers and periodicals Translation and interpretation activities	Publishing of books (incl. by Internet) Publishing of newspapers and magazines (incl. by Internet) News agency activities	Organization of book conventions, promoting services Temporary exhibitions Trade of books an press (incl. E-commerce)	Protection activities for books and newspapers Restoring of books
VISUAL ARTS <i>Plastic/Fine arts</i> <i>Photography</i> <i>Design</i>	Creation of graphical & plastic art works Creation of photographic works Design creation	Production of visual art works Publishing of photographic works	Organization of visual arts conventions and event-organising activities Galleries & other temporary exhibitions Trade of visual arts works/Art market (incl. ecommerce)	Protection activities for visual arts works Restoring of visual arts

<p>PERFORMING ARTS <i>Music-Dance</i> <i>Drama-Circus</i> <i>Cabaret</i> <i>Combined arts</i> <i>Other live shows</i></p>	<p>Creation of musical, choreographic, lyrical, dramatic works and other shows Creation of technical settings for live performance</p>	<p>Performing arts production & organization Support and technical activities for producing live performance</p>	<p>Live presentation activities Booking services</p>	<p>Restoring of musical instruments</p>
<p>AUDIOVISUAL & MULTIMEDIA <i>Film</i> <i>Radio</i> <i>Television</i> <i>Video</i> <i>Sound recordings</i> <i>Multimedia works (incl. videogames)</i></p>	<p>Creation of audiovisual works Creation of multimedia works</p>	<p>Motion picture, video and Audiovisual programme production Television programme production (incl. Internet) Publishing of sound recordings, films, videotapes (incl. by the Internet) Publishing of multimedia works Publishing of computer games Radio programme production Audiovisual post-production activities</p>	<p>Organization of film/video conventions and event-organising activities Radio and TV broadcasting (incl. by the Internet) Film projection Film/video distribution Renting of video tapes and disks Trade of audiovisual works (incl. E-commerce) Temporary audiovisual exhibitions</p>	<p>Protection activities for audiovisual and multimedia works Restoring of audiovisual and multimedia works</p>
<p>ARCHITECTURE</p>	<p>Architectural creation</p>		<p>Temporary architectural Exhibitions Galleries exhibitions</p>	<p>Architectural preserving activities</p>
<p>ADVERTISING</p>	<p>Creation of advertising works</p>		<p>Distribution of advertising designs</p>	
<p>ART CRAFTS</p>	<p>Artistic crafts creation</p>	<p>Production of artistic craft</p>	<p>Artistic craft exhibitions and trade (incl. E-commerce)</p>	<p>Restoring of art crafts</p>

Source: ESSnet-Culture, 2012

Process innovations can aim to reduce production or delivery costs, to increase quality or significantly improve production and delivery. They include new or significantly improved methods for creating or providing services, and can involve significant changes in the hardware and software or in the procedures or techniques of delivery.

New information technology is pervasively used in cultural sector, even it has not always been a major element of their products and processes. General computerisation of production, stock control, ordering have all enabled cultural products to be more quickly and more cheaply produced, launched and sold.

Although technological product and process innovations are widespread within cultural sector, important part of innovative activities here is based on novelty instead of functionality and involve change which is more aesthetic or intellectual in nature (for example, the writing and publishing of a new book, the development and recording of a new music album, the writing, production and launching of a new film). To cover this kind of changes, a new approach of the ‘soft’ innovation were developed:

Soft innovation is innovation in goods and services that primarily impacts upon sensory perception, aesthetic appeal or intellectual appeal rather than functional performance⁴.

There are two types of soft innovation in products defined in the NESTA report:

- 1) innovations in products that are aesthetic or intellectual in nature (music, books, film, fashion, art) are spread particularly in cultural sector.
- 2) aesthetic innovations in goods and services that are primarily functional in nature which can be found in other industries where products may also have many non-functional characteristics (sight and touch of a new car, for example, sound of its engine etc.).

The concept of soft innovation can be spread to another types, first of all to marketing innovation, which means that at least one component of soft innovations is covered by the Oslo Manual:

A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing⁵.

The Manual explains that marketing innovations are aimed to increase a firm’s sales by better addressing customer needs, opening up new markets or newly positioning a firm’s product on the market. But what is more important for cultural organizations, new marketing tools can improve their external visibility, facilitate to more effective communications with stakeholders and audience engagement.

A common way to look at marketing innovations is Kotler’s ‘marketing 4p’ viewpoint.

⁴ *Soft innovation: towards a more complete picture of innovative change*, London, NESTA, 2009.

⁵ *Oslo Manual: Guidelines for collecting and interpreting innovation data*, 3rd edition, OECD/EUROPEAN COMMUNITIES, 2005.

Innovations in “product concept” (What is the customer receiving?) can involve significant changes in the core element of cultural products – the content – which is consumed to produce the desired experience (text, imagery etc.) To attract new customers, provide them with new cultural experience and generate profit to support main activity they can also involve changes in additional and peripheral products and services. For example, new exhibition concept can be accompanied by educational programmes and workshops, catalogues, books and souvenirs design.

Changes in “product placement” (Where can customer get product from?) primarily involve new ways of distribution through both offline and online channels. Using alternative venues like restaurants, coffee shops, hotels which people visit not directly for cultural experience, on one hand, and E-commerce and systems for online bookings and reservations, digital music sales, on the other, are innovations in this area which are considerably changing the market turning it into cyberspace.

Innovations in “product promotion” (What communications inform customers and stakeholders?) are based on new ways of interacting with customers and can involve the implementation of new offline (broadcast, press, posters, catalogues), online (website, podcasts, video, social networking) and mobile advertising tools, new concepts for publicizing a organisation’s goods and services (television and radio presentations, open educational programmes, celebrity endorsements, special public events), new brand identity. They can be not only the living extension of organisation’s vision and objectives but also tools which form positive climate for exchanging knowledge and increase audience involvement in co-production of cultural goods.

Innovations in “pricing” (How much does the customer pay?) assume the usage of new pricing strategies to motivate and develop audience. Cultural organizations can offer new price packages and deals in collaboration with other organizations, promotional prices to regular audience and special offers for members of projects.

It should be noted that soft innovation and TPP innovation are not independent of each other. Many improvements in aesthetics are enabled or made cheaper and more effective by advances in technological products and processes. There may also be demand-side interactions between soft and functional innovation, for example, the demand for DVD players is in part dependent on the quality of films available, as is the demand for MP3 players on the quality of music.

An organisational innovation is the implementation of a new organizational method in the firm’s business practices, workplace organisation or external relations⁶.

Innovations in *business practices* involve the implementation of new methods for organizing them, for example, financial innovations (credit monitoring software, streamline expense reports, linking payment systems to social networks), administrative activities improvement to minimize duplication, learning and knowledge sharing within the organization using organisational website options for internal users (standardized documentation forms, online advisement and training tools).

⁶ *Ibidem*.

Innovations in *workplace organisation* lies at the intersection of human resources management, knowledge management systems and technology. Nowadays they are mostly determined by willingness of organizations to adapt mobile workstyle using online marketplace for short-term rental of office space and meeting, conference, training and workshop rooms, as well as cloud labour and virtual teams brought together by information technologies. At the level of employee workplace innovation solutions that result in more mobility might lead to greater flexibility and better work-life balance.

New organisational methods in a firm's *external relations* involve the implementation of new ways of organizing relations with other firms or public institutions, such as the establishment of new types of collaborations with research organisations or customers, new methods of integration with suppliers, and the outsourcing or subcontracting for the first time of business activities in production, procuring, distribution, recruiting and auxiliary services and they greatly correlate with promotion tools mentioned above.

The final aspect of innovation classification for cultural sector that we think deserves attention is that many of them cannot be recorded using traditional innovation indicators. Four categories of 'hidden innovation' which deserve special attention can be identified⁷:

1. Innovation that is the same or similar to R&D activities that are measured by traditional indicators, but excluded from measurement because the activity is usually built into product or project development as dedicated R&D departments in cultural organizations are uncommon.
2. Innovation without a major scientific/technological basis, such as innovation in organisational forms or business models.
3. Innovation created from the novel combination of existing technologies and processes. The delivery of creative content via the Internet or mobile phones is a good example.
4. Locally-developed, small-scale innovations that take place 'under the radar' and being 'working place based', for example innovative problem-solving solutions and management tools in a format 'I can fix it' performed in unfamiliar ways of seeing things. Practitioners in cultural sector accept that many of their innovative solutions are not formally recognized, 'captured' or reproduced.

Innovations in cultural sector could also be categorized according to the level they take place on and at which they can be researched, the degree of novelty, purpose and innovation potential, production function stage, as it presented on the figure 1.

⁷ For more information see: *Hidden innovation: how innovation happens in six 'low innovation sectors'*, London, NESTA, 2007.

Conclusion

Based on the specific features of innovations in cultural sector described above we can conclude that for innovation studies in cultural organisations, it is better to extend the definition of innovation in the following way:

An innovation is the introduction to an existing or new market or non-market institutions of a new or significantly improved product (good or service), or process, or a novel combination of existing products or processes, having impact upon aesthetic or intellectual appeal or/and functional performance, a new marketing method, or a new organisational method in business practices, business modeling, workplace organization or external relations measured both by traditional and alternative innovation indicators⁸.

We hope our findings will help to bring innovations in cultural sector to the surface for better understanding their nature and accompanying the development of innovation management practice. The improvements introduced in innovation concept can facilitate to better evaluation of innovation within cultural organizations and to research work examining the specific types of innovations in cultural sphere.

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⁸ Author's own study based on Oslo Manual.