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Innovation, Competitive Advantage, and Audience Outreach in Cultural Institutions

The Analysis of Digital and Organisational Innovations as an Outcome of the Pandemic

Abstract

This study examines the institutional strategic conditions necessary for maintaining the competitiveness of the cultural institutional system, with a particular focus on the long-term potential for leveraging the digital and organisational innovations that have emerged during the pandemic. The central question of the authors is how cultural institutions can maintain their professional relevance, audience relationships, and operational sustainability in a media environment based on platform logic. The study reviews the challenges of platform homogenisation, as well as related approaches in innovation theory and technology criticism, and then provides a detailed analysis of the role of digital content delivery, which has gained momentum following the pandemic. It also examines hybrid event formats, site-specific performances, ticketing models, and organisational digitalisation. Drawing on domestic and international examples, this paper argues that maintaining the competitiveness of cultural institutions today is inseparable from the development of digital competencies, the creation of new forms of

audience engagement, and the consistent strategic integration of institutional innovation.

Keywords: cultural institutional system, competitiveness, digitalisation, globalisation, social media, public service media, theatre, pandemic, hybrid model, innovation

As a result of the combined effects of globalisation and digitalisation, the methods of cultural mediation have undergone a fundamental transformation. Technological advancements, internet-based communication, and the rise of new media and social platforms have, on the one hand, significantly increased access to cultural content, but on the other hand, have also amplified trends toward homogenisation, market-driven approaches, and cultural standardisation.

The present study focuses on examining the competitiveness of the cultural institutional system. The authors seek to answer the question of how cultural institutions can remain visible, credible, and viable in a media landscape defined by transnational media platforms, data-driven reach, and the logic of the attention economy.

Within this interpretive framework, competitiveness is not viewed as a narrowly defined economic category, but rather as a complex institutional capacity that encompasses the continuity of the national cultural mission, the effectiveness of audience outreach, adaptability in communication, the development of technological infrastructure, and the exploitation of opportunities for integration into domestic and international cultural networks.

In contemporary contexts, one of the key challenges that cultural institutions face is maintaining competitiveness and ensuring a steady flow of audiences. In addition to presenting and producing artistic content, this being their primary activity, cultural institutions must also compete for attention, legitimacy, and resources. At the same time, the outcome of this competition is closely linked to the success of their engagement with the public. As a result, institutions can no longer avoid acting as independent media content producers and establishing direct, ongoing communication with their audiences. Ensuring a sustained media presence can therefore hardly be considered an outsourced or merely supplementary activity today. It is rather a fundamental prerequisite for institutional competitiveness. At the same time, this paradigm shift must not result in the cultural mission being pushed into the background. In the age of digital platform

media, cultural institutions can preserve their unique role only if they interpret technological and communicative adaptation not merely as technical modernisation or a supplementary activity, but as a process of value creation, audience building, and institutional strategic significance.

The dilemmas of homogenisation and competitiveness

Due to the overlap between individual channels, the homogenisation of content that has come to dominate the traditional media system can also be observed on digital platforms. As a result, essentially the same content becomes marketable on other platforms in the same form. Moreover, this seemingly broad but homogeneous offering also strengthens a given platform's market position (Andok 2016).

From the perspective of the competitiveness of the cultural institutional system, this poses a dual challenge. On the one hand, platform logic favours content that is quickly consumable, easily replicable, and algorithmically distributable, which can negatively impact more elaborate cultural and artistic content that requires slower consumption. On the other hand, homogenisation compels institutions to adapt their own content to the functional logic of their platforms, which in the long run may erase their distinctive identities and quality differences. This equally threatens the fulfilment of their original national-cultural mission. To avoid this, caution and a critical attitude is warranted when adopting market models. Rather, institutions need to recognise that a digital presence becomes an advantage only when it innovatively highlights the institution's unique characteristics, professional quality, and cultural value.

This situation is related to what Joseph Alois Schumpeter described as "creative destruction". According to Schumpeter, the result of innovation systematically replaces the old, thereby exerting a destructive effect, regardless of whether it concerns a product, a service, or a process (Schumpeter 1980).

An important element of Schumpeter's concept, however, is that although innovation is always accompanied by upheaval, i.e., the process inevitably produces losers, the emergence of the new can ensure economic growth in the medium and long term, and in this case, the sustainability of cultural and artistic institutions. From the perspective of the cultural institutional system, the lesson here is that technological changes can be viewed not only as a loss but also as an opportunity for institutional renewal.

In our view, industrial-technological innovations can be interpreted not only as milestones in economic history but also as cycles of institutional adaptation during which cultural actors develop new models of communication, organisation, and audience engagement. In these innovation cycles, those who treat new tools not as random experimentation, but as a capacity-building strategy hold a competitive advantage.

Paul Virilio’s dromology also reflects on this process, though from a pessimistic perspective. The French social philosopher warned of the consequences of the accelerating world for communication and the arts, and went so far as to call the technological explosion a “total disaster”. In his view, new technical processes have accelerated the flow of information to such an extent that the time required for memorisation has been shortened, and at the same time, the process of forgetting has accelerated. The author referred to this as the industrialisation of oblivion (Virilio 2018).

Virilio’s pessimistic warnings are relevant and worthy of consideration from the perspective of cultural institutions as well. Digital acceleration not only causes attention overload but also carries the risk of damaging an institution’s reputation, as attention-seeking content and controversial topics (negative opinions, scandals, and simplistic interpretations, etc.) can gain a persuasive power that was previously characteristic mainly of traditional commercial media.

Surge of Innovation	Dominant Variation	Institutional Risk	Potential Competitive Advantage
Digitalisation	Change in Modes of Transmission	Homogenisation of Contents	Outreach to New Audiences

Figure 1. The institutional outcomes of digital innovations

It is widely recognised that the success of digital platforms has been accompanied by a more concentrated and homogeneous content offering than ever before, as well as the gradual marginalisation of media producing public service content. However, there remains a need for channels and platforms that provide a foothold in the digital age by setting value-creation as their objective and offering guidance to their audiences.

It is therefore essential in the media to seek new alternatives for a community and institutional system that aims to ensure the continuity and competitiveness

of its cultural operations amidst globalisation processes (cf. Antal 2011). Creative destruction in the Schumpeterian sense does not prevent state cultural institutions fulfilling a public service role from also counting innovation as a gain.

The following examples demonstrate that through the deliberate work of skilled professionals, cultural institutions are also capable of applying technological changes, while setting aside the moral resistance often characteristic of high culture. This is achieved in a forward-looking manner that connects creators with the public. In this process, an institution's engagement with the digital public sphere does not mean abandoning its cultural mission, but rather recontextualising it.

The theatre innovations of the pandemic: Sustainable digital and organisational transformations

The COVID-19 pandemic fundamentally transformed the way theatres operate and communicate, and many of the innovations born out of necessity have remained in place to this day. Digital performances, hybrid broadcasts, online archives, and audience meet-and-greets have since become permanently integrated into the practices of cultural institutions, as they have proven capable of expanding access and reaching new audience segments. In addition, outdoor and site-specific productions have gained momentum, while flexible ticketing and consumer-friendly terms have become tools for rebuilding audience trust. Digitalisation also impacted back-end processes, as increasingly sophisticated CRM systems,¹ data-driven marketing, and online community building became the norm. Overall, the pandemic period was not a temporary detour for cultural and arts institutions, but rather a catalyst for structural changes that will shape their operations in the long term (Dér, Papp-Váry, and Zrínyi 2023).

During the pandemic lockdowns, theatres widely shifted to online broadcasts, recorded or live streaming, and this shift proved not to be a temporary phenomenon. The international literature is increasingly concluding that “theatres have not merely returned to pre-pandemic practices, but digital theatre has become a lasting platform for performances” (Balme, Eder, and Rowson 2024).

¹ CRM, Customer Relationship Marketing, is the theatre's audience database and marketing engine, where all data is automated and stored resourcefully.

According to the approach of Balme, Eder, and Rowson (2024), radical institutional transformation remained limited, due to the phenomenon of path dependency, digital infrastructure, technical know-how, and organisational adaptability have been significantly strengthened. In this case, the phenomenon of path dependency suggests that the developmental trajectory of institutions is largely determined by previously established organisational patterns, norms, technological infrastructures, and decision-making mechanisms. Past choices trigger positive feedback loops that narrow the range of future alternatives and structurally limit the possibility of organisational change. This is the case even when the remaining practices are subpar (cf. North 1990).

Hybrid genres have also proven to be a sustainable solution for expanding access. Research indicates that events enabling simultaneous in-person and online participation are particularly important for engaging geographically distant audiences, families with young children, and people with special needs. Media-mediated theatre has, therefore, become significant not as a substitute for the physical experience, but as a complement to it, contributing to the broadening of cultural participation.

The hybrid model proves particularly useful when an institution does not simply stream its events but also consciously creates a digital value proposition. This allows people to access the content, whether they live in rural areas or abroad, cannot attend due to health, family, or financial reasons, or if they wish to view it later.

Hybrid cultural models thus offer numerous advantages, as they reach a wider audience, create new revenue opportunities, and increase the accessibility of cultural content. Digital broadcasts can also provide an interactive experience that strengthens the connection between the audience and the institutions.

Hybrid operation is also a competitive advantage because it simultaneously expands access, opens up new revenue opportunities, reduces geographical barriers, and provides temporal flexibility for the audience.

Research results and adaptational models

Brilli, Gemini, and Giuliani (2022) examined the obstacles that emerged or disappeared in the performing arts, especially in theatres, during the shift to online formats during the pandemic, and how the regional theatre and performing arts scene transformed.

The authors analysed three areas. First, they examined Italian calls for digital performance proposals announced between 2020 and 2022 using text analysis; second, they analysed a digital theatre initiative implemented between February and May 2021 that provided funding to regional artists for the creation of online performances. Thirdly, they conducted structured interviews with project management stakeholders to explore the organisational, financial, and technical challenges, as well as future opportunities, emerging around digital projects.

According to the principal finding of the authors, digitisation did not solve but rather restructured existing frameworks, opening new possibilities while simultaneously creating new limitations. Online theatre can therefore be described not simply as a temporary measure, but equally as a serious experiment with new forms of theatre that will have a long-term impact on operational models and audience engagement strategies.

The pandemic has also accelerated a rethinking of how theatre spaces are used. The view has gained traction that theatre, culture, and performance need not be confined to indoor stages and closed venues but can also reach audiences in new ways through outdoor, public-space, and site-specific events. As Giselle Garcia (2024) puts it, site-specific performances proved to be the most resilient. They offered models that can endure beyond the temporary measures of the pandemic.

Lasting changes can also be observed in the areas of audience re-engagement and ticket sales. Institutions responded to the uncertainty in ticket-buying behaviour with flexible and consumer-friendly practices. Free rebooking, voucher systems, last-minute offers, dynamic pricing, and even pay-what-you-can solutions came to the fore in some places.

A good example of this process is the Digital Pivot Support² programme launched by Creative Scotland, through which participating organisations developed their digital capabilities, online streaming practices, social media presence, and the integration of their digital marketing tools. One of the programme's most important lessons was that digital integration is not only a crisis management technique but can also serve as a long-term operational strategy.

² See https://www.creativescotland.com/binaries/content/assets/creative-scotland/funding/targeted-funding/digital-pivot/digital-pivot.pdf?utm_source=chatgpt.com (last visited: December 16, 2025).

National experiences regarding digital adaptation and innovations

It is particularly worth mentioning the operation of Hungarian theatres during the pandemic as a period in which the creative energies of artists and institutions were displayed effectively.

The Hungarian cultural sector viewed maintaining a connection with the audience not merely as a matter of survival, but also as an opportunity to experiment with new formats. As a result, the rapid development of online broadcasts, virtual exhibitions, interactive community projects, and the institutions' own platforms simultaneously served to expand access, build brand identity, and maintain competitiveness.

During the pandemic, the Hungarian cultural sector sought to maintain contact with the public through numerous creative solutions. As theatres, museums, and concert halls closed, institutions moved online and experimented with many new formats.

In the realm of online theatre broadcasts and streamed performances, the Vígszínház's 'Vígszínház Otthon' platform made legendary performances available, the Örkény Theatre's 'Örkény Stream' project experimented with live broadcasts and interactive formats, and the Katona József Theatre's 'Quarantine Theatre' series maintained a connection with the audience through short digital scenes. In addition, a new online platform called eSzínház³ was launched.

In the museum sector, the Museum of Fine Arts and the Hungarian National Gallery have launched interactive 360-degree virtual tours, online lectures, and museum pedagogic programmes. The Petőfi Literary Museum's 'Digital Literature' program has strengthened cultural engagement through online discussions with writers and poets, as well as creative submissions. The Ludwig Museum brought contemporary art into the digital public sphere through online exhibition openings, artist interviews, and video-guided tours.

Notable among the interactive and community initiatives were 'Vers mindenkinek – újragondolva' (Poetry for Everyone – Rethought), 'Írók a karanténban' (Writers in Quarantine) and quarantine improvisations such as 'Színészek otthon' (Actors at Home). These demonstrated that the home environment did not necessarily

3 See <https://eszinhaz.hu/hu> (last visited: April 9, 2026).

entail a decline in cultural quality but could also facilitate the emergence of new forms of personal connection and authenticity.

Müpa (Palace of Arts Budapest), the National Theatre, the Hungarian State Opera House, and the Liszt Ferenc Academy of Music developed digital strategies tailored to their respective institutional profiles during the pandemic.

As part of 'Müpa Home', Müpa offered daily free concert and performance livestreams. In collaboration with the European Concert Hall Association, it also made international content available. On its YouTube channel, it provided access to full concert recordings and archived programs.

In addition to streaming performances, the National Theatre built a digital connection with its audience through 'National Theatre Online' and various quarantine projects, while the 'Vers minden napra' (A Poem for Every Day) initiative reinforced the sense of belonging among the audience with daily video literary presentations.

The Hungarian State Opera House established a regular rhythm for its digital outreach through the 'OperaLive', 'OperaSzerda' (OperaWednesday), and 'BalettPéntek' (BalletFriday) programs, while 'Opera House at Home' and 'OperAkadémia' reinforced behind-the-scenes and educational content. The Liszt Ferenc Academy of Music organised online concerts and competitions, broadcast live-streamed exam concerts, and held the Bartók International Competition in digital format.

These innovations demonstrate that digital tools can expand the audience of cultural institutions and increase their visibility.

Based on international and Hungarian experiences, several lessons relevant in the long term are emerging. On the one hand, it has been proven that the digital space is not an enemy, but rather an opportunity through which interactive and community-based projects can often be more effective than purely one-way online broadcasts. On the other hand, audiences have grown accustomed to content that is readily available, easily accessible, and easy to consume, which is why cultural institutions must now continually adapt to new platforms. Many of the digital tools made necessary by Covid have remained in use even after the pandemic, such as hybrid broadcasts, online discussions, and digital subscriptions. Furthermore, it has been confirmed that social media and interactivity are key, as the most popular initiatives were typically those that engaged the audience. Finally, there was a sustained demand from the audience for live streams and on-demand content, which reinforced the validity of the hybrid model combining in-person and online formats.

Economic and European context

International examples show that the cultural and creative industries were hit especially hard by the COVID-19 pandemic and the subsequent lockdowns, yet the sector's adaptability and resilience were also clearly demonstrated. According to Eurostat, the European Union's arts, entertainment, and recreation sector comprised approximately 954,000 enterprises in 2022, generating a total of €280.7 billion in net turnover and €109.4 billion in value added.⁴

In a broader sense, approximately 2.03 million cultural enterprises were operating in the EU in 2022, accounting for about 6.3 percent of the total business population, while the cultural industries generated approximately €199 billion in value added and approximately €503 billion in net revenue. These figures clearly indicate that the economic weight of the cultural and creative sector far exceeds the previous stereotypical view of it as a marginal sector.⁵

The report titled *Boundless Creativity* details how the UK's cultural and creative sector shifted a significant portion of its activities to digital platforms through rapid and forced adaptations during the pandemic.⁶ The rise of streaming services, online performances, virtual exhibitions, and interactive digital productions not only enabled crisis management but also allowed for reaching new, previously inaccessible audiences. British policy and academic reports also highlight that, in the future, it will be essential to prepare in advance for pandemics and to strategically integrate crisis management into the operations of the arts sector.

4 See Eurostat: *Cultural statistics – 2025 edition: Arts, entertainment and recreation sector data*, online access: <https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/124686.pdf> (last visited: November 25, 2025).

5 See European Commission: *Cultural and Creative Industries Statistics*, 2022, online access: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture_statistics_-_cultural_enterprises#:~:text=business%20demography%20statistics-,Cultural%20enterprises%20in%20the%20EU:%20key%20indicators,by%20the%20EU's%20cultural%20sector (last visited: November 23, 2025).

6 Department for Digital, Culture, Media & Sport – Arts and Humanities Research Council: *Boundless Creativity: Supporting Creative Innovation for All in the COVID-19 Recovery*, 2021, online access: <https://www.gov.uk/government/publications/boundless-creativity-report> (last visited: November 25, 2025).

The condition of Hungarian research and empirical lessons to learn

In Hungary, the body of literature on this topic is not yet considered comprehensive, particularly around empirical, systematic research. At the same time, analyses have been conducted during the pandemic that highlight the growing importance of social media platforms, such as Facebook, Instagram, YouTube, TikTok, and other online channels and streaming platforms, as well as the longer-term integration of digital communication into the strategies of domestic brick-and-mortar theatres.

A more comprehensive picture of the domestic online theatre presence is provided by the research of Dezső Cs. Dér, Árpád Ferenc Papp-Váry, and Ivett Zrínyi (2023), which analyses the Facebook and Instagram communications of Hungarian brick-and-mortar theatres during the first year of the pandemic. According to the results, visual content dominated the communication of theatres, and the highest level of activity occurred during the first wave of the pandemic, when institutions were more extensively seeking opportunities to reach audiences digitally. At the same time, the utilisation of Instagram's features showed significant institutional differences, suggesting that the degree and awareness of digital adaptation were not uniform across the domestic sector.

From a competitiveness perspective, the lesson here is that a digital presence alone is not enough. More precisely, its quality, strategic integration, and institutional awareness have become decisive factors.

Conclusion

Currently, the cultural and creative industries constitute one of the most dynamic and multifaceted sectors of the European Union's economy. Beyond their economic performance, they also play a vital role in social cohesion, identity-forming, and innovation. On the one hand, the pandemic has crucially highlighted the structural vulnerability of the cultural sector. On the other hand, it has also brought to light the resources of its adaptability and innovative potential. In the age of globalisation and digitalisation, maintaining the competitiveness of the cultural institutional system is conceivable only if institutions are simultaneously capable of interpreting the challenges arising from platform homogenisation, the opportunities inherent in innovation, and the cultural and institutional risks stemming from technological acceleration.

Schumpeter's approach to innovation theory points out that the destructive aspects of technological transformation do not preclude the possibility of institutional renewal and long-term development, while Virilio's critique warns that the accelerated media environment can lead to the weakening of cultural memory, the blurring of institutional identity, and, in a broader sense, to cultural losses. Together, these two approaches help explain why digitisation represents both a threat and a strategic opportunity for cultural institutions. Domestic and international examples confirm that cultural institutions can maintain their competitiveness only if they treat their digital presence not as an auxiliary technical function, but as a strategic dimension embedded in the institution's operations. Expanding access, developing differentiated audience engagement, the conscious application of hybrid models, and value-based content offerings can collectively contribute to ensuring that the cultural institutional system remains sustainable, visible, and socially relevant even amid future crises.

At the same time, a stable funding base is essential for implementing these strategic directions. The sustainability of the digital and hybrid theatre innovations that accelerated during the pandemic has now become particularly problematic. Although this period gave rise to new creative methods, forms of collaboration, and aesthetic experiments, the use of digital working methods declined between 2022 and 2023 (cf. Balme, Eder, and Rowson 2024). One key reason for this is that the economic and financial model for digital content remains uncertain. Audiences have become accustomed to free access, while the technological and professional costs of these productions are significant, placing a particular burden on smaller organisations and freelance creators, who are often forced to finance the acquisition of necessary skills from their own resources.

All of this suggests that the future of digital theatre forms is not simply an artistic issue, but can also be understood as a structural, institutional, and financial one. Sustainability is not to be found in a single source of revenue, but rather in hybrid models that integrate public funding, international grants, institutional backing, and market-based solutions. In this context, it is particularly important to note that cultural institutions, as independent public service content producers, can only sustain and develop their digital activities in the long term with targeted state subsidies, given that public service operations cannot be financed on a market basis (cf. Szitás 2022). Digital innovation must therefore be understood not only as an opportunity, but as an institutional and policy challenge to

be addressed, the management of which extends beyond the scope of individual organisations and affects the entirety of cultural governance.

Consequently, the future of public service media in Hungary is not merely a matter of institutional or technological responsibility, but specifically one of political, professional, and artistic responsibility. National culture and cultural output currently constitute a fundamental value upon which the renewal of the public service media system can be built in the long term. In the short term, public institutions are primarily the ones that can offer an alternative and a model for the practical implementation of this task. If this direction is not institutionally reinforced, public service, as a cultural and social resource, may gradually lose its guiding and integrating function. Considering this, the future of public service ultimately depends on whether cultural and media decision making will be able to treat national culture as a resource of public interest that is operable, financially viable, and strategically developable.

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