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Reluctant Innovators: Dynamic Capabilities and Digital Transformation of Italian Opera Houses in the Pandemic Crisis

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Abstract: This paper analyzes the impact of COVID-19 pandemic on the process of digitalization of Italian opera houses. Based on a conceptual framework provided by the literature on dynamic capabilities and digital transformation, the evidence collected from six case studies is presented. Results are discussed with reference to two ideal-types of pandemic-induced paths (“back to normal” vs “new normal”) and to the variables that explain differences in strategies: history, digital mindset of human resources staff, dominance, leadership and external integration. Relevant implications for both theory and policy and managerial practice are presented with regard to present and future innovation paths.

Keywords: opera; digital transformation; pandemic; COVID-19; dynamic capabilities

1. Introduction

This paper analyzes the impact of the COVID-19 pandemic on the process of digitalization in (Western) opera from an innovation management perspective. The focus on Italy is justified by the relevance of this country in the history of this performing art, both quantitatively and qualitatively, as well as of opera as expression of the national and local cultural identities. Still today, Italy is the third largest producer of opera performances worldwide, following Germany and the United States¹, and “the art of Italian opera singing” is presently under consideration by UNESCO for inscription in the list of the Intangible Cultural Heritage of Humanity.

Lockdown decisions hit severely those forms of entertainment that are not considered as essential and that require physical presence (Seetharaman 2020). In 2020 and 2021, the closure of opera houses was imposed on a worldwide scale (Annunziata and Annunziata 2021). In Italy, theaters’ performances were suspended twice nationwide from March 2020². Eventually, opening at full capacity was allowed from 11 October 2021.

In such an unprecedented situation, the Internet and digital technologies not only provided means for “un-distancing” customers (Kolokytha and Rozgonyi 2021), but also suggested the possibility of testing and developing new products and new ways to approach the market (Chatzichristodoulou et al. 2022). In fact, COVID-19 was an extreme stress test of the dynamic capabilities of opera houses and a crucial challenge to a process of digital transformation that had been heterogeneous and partial until then.

This paper is organized as follows. In the next section, we present the character of innovation in contemporary Italian opera houses. In the third section, we define a conceptual framework centered on the literature on dynamic capabilities and digital transformation. After summarizing the research question and our methodological choice, the collected evidence is presented along the sequence sensing/sense-making/seizing. Results are discussed with reference to two ideal types of pandemic-induced path. The final section presents some relevant implications.



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2. The Background: Patterns of Innovation in Italian Opera

Operas are characterized by the complexity and structurally increasing cost of infrastructure and productions. For many decades, different business models, both in Europe and worldwide, have failed to deal with this cost disease (Baumol and Bowen 1966), showing the unescapable economic unsustainability of opera productions in the absence of significant contributions by taxpayers, through public subsidies, and/or by private sponsors (Fanelli et al. 2020). In the Italian case, the decisive role of the public hand has the additional consequence of freezing the industry's structure, as the opera houses' hierarchy defines *ex ante* the availability of resources and prevents competitive dynamics³.

At the same time, opera houses have faced a market scenario characterized by maturity and, in some cases, decline. Yet, from a global perspective, opera looks resilient, as witnessed by the number of performances (which does not decline) and of important infrastructural projects, and also in countries new to Western opera, such as China (Fraser and Fraser and Fraser 2013). The situation of Italy is less encouraging: the progressive loss of popular appeal translates into the constant ageing and shrinking of audiences (Di Fiore 2010).

Historically, the survival of opera over the centuries is the result of the peculiar adaptability of its contents, technology and business models to changing social and economic contexts, political regimes, and cultural milieus (Kotnik 2013). In Italy, this was also possible because of a dynamic private entrepreneurship, especially in the golden age of the 19th century (Rosselli 1984). Paradoxically, the predominant perception nowadays is one of a backward-looking art that has lost its connection with the contemporary world and is unable to interact with the aspirations and problems of emerging social groups and new generations. This perception was unaffected by attempts to "democratize" opera, mostly through the opening of some performances to audiences supposedly discriminated against by high prices (therefore rhetorically targeting "students and workers"), the re-packaging into more accessible formats (such as recitals) and "crossover" hybridizations with pop music (Bellini 2021a).

In recent decades, opera has been characterized by limited product innovation. The production of new operas is an exception. Much more frequently, novelty concerns the re-discovery of minor, forgotten operas, or the proposition of revised versions, e.g., based on a new critical edition. However, only in a limited number of cases has this led to permanent innovation in the repertoire (Cancellieri and Turrini 2016; Trevisan 2017).

A major stream of innovations has derived from stage directors' characterization of their productions. Most notably in Germany (and much less so in Italy), the expression *Regie-theater* identifies a trend to "update" the original storytelling, often to the extreme of superimposing a new dramaturgical narrative that makes explicit references to contemporary issues, images and symbols (Müller 2014; Bortnichak and Bortnichak and Bortnichak 2016).

In opera, contrary to other cultural businesses (Camarero and Garrido 2008), market mechanisms do not support product innovation. As the social appeal of operas declines and both public funding and private sponsors reduce their commitments, managers are invited to turn towards greater "market orientation", i.e., to shift from a market-driving attitude, inspired by cultural objectives, to a market-driven approach. However, this means complying with consumers who are uncomfortable with radical innovations and prefer to tag novelties onto familiar cognitive frameworks (Jones 2000; Sgourev 2013). Thus, opera management must find a balance between the push toward risky artistic exploration, which pleases "cultural stakeholders" (Giraud Voss et al. 2005), and the exploitation of traditional conventions that make opera accessible to wider audiences and guarantees better results for both box office and private sponsors (Castañer and Campos 2002; Sgourev 2013; Trevisan 2017).

In fact, especially in the conservative Italian scenario, the operatic product is dominated today by a handful of crowd-pleasing, easy-sell works. In the four seasons preceding the pandemic (from 2015–16 to 2018–19), out of 6408 opera performances in Italy, there were 2174 (33.9%) of only ten best-selling titles⁴. In the words of a music critic, opera in Italy is "intended for an audience of regulars who go looking for confirmation rather than

stimulation (. . .) Italian theaters stubbornly continue to breed an audience whose aesthetic horizon is that of finding what they already know” (Mattioli 2020, p. 133).

Looking more specifically at digital innovation, this had only a marginal impact on product before the pandemic, mostly concerning the use of digitalized images on stage. Artistic explorations have taken place in a number of opera houses globally, but definitely not in Italy, playing on both the acoustic and visual dimensions of the opera experience and leading to experimentation in productions that were explicitly aimed at digital audiences, either connected from home or in high-tech theatrical settings. At the Royal Opera House, a department, named “Audiences Labs” was established with the aim of “reimagining, prototyping and presenting” opera in new digital forms (Bellini 2021a).

The impact on the delivery of the product has been of much greater significance. Following a long history of opera recording and broadcasting, digital technologies not only raised the available level of audio and video fidelity, but also allowed for augmented viewing on digital discs. Finally, the benchmark initiative *The Met: Live in HD* (Elberse and Perez 2008) and its subsequent imitators succeeded in multiplying actual attendance through the broadcasting of opera performances in digitalized movie theaters. However, this did not necessarily increase the market size, as it attracted existing opera goers rather than new audiences (Bellini 2021a).

An additional dimension of digitalization took place when opera houses and other actors in the operatic eco-system (such as artists, specialized media, bloggers, etc.) joined the social network universe, originating a rapidly developing digital community (Agostino et al. 2019; Agostino 2018). To feed this, opera houses engaged in the production of a wide range of complements to the live operatic experience. These included trailers, promotional videos, artist interviews, etc., of a very heterogeneous quality, that have been conceived almost exclusively as functional to the marketing of live productions (Bellini 2021a).

3. The Conceptual Framework

3.1. Dynamic Capabilities

Dynamic capabilities are “the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die” (Eisenhardt and Martin 2000, p. 1107). A wide literature on dynamic capabilities has shed light on how firms “integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al. 1997, p. 516) through a process of sensing opportunities and threats regarding the customers’ predicament, seizing and transforming (Teece 2007, p. 2018). In particular, dynamic capabilities are crucial to open innovation strategies (Teece 2020; Pundziene et al. 2021). However, there is a significant difference between dynamic capabilities in markets that are only moderately dynamic and dynamic capabilities in high-velocity markets. The latter result from simple, “experiential (non-analytical)”, “improvisational processes” and “become easy to forget” (Eisenhardt and Martin 2000, p. 1113).

The design and implementation of innovation may also be supported differently by companies according to their disposition to explore distant knowledge bases (De Massis et al. 2020) and to deliberately invest in learning processes (Zollo and Winter 2002). In this respect, the “cognitive and perhaps even emotional dimensions” of dynamic capabilities become relevant, implying “irrational (. . .) dreaming up new things” in sense-making and inspiring leadership in execution (Baden-Fuller and Teece 2020, p. 105). However, the dominance of the entrepreneurial and leadership dimension may determine a lower degree of routinization of dynamic capabilities (Gullmark 2021).

The disposition to change is influenced by the organization’s “intellectual capital” (Nahapiet and Ghoshal 1998), but also by “the capacity to manage perceptions of the past, in the present, for the future” (Suddaby et al. 2020, p. 531). Different narrations of the past shape the vision of the future, by putting an emphasis on either continuity or disruption, therefore facilitating or inhibiting change: the organization’s memory impacts on the managers’ ability to sense challenges and opportunities; interpretative approaches to

history help to seize opportunities by mobilizing resources; imaginative history engages in future-oriented thinking (Suddaby et al. 2020). Finally, dynamic capabilities may feature differently when processes of learning and routine changes occur in the public sector, where they “are not motivated and driven by market pressures, but by political and policy changes and practices” (Kattel 2022, p. 7).

3.2. Digital Transformation

Digital transformation is defined as a change of socio-economic nature shaped by digital technologies, inducing changes in organizations’ structures, routines and business models (Warner and Wäger 2019). It is a transformation that is “non-linear, ambiguous, and interacts with the legacy managerial challenges” (Cennamo et al. 2020, p. 14). Therefore, it must be analyzed by means of a multi-dimensional approach dealing with perceptions, interpretations, actions and impacts (Dąbrowska et al. 2022). Adoption will be faster when innovation is perceived “to fit the organization’s improvement trajectory” (Steiber et al. 2020, p. 813). Thus, digital transformation is decisively influenced by the digital mindset of the organization (Solberg et al. 2020) and by knowledge management strategies (Sánchez Ramírez et al. 2022).

In the pandemic crisis, survival required a more resolute attitude towards digital transformation. As digital technologies shift from being considered “nice to have” to a “critical to have” (Akpan et al. 2021), organizations move from discretionary to forced innovation: the former is a proactive response to market challenges, while the latter responds to “sudden and unforeseen disruptions that require transformation of the service offering and business model within the constraints of available resources and operations” (Heinonen and Strandvik 2021, p. 103). Forced innovations are thus framed within strategies resulting from “effectuation processes”, where goals cannot be predetermined, effects can be only tentatively predicted and partially controlled, and the characters and circumstances of the decision maker are considered unalterable (Sarasvathy 2001; De Massis et al. 2020). Their impact can be expected to take place within a short timeframe, but also in a longer one, and to influence its strategic horizon (Heinonen and Strandvik 2021).

4. Research Question and Methodology

The aim of this paper is to analyze how the dynamic capabilities of Italian opera houses performed in managing digital responses to the pandemic crisis and to identify different patterns and their motivations. We operationalized dynamic capabilities (Laaksonen and Peltoniemi 2018) by focusing on three aspects: the (perceived) impact on performance; strategic evolution during the pandemic phase; and consistency with the market positioning of the individual opera house.

Considering the exploratory character of our research, we opted for a multiple case study, selecting six Italian opera houses, with the main aim of process-tracing reactions to the pandemic crisis and to the lockdown situation (George and Bennett 2005, p. 205 ff.). The selection of the six cases was based on two criteria: their leading role in the national hierarchy of opera houses and/or their reputation as a leading experience in digital experimentation. The six cases cover both typologies of Italian opera houses (opera foundations and tradition theaters: Table 1).

In particular:

- Teatro alla Scala in Milan is by far the most important opera house in the country, top ranking in terms of artistic values, enjoying a very high reputation and global visibility, that translates into both box office sales (with a relevant foreign component) and in the largest share of supporting public resources;
- Teatro del Maggio Musicale Fiorentino in Florence follows, thanks to its historic role and to the charismatic profile of its legendary music director, Zubin Mehta;
- Teatro Comunale di Bologna and Teatro di San Carlo in Naples are outstanding opera houses in terms of venues, artistic quality and socio-economic context;

- Teatro Comunale Luciano Pavarotti in Modena and Teatro Coccia in Novara are “traditional theatres” in smaller venues and are located in some of the most highly developed areas of the country.

We realized the case studies through in-depth, semi-structured interviews with top ranking managers in the respective organizations between March and April 2021. In three cases, the interviewees were superintendent/director general. In the remaining three, the interviewee was the marketing/PR director. In two cases, senior staff were also present and participated in the discussion. The interviews were realized online through a videoconference platform, under conditions of confidentiality, and lasted approximately 60 min each. Transcripts of the interviews were coded deductively based on the dynamic capabilities’ framework (market-sensing/sense-making/seizing). Furthermore, we checked and complemented information with data from the media and from official documents, either provided by the interviewees (internal memos, marketing reports on online activities and audiences) or autonomously retrieved (planning documents, media reports).

Table 1. Basic information on the six opera houses.

Opera House	City	Status	Main Hall, No of Seats
Teatro alla Scala	Milan	opera foundation (special status)	2030
Teatro del Maggio Musicale Fiorentino	Florence	opera foundation	1800
Teatro di San Carlo	Naples	opera foundation	1444
Teatro Comunale di Bologna	Bologna	opera foundation	1034
Teatro Comunale Luciano Pavarotti	Modena	tradition theater	901
Teatro Coccia	Novara	tradition theater	806

Source: authors’ elaboration from official sources.

5. Analysis: (1) Market-Sensing

Overall, all these opera houses shared the same feeling about the pandemic situation. In such an unprecedented situation, it was deemed compulsory to maintain an emotional connection with traditional audiences, sharing a sense of never discontinued engagement and of preparation for comeback. To all of them it was crucial to communicate “nostalgia for the real thing”, as one manager put it and as was well summarized by the slogan of the Florentine theatre in the summer 2020 (“*Niente è come esserci!*”—Nothing is like being there!). In the meanwhile, all interviewees shared the perception that the market was showing a disposition for digital products that was much greater than in the past as the only available surrogate to the live theatrical experience.

6. Analysis: (2) Sense-Making

Divergences emerged in sense-making, i.e., with regard to the actual opportunities provided by the market under these exceptional circumstances. Leading opera houses (Teatro alla Scala in Milan and Maggio Fiorentino in Florence) shared a narrative that downplayed the potential of digital technologies and reaffirmed the uniqueness of the live experience. The digital space was perceived as a temporary surrogate, and they showed full confidence in a bounce-back scenario. Such confidence was based on a firm belief in the enduring validity of their competitive advantages: the unique strength of their brand and reputation, their superior technical command of theatrical technologies, the loyalty of the core audience and the expected revival of that important (and missing) component of the market originating from tourism. They also emphasized constraints justifying prudence in digital transformation: the technical (un)reliability of digital solutions; the additional costs for the image rights of artists; the difficulty of integrating these new skills in complex theatre organizations. Thus, both theatres developed a narrative of painful but confident waiting and preparing for the time when shows would return to the hall.

At the other end of the spectrum, minor opera houses were looking at the pandemic as an opportunity for experimentation, accepting the challenge of re-inventing in this new context the essence of opera, i.e., the combination of music and theater and the integration of visual and audio emotions. This was also perceived as instrumental in getting in touch with new market segments. The two analyzed cases show that this was made possible not only by a mere disposition to change, but also by their actual technological readiness.

The Coccia Theater in Novara, a mid-size city near Milan, came from a long and far from irrelevant history as a provincial theatre, that—like many of its kind—was often able to host productions with top singers, at least until the end of the 1970s. Those glorious days had been followed by years of decline. At the time of the pandemic, however, the Coccia Theater was at the outset of a new phase. A new director with a strong orientation to innovation had been appointed in 2018. A key element of her strategy had been the focus on communication (via a YouTube-like language), implying the building of a youth-focused digital community and the construction of a digital archive of productions, filmed in their entirety (rehearsals, stage design, etc.). Following the pandemic outbreak, this approach easily translated into a more proactive attitude towards digitalization.

The Modena Opera house had also been involved in experimentation with streaming technologies before the pandemic, thanks to collaboration with the local university that made available state-of-the-art expertise and equipment. In 2018, Modena led a new three-year project joining forces with the other opera houses of the Emilia-Romagna Region and with the Regional government, with the aim of broadcasting local opera productions through streaming. The original idea was to integrate tourism promotion by giving new visibility to the *bel canto* heritage of the region, thanks also to some iconic references (Verdi for the city of Parma, Pavarotti for Modena). The OperaStreaming project (<https://operastreaming.com/>, accessed on 10 January 2023) realized an original portal allowing access to local productions and, at the same time, speeded up development of the IT infrastructure and the acquisition of digital equipment. Therefore, at the time of lockdown, the theater already had expertise and infrastructure in place.

The remaining opera houses (Teatro Comunale di Bologna and Teatro di San Carlo in Naples) showed prudence towards digital innovation in the early stages of the pandemic, but later developed a more proactive attitude. Facing the overflow of streaming propositions (in a manager's words, a "bulimia of free streaming") that had characterized the Internet after the outbreak of the pandemic, they felt the need to regain distinctiveness, and therefore visibility, in the new scenario.

This happened in different ways. In Bologna the lockdown occurred in the midst of a major commitment to widen physical spaces available for performance beyond the historic venue, an objective that implied a greater emphasis on on-stage technologies in unconventional venues (the "PalaDozza", an indoor sporting arena), but also some marketing challenges. The San Carlo opera house engaged in a new digital strategy, following the arrival of a new, high-profile superintendent, Stéphane Lissner, formerly at the Paris Opéra, where some of the most interesting cases of digital developments had taken place, both as streaming of live productions ("*l'Opéra chez soi*") and with products designed for digital fruition ("*la 3e Scène*"). The response to the pandemic was therefore framed by this discontinuity of vision being pushed forward. In his words, "it will no longer be possible for a theater to be passive, waiting for the public" and the San Carlo opera house had to become "a social and digital theater" (Povoledo 2020). A local manager summarized as follows: "there will be no going back".

7. Analysis: (3) Seizing

Both Teatro alla Scala in Milan and Maggio Fiorentino in Florence consciously limited the exploration of new options. Rather they used the shutdown period to set up conditions for a speedy recovery of pre-pandemic activity levels as soon as this could be made possible by health regulations.

In the case of Teatro alla Scala, an additional obstacle to more aggressive digital strategies was the dependency on the national public television company, RAI, that has traditionally been in charge of recording their performances. RAI owns most of the video material of Teatro alla Scala productions, therefore its use falls within the strategy of a TV broadcaster, which prioritizes the feeding of its cultural channels and internet platform. Digital productions were confined to the broadcasting of some performances as anticipation of future live ones. An exception was provided by the televised event that substituted for the traditional inauguration performance of the 7th of December 2020. This marked a clear departure from traditional streaming, with some spectacular moments and an impressive display of “special effects”. The show was designed in cooperation with RAI in the “TV language” and indeed, also thanks to robust promotion, performed quite well on TV, hinting to possible wider audiences. Yet this format was implemented only once.

Gaining control of the video materials remained a major objective of the theatre’s digital strategy. This means investing both in human resources and in technical equipment, along the lines followed by the new Superintendent Dominique Meyer in his previous post at the Vienna State Opera, where he had faced a similar situation of dependency on the national TV company. The result has been the launch of the theatre’s own platform for opera streaming (<https://lascala.tv/en>, accessed on 10 January 2023) in January 2023. The pandemic had confirmed this strategic choice, although it did not necessarily accelerate it.

In the case of Florence, an inward-looking strategic choice had been consolidated during the lockdown by having the chorus, orchestra and artists work and prepare for new productions as if live performance could take place, so that the show could be ready to go on stage and be rapidly re-programmed when the theater opened. In the meanwhile, a few opera performances had been broadcast, again by RAI, but with a more ordinary profile than in the case of the Milan gala. Some generous but occasional attempts to create digital events, such as a much-advertised virtual gala (with top artists performing from home, along the example of the Metropolitan Opera *At-Home Gala*), were characterized by technical shortcomings. The option of selling shows on streaming platforms was also considered but was limited to some experiments with concerts diffused through the specialized platform IDAGIO.

Both theatres engaged in a more active presence on social networks. Videos of past performances and of backstage aspects were made available on the web, e.g., the Florence opera started a series of original short videos exploring the historic archive of the theatre (with an average of 5000–6000 thousand views per episode). Nonetheless, as emphasized by a manager, this took place paying special attention not to “forget our traditional audience”, and therefore not to “deviate from an appropriate language”. As a consequence, more innovative experimentation (i.e., entering platforms such as TikTok, following the example of a prestigious museum, the Uffizi Galleries in Florence) was rejected.

A different story took place at the Coccia Theater. Traditional opera broadcasting was perceived by the local management as “an outdated approach”. A new opera (entitled “*Alienati*”), based on comic storytelling, was designed for the Internet, involving musicians and artists working from home and some daring radical experiments, such as the use of a videogame structure. Since then, the Coccia Theater has become the house for a whole new range of experiments in musical digital theater, ranging from the dramatization of concerts to children-oriented interactive productions and new micro-operas. In Modena, technological readiness allowed the use of the lockdown for experimenting with new ways to record operas for internet broadcasting, e.g., using a variety of places inside and outside the theater building or moving away from the attendee’s perspective and taking the camera on stage. At the same time, local managers were exploring new opportunities for social media interaction, looking also at distant markets (e.g., by being present on WeChat).

The intermediate group of opera houses engaged in an accelerated catching up in know-how and equipment, most often through agreement with specialized companies, rather than by developing internal assets. The leadership of the Comunale opera house critically reappraised the concept of live streaming of opera (reproducing exactly what one

can see in the theater). The old concept of opera-film has been used to label productions that take place mostly within the theater building. The show is thus based on a production for the stage, but a new and more complex performance is recreated, where a plurality of subjective points of view (thanks to a plurality of onstage cameras) comes into play, suggesting an immersive opera experience. This approach was realized with a new production of Cilea's *Adriana Lecouvreur*. Similar experiments took place in the following months at the Rome Opera.

In the case of Naples, product innovation was much less relevant. This was clearly stated by local managers: "we are not looking for digital productions". On the contrary, the management focused on the creation of highly visible events: well-known operas, top international singers and an unprecedented alliance with Facebook for promotion and distribution. At the same time, the San Carlo opera house decided to ask for a (symbolic) price, demanding—in the local manager's words—"a statement of will", instead of an opportunistic and distracted zapping among so many free streaming offers. Furthermore, the opera house refused to sign an agreement with the public television network and decided to build its own proprietary platform and production studio, while investing in the digital competences of internal human resources and setting up a social media team.

8. Discussion

Based on the above analysis, we deductively constructed two Weberian ideal types of pandemic-induced paths that could enable critical comparison and causal assessments (Eliaeson 2000; Casadei et al. 2021). Following a multi-disciplinary literature originating from the pandemic experience (Bellini 2021b; Brammer et al. 2020), we label these as "back to normal" (BTN) and "towards a new normal" (TNN). Both paths are triggered by the identification of the opportunities and threats linked to the pandemic disruption and, in particular, by sensing a positive disposition in the market for digitalized opera, imposed by the lockdown of theatres. Path BTN is then based on interpreting the situation as a temporary condition exclusively linked to the need to act as a surrogate during the unavailability of live performances. Instead, path TNN focuses on the technology's potential to provide different operatic experiences, in many respects limited, but in others even "augmented", in comparison to traditional theatrical attendance.

Along path BTN, a narration is constructed, according to which the "real live" experience will fully re-emerge after the pandemic, because of its unique, irreplaceable nature. Existing business models are confirmed and innovations are mostly characterized by low strategic stretch and a short-term strategic horizon. Consequently, resources are mobilized primarily to ensure the rapid restart of live performances.

Along path TNN, the narration describes a future characterized by a "new normality" where digital experiences are an increasingly autonomous complement to the core product (i.e., the theater performance). In this scenario, new market segments become approachable, the business model is revised, and innovations have a long-term strategic horizon. Consequently, resources are mobilized to acquire assets and know-how regarding digital technologies and to consolidate the experience accumulated during the lockdown phase.

From the case studies a number of variables emerge that explain this difference in attitudes:

- (a) History: the (more or less advanced) position on the learning curve of digital markets and technologies determined the (lesser or greater) perception of discontinuity, a (more or less) favorable mindset of human resources staff, and the (lower or higher) level of perceived risk in investing in the digital option and adjusting the traditional business model.
- (b) Digital mindset of human resources: established organizations seemed to reveal an attitude of conditional openness to digital transformation, to the extent that this was challenging a status quo characterized by successful routines and distinctive skills.

- (c) Dominance: the prominent position in the traditional market was reflected in the confidence in the stability of the market position in the long term; weaker actors were more incentivized to experiment with variations on the traditional business model.
- (d) Leadership: a greater disposition to experiment was triggered by the creativity of “entrepreneurial managers” (Teece 2007), which is the result of appropriate leadership styles (Abfalter 2013) and is decisively nurtured by their previous experiences, possibly in different contexts.
- (e) External integration: also in this case, dynamic capabilities required interorganizational openness (Gattringer et al. 2021) and the ability to invest in cospecialized assets (Teece 2007) through integration with other companies and with institutions (such as research centers and universities), at the risk, however, of originating dependency and constraints (e.g., in the case of relations with RAI).

9. Conclusions and Implications

The dynamic capabilities framework provides a useful key to interpret the dynamic of digital innovation in opera houses. The case of opera houses feeds back into innovation management theory by providing an unusual context compared to private firms with a market-driven approach to innovation. The directionality of change follows less obvious patterns than those often outlined in the literature. Further research may suggest other cases where similar revisions of the established theoretical framework might be suggested.

The dynamic capabilities framework also helps to highlight the limits of an “improvisational” and “forced” innovation. The pursuit of a digital transformation process requires consolidation of dynamic routines, overcoming of the dominant role played by individual leaders and deliberate investment in human resources with a digital mindset. Sense-making also needs to evolve into a more mature, future-oriented thinking. The time of the pandemic has been rich in suggestions for alternative paths of digital innovation: the digital augmentation of the live opera experience; the design of born-digital operas; the emergence of alternative patterns of cultural consumption, such as selective viewing (zapping within a performance and between performances) and on-demand consumption; a new kind of interactivity with opera-focused digital communities, etc. At this stage, it is certainly impossible to foresee which features are going to be consolidated in future strategies. This may depend either on available resources (favoring larger establishments) or on the room for maneuver for creative solutions (that could be greater for smaller opera houses). Different paths of digital transformation, justified by the diversity in the strategic position of individual opera houses, could also coexist.

Considering managerial implications, it is difficult to detect a substantial push by the market to sustain digital innovation. Conservative approaches still dominate, where digital innovation plays a subsidiary role, quite distant from the sweeping effect that is normally attached to digital transformation. If any, a source of routine changes may emerge, as in the past, from a balancing act between the preservation of market-driven patterns and market-driving, stakeholder-driven explorations. As this happens in an industry that is so heavily dependent on support by public actors and private sponsors, attention should then be shifted to the willingness and ability of these stakeholders to support proactively the exploration of new paths.

As always, this piece of research has limitations one should be aware of. The scope of research could be fruitfully extended to other countries in order to allow for a comparative analysis of the performance of different business models. An ex post assessment of the longer term impact of pandemic-induced digital innovations is obviously lacking and will be an important task for future research.

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Notes

- ¹ Source: <https://www.operabase.com/statistics/en> (accessed on 6 June 2022).
- ² In June 2020 performances open to the public were allowed under strict conditions, but in October, facing the second wave of the epidemic, the government imposed the shutdown once more. The government permitted reopening, with limited attendance, only at the end of April 2021.
- ³ The Italian law divides opera houses into three main groups: fourteen “opera foundations” (Fondazione Teatro Massimo di Palermo, Teatro Comunale di Bologna, Teatro del Maggio Musicale Fiorentino, Teatro Carlo Felice di Genova, Teatro di San Carlo, Teatro dell’Opera di Roma, Teatro Regio di Torino, Teatro Lirico G.V. Di Trieste, Gran Teatro La Fenice, Arena di Verona, Teatro Lirico di Cagliari, Petruzzelli e Teatri di Bari, adding to the Accademia Nazionale di Santa Cecilia in Rome and the Teatro alla Scala in Milan that are endowed with a special organizational form and the most significant share of State contributions), “tradition theaters” (often with a significant artistic heritage but characterized by a local governance and much less subsidies) and minor opera houses. In addition to these, there are festivals, which are less important in quantitative terms but still relevant in artistic terms and for the local economies as tourism attractors.
- ⁴ Authors’ calculations based on Operabase.com statistics (<https://www.operabase.com/statistics/en>, accessed on 6 June 2022). The ten titles are: La traviata (Verdi), La bohème (Puccini), Rigoletto (Verdi), Il barbiere di Siviglia (Rossini), Madama Butterfly (Puccini), Aida (Verdi), Tosca (Puccini), Carmen (Bizet), L’elisir d’amore (Donizetti), Nabucco (Verdi).

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