mtm

Digital Culture

How the Digital R&D Fund for the Arts impacted the arts and cultural sector

May 2016

Nesta...

Arts & Humanities Research Council

Supported using public funding by
ARTS COUNCIL ENGLAND

Acknowledgements

We would like to thank the *Digital Culture* survey participants over the three year period between 2013-2015, and in particular the Digital R&D Fund for the Arts cohort, for giving their time to complete the surveys.

Research consultants – MTM London

- Richard Ellis
- Caroline Rushton
- Ed Corn
- Sarah Willmoth
- Donatas Nemura

Project management

- Sam Mitchell

Special thanks

- Paul Glinkowski
- Simon Mellor
- Heather Williams
- Hasan Bakhshi
- Tim Plyming
- Anna Dinnen
- Rachael Chesterman
- Cath Sleeman
- Vivien Niblett

The Digital R&D Fund for the Arts is a £7 million fund that has supported collaboration between arts organisations, technology providers, and researchers. The Digital R&D Fund is a partnership between Nesta, Arts Council England and the Arts and Humanities Research Council.

For information about its projects and to learn more about digital R&D visit the website for the Digital R&D Fund for the Arts at artsdigitalrnd.org.uk or connect with us on Twitter @digitalrnd or using the hashtag #artsdigital

Digital Culture

How the Digital R&D Fund for the Arts impacted the arts and cultural sector

1 Executive summary 4

1.1 How Fund Participants' digital behaviours and attitudes changed from 2013 to 2015 4

1.2 How did the Digital R&D Fund for the Arts influence the arts and cultural sector? 5

2 Introduction 7

3 How Fund Participants' digital behaviours and attitudes changes from 2013-2015 8

3.1 Note on method 8

3.2 FPs saw digital technology as more important than other arts and cultural organisations, but its perceived importance for business models has fallen 9

3.3 FPs were already more digitally active and sophisticated than other organisations, and the gap widened over the lifetime of the Fund 10

3.4 The percentage of FPs reporting impact from digital technologies increased by more than in the rest of the sector, but the direct impact of projects was perceived to have been lower than expected 11

3.5 The Fund appears to have helped reduce the barriers felt by FPs and also increased access to skills 14

3.6 Participation in the Fund had successfully embedded R&D behaviours in the majority of FPs, leaving them well ahead of other organisations 17

4 How did the Digital R&D Fund for the Arts influence the wider sector? 19

4.1 Awareness of, and engagement with, the Fund was high but decreased over time 19

4.2 The majority of those who engaged with the Fund said that it had had a positive effect on their organisations 21

4.3 Overall this means the Fund had a positive effect on nearly a third of organisations 22

5 Conclusions 23

Endnotes 24

1 Executive summary

The Digital R&D Fund for the Arts (2012-2015) was a programme run by Arts Council England, Nesta and the Arts and Humanities Research Council. Partnerships between arts and cultural organisations, technology companies and academic researchers were supported to test new uses of digital technology. In total, 52 R&D projects were funded over a three-year period. In parallel, a *Digital Culture* survey tracked the use of digital technology in the arts and cultural sector, and additional questions were included for the 52 Fund Participants (or FPs) to understand how their funded project affected their organisation.[1] This report explores the impact that the Fund had on FPs, and on the sector as a whole, using the *Digital Culture* dataset.

1.1 How Fund Participants' digital behaviours and attitudes changed from 2013 to 2015

Start dates for the 52 projects varied, such that some of them completed surveys in all three years (2013, 2014 and 2015) and some in only two (2014 and 2015). In the analysis of Fund Participants, we combined all the pre-project surveys (2013 for 17 and 2014 for 27) in order to compare with the post-project results from 2015, to look at how far Fund Participants (FPs) had 'travelled' compared with the wider sector.[2] These results are indicative, though not proof, of causal impacts arising from the fund.

The survey findings suggest that FPs were much more active and sophisticated than the average organisation with regards to digital technology, and that this gap widened slightly over the three years. In nine out of 22 areas tested, the percentage of FPs undertaking the activity increased (although none of these changes were statistically significant), compared with seven for other organisations (and only two of these increases for other organisations were significant). The biggest gaps, and those which increased the most, related to distribution and creation, for example: making existing recordings available digitally and creating standalone digital exhibits or works of art. Over the three-year period, the percentage of FPs placing importance on digital technology for distribution and creation increased from 70 per cent to 83 per cent, whilst the percentage of non-FPs decreased significantly from 61 per cent to 50 per cent. However, the opposite held true for business models, where the percentage of FPs seeing digital technology as important to their business model decreased from 77 per cent before their projects to 66 per cent after, whilst for other organisations the figure increased significantly from 33 per cent to 44 per cent.

With regards to the use of data, FPs were much more advanced than other organisations, but they saw slight declines over the three years, of the same magnitude as other organisations. The exception was in using data analysis and segmentation to understand audiences better, where FPs saw an increase in the percentage of organisations who reported doing this and non-FPs did not.

These higher levels of activity fed through to higher levels of 'distance travelled' with regards to the reported impact from digital technology. Major positive impacts became more common for FPs in 13 out of the 22 impact areas examined, compared with just eight for other organisations. As with importance and activities, the biggest differences between FPs and other organisations related to distribution and creation areas, in which FPs experienced greater increases in impact. However, also in line with the results for importance and activities, impact areas related to business models declined for FPs whilst they increased for other organisations – in particular for positive impacts on revenue generation.

Answers to questions asked specifically of FPs pointed to one explanation for these findings. FPs were asked about the effects of their funded project on individual impact areas, at both pre- and post-project stage. In general, expectations ran ahead of results, and the areas for which the realised impact of projects was smallest mostly related to revenue generation and business models – for example, no FPs felt that their project had a major positive impact on donations and fundraising, and just 3 per cent felt it had an impact on product sales.

The Fund had a clear positive impact in terms of the numbers of FPs reporting barriers to digital adoption, on their access to digital skills, and on whether they undertake R&D – whereas for non-FPs, the situation had worsened in all of these areas. Ten out of the 13 structural, organisational and financial barriers explored were less frequently cited by FPs after project completion, whilst other organisations reported that these barriers had increased. Although smaller numbers of FPs reported feeling well-served for digital skills by the third year of data collection – in line with the rest of the sector – most of them also felt that their projects had had a major positive impact on their skill levels.

In some areas, realised impacts actually exceeded expectations – for example, 79 per cent of FPs felt that their project had had a major positive impact on digital commissioning and partner management, compared with 69 per cent of FPs who had expected this sort of impact. This suggests that organisations had been on a substantial learning curve, whereby FPs had not only learnt valuable skills through their projects, but they had also reached a much better understanding of the areas in which they needed help and further support. Finally, participation in the Fund appears to have helped embed R&D behaviours in the majority of FPs, whilst these behaviours had become much less common for non-FPs: for example, 91 per cent of FPs reported that they had experimented and taken risks with digital technology post-project, up from 63 per cent pre-project, and compared with an average of other organisations of just 26 per cent.

1.2 How did the Digital R&D Fund for the Arts influence the arts and cultural sector?

Sixty-one per cent of respondents in 2015 had heard of the Fund, slightly down from 69 per cent in 2013. This suggests that awareness of the Fund was greater than of other sources of funding such as The Space and the Arts Impact Fund, but slightly below Arts Council England's Strategic Touring Fund and the Wellcome Trust Arts Awards. Of those who were aware of the Fund, almost seven in ten (69 per cent) had engaged in some way, most commonly by reading about it on the Arts Council England (ACE), Arts and Humanities Research Council (AHRC) or Nesta websites.

The Fund appears to have had a positive effect on a large number of organisations – 71 per cent of those who had engaged said they had experienced a positive impact. This varied by artform, and there is a suggestion that the organisations which may have benefitted most from the Fund were also those which were the most difficult for the Fund to reach. For example, whilst 75 per cent of heritage organisations that engaged with the Fund said that it had had a positive effect, only 41 per cent of the overall number of heritage organisations had heard of the Fund at all (compared with 61 per cent of all organisations). The most commonly reported positive effects overall were providing useful ideas and insights (44 per cent) and prompting internal discussions about digital work (35 per cent).

In total, some 30 per cent of arts and cultural organisations claimed to have experienced a positive impact from engaging with the Fund. ACE National Portfolio Organisations were disproportionately represented in this group, with 64 per cent having been positively impacted. In terms of artform, dance (43 per cent) and visual arts (39 per cent) organisations were most likely to have felt a positive effect, whereas fewer heritage and music organisations reported this (19 per cent and 20 per cent respectively). The Fund also appears to have been more influential with large organisations (defined as those with a turnover of more than £500,000 a year) than with small (turnover of under £100,000 a year) (46 per cent positive effect vs. 23 per cent). Again, it seems that although the Digital R&D Fund for the Arts had been successful in reaching and impacting large numbers of organisations, the parts of the sector which on average had benefitted the most had also been the hardest to engage.

In conclusion, the *Digital Culture* survey findings suggest that the Fund had positive additional impacts on participants: FPs – more digitally active and sophisticated than other organisations to start with – had also 'travelled further' than other organisations. There is also evidence of positive impacts on the wider sector, with significant numbers of organisations not involved in funded projects reporting benefits. The impacts on business model innovation appeared to be more complex. In this area, there was a fall over the three years in the percentage of FPs attaching importance to and reporting impacts from digital technology, whilst the opposite was true for other organisations, albeit from a much lower base. One interpretation is that the Digital R&D Fund for the Arts enabled arts and cultural organisations participating in it to learn more through experimentation about the challenges in creating new financial models.

2 Introduction

This report summarises results from the three year *Digital Culture* survey, run in parallel with the Digital R&D Fund for the Arts by Arts Council England, Nesta and the Arts and Humanities Research Council. The report focuses on two specific groups, organisations in the arts and cultural sector that took part in the R&D Fund and those that did not, in order to examine the differences between these groups and how each has developed over time. The report also provides detail on the wider impact of the R&D Fund on the arts and cultural sector.

This report sits alongside the fund evaluation report by Tom Fleming Creative Consultancy, as well as the main *Digital Culture* 2015 report, which analyses how the arts and cultural sector's use of digital technology has changed since 2013. For full details on response rates and method please refer to the *Digital Culture* 2015 report.

The Digital R&D Fund for the Arts supported 52 projects over a period of three years, 2012 – 2015. These projects were partnerships between arts and cultural organisations, technology companies and academic researchers, and were established to work on a testable proposition in relation to digital technology and the arts. The *Digital Culture* survey aimed to gather information from the arts and cultural organisations involved in these projects as well as from a large number of other organisations.

This report comprises two main sections. First, it focuses on the Fund Participants themselves – how are their digital behaviours and attitudes different from other organisations in the arts and cultural sector and how did their funded projects impact on their organisation? Second, it uses the survey findings to assess how much the Fund and its activities had influenced the wider sector.

3 How Fund Participants' digital behaviours and attitudes changes from 2013-2015

3.1 Note on method

The Digital R&D Fund for the Arts directly funded 52 projects, over five different cohorts. Through the *Digital Culture* survey, Fund Participants (FPs) answered both a pre-R&D Fund and post-R&D fund questionnaire related to their use and perception of digital technology. This section analyses their journey over the period of the R&D Fund – by comparing their post-project and pre-project survey responses.

The FP group is small, and none of the changes observed from pre- to post-project are large enough to be detected as statistically significant at a 95 per cent confidence level. Nevertheless, where those changes are substantial and a number of indicators moved in a similar direction we believe they are indicative of genuine changes for the FP group. It is also important to note that before their projects, FPs were already much more digitally active than other organisations, and experiencing much higher levels of impact from digital. When analysing 'distance travelled' they therefore started from a much higher base and may have been on a very different trajectory from other organisations within the wider arts and cultural sector already, regardless of the impact of the Fund.

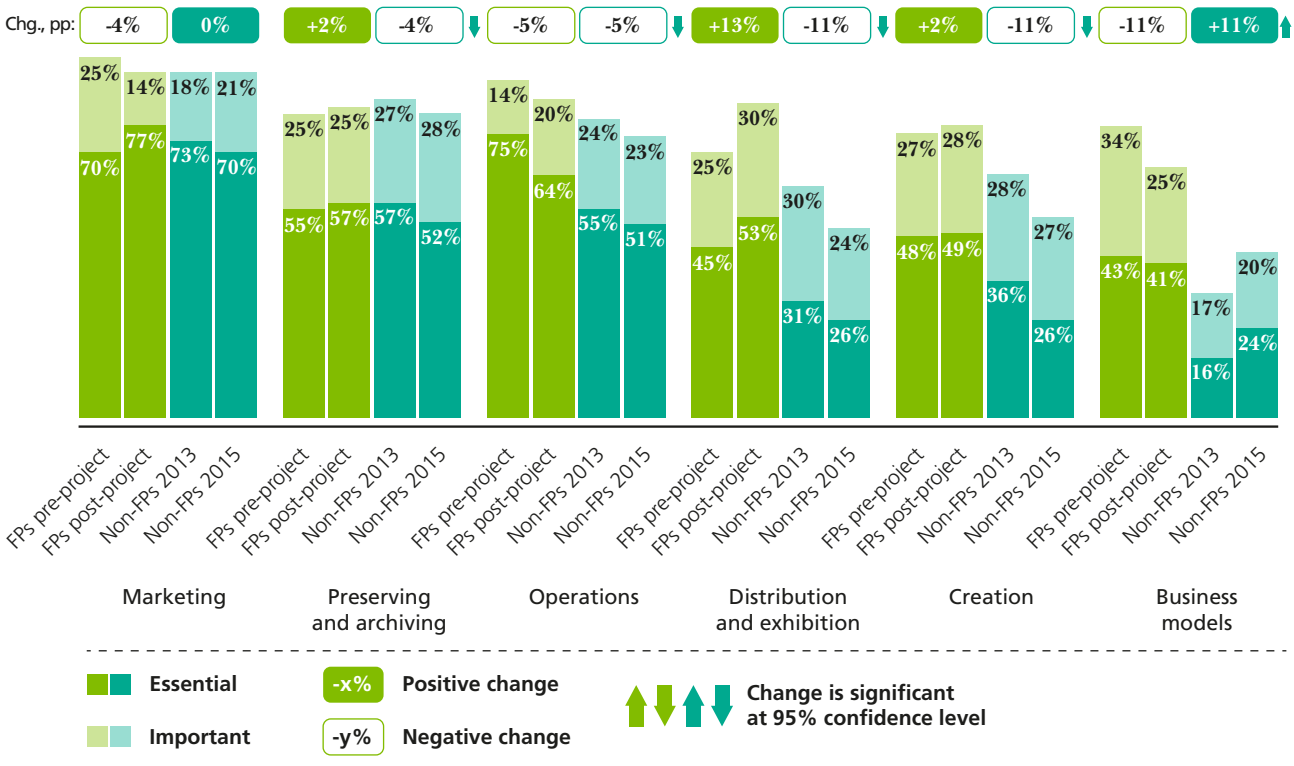
FPs started their projects at different dates, so the pre-project surveys were completed at different times during 2013 and 2014. The survey responses have been conflated into one group (referred to as pre-project) for comparison with the surveys completed in 2015 (referred to as post-project). This creates two difficulties. First, when comparing FPs with other organisations the pre-project FP group combines 2013 and 2014 responses whereas the baseline for other organisations is just 2013, so the comparison is not like-with-like.[3] Second, due to the different start dates the length of time between pre-project and post-project varied considerably for FPs, meaning that we need to be cautious when analysing them as a coherent group in terms of 'distance travelled'. As a consequence of these issues, the results in this report in relation to the impact of the Digital R&D Fund for the Arts should be seen as indicative rather than conclusive, and should be read in conjunction with the Fund's qualitative evaluation conducted by Tom Fleming Creative Consultancy.

3.2 FPs saw digital technology as more important than other arts and cultural organisations, but its perceived importance for business models has fallen

Before their projects, FPs tended to place more importance on digital technology than other organisations, particularly in the areas of distribution, creation and business models. They were asked to fill in the same survey before beginning their project (2013 for 17 and 2014 for 27) and after finishing it (2015 for all). Figure 1 shows how the perceived importance had changed, in comparison with other organisations. In two areas we saw particularly large changes. First, the proportion of FPs seeing digital as important to distribution rose from 70 per cent (pre-project) to 83 per cent (post-project). In contrast, for other organisations perceived importance fell significantly from 61 per cent in 2013 to 50 per cent in 2015. Second, the opposite had happened with regard to business model – 66 per cent of post-project FPs saw digital technology as important for this, down from 77 per cent before their projects, while for other organisations, 44 per cent saw digital as important for business models, up from 33 per cent in 2013.[4]

It seems that participating in the R&D Fund may have caused FPs to reduce the importance they attach to digital technology for business models and to increase its importance for distribution, the opposite of what may have happened in the rest of the sector. Qualitative research on the Fund by Tom Fleming Creative Consultancy has potentially shed some light on this, indicating a greater degree of impact was observed on the Fund goal of enhancing audience reach, in comparison to the goal of exploring new business models.[5]

Figure 1: **Proportion of FPs that saw digital as important, compared with non-FPs (ordered by difference in 'distance travelled')**



How important is digital technology to your organisation overall, at the present time, in each of the following areas?

Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 860); 2015 – Post-project FPs (n = 44), all others (n = 938)

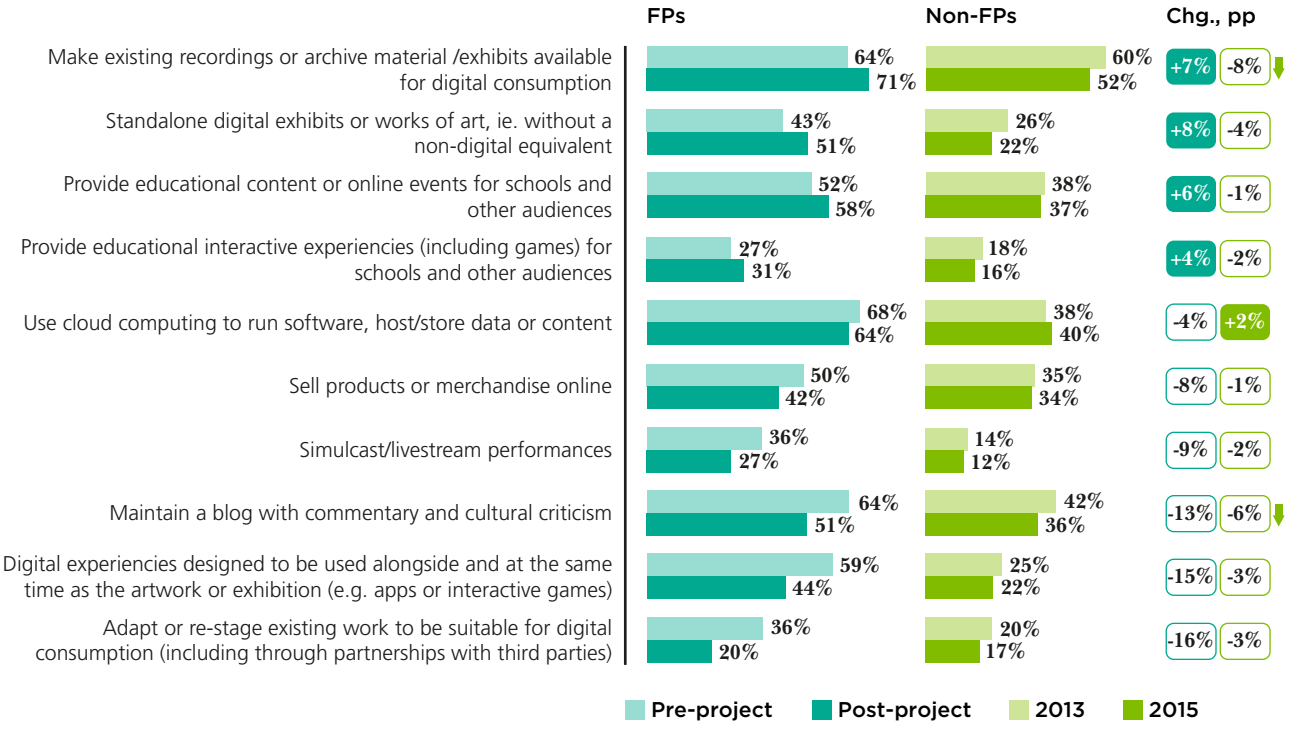
3.3 FPs were already more digitally active and sophisticated than other organisations, and the gap widened over the lifetime of the Fund

As well as attributing a higher level of importance to digital technology than other organisations, FPs tended to be digitally active in a higher number of areas, as shown in Figure 2, and were more likely to have taken up new activities over the pre-and post-Fund survey period. So, take-up by FPs was higher than for other organisations for all the activities surveyed and on average they were undertaking 13.4 different activities compared with 9.5 for other organisations. The biggest gaps between FPs and the rest of the sector related to creation and distribution activities, for example: 51 per cent of FPs reported to be producing standalone digital exhibits or works of art (compared with 22 per cent of other organisations) and 31 per cent were producing virtual reality or augmented reality experiences (compared with 8 per cent of other organisations).[6]

In several areas (shown at the top of Figure 2), FPs were not only more active than the rest already, but a higher proportion had taken up the activity over the course of the study, so the gap widened. For example: post-project, 71 per cent of FPs claimed to make existing recordings available digitally, up from 64 per cent before their projects, whereas for other organisations this figure had fallen from 60 per cent to 52 per cent.

There were, however, several areas in which FP take-up had fallen faster than for other organisations too – albeit from a higher baseline. For example, adapting or re-staging existing works for digital consumption fell to 20 per cent from a base of 36 per cent for FPs, while levels fell to 17 per cent from a base of 20 per cent for other organisations.

Figure 2: **Proportion of FPs undertaking digital activities, compared with non-FPs (top 10 ordered by difference in 'distance travelled')**



Now thinking about your organisation's digital activities, please indicate which of the following your organisation currently does

Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 860); 2015 – Post-project FPs (n = 45), all others (n = 939)

When it comes to using data across different parts of their business, FPs were more advanced than other organisations, but all organisations saw small decreases over the course of the study. The exception was the use of data analysis and segmentation to understand audiences better. Take-up of this activity by FPs had increased from 61 per cent at pre-project stage to 75 per cent post-project, whilst for other organisations it had only risen marginally from 43 per cent in 2013 and 46 per cent in 2015, although this was not a statistically significant increase.[7]

There was little change over the course of the study in terms of take-up of different social platforms. FPs were much more likely to have profiles on all the popular social media platforms already, especially Twitter (96 per cent of FPs vs. 78 per cent for other organisations), YouTube (82 per cent vs. 56 per cent) and Instagram (51 per cent vs. 28 per cent). More specialist platforms were much more commonly used by FPs as well – 22 per cent used Storify (compared with 5 per cent of other organisations) and 13 per cent used Github (compared with just 1 per cent of other organisations). FPs also claimed to be more sophisticated in their use of social media – for example, 29 per cent of FPs said that they measured conversion through from social media activity to sales or donations (compared to 7 per cent of others).

This difference in digital sophistication was also clear in the use of mobile, but the gap between FPs and the rest actually closed slightly over the period under study. Seventy-eight per cent of FPs had a mobile-optimised web presence post-project (an adaptive/responsive site, mobile-specific site or app), up from 59 per cent pre-project, whilst the proportion of other organisations with a mobile web presence had risen by a greater amount, from 32 per cent in 2013 to 58 per cent in 2015. The gap had therefore closed from 27 per cent pre-Fund to 20 per cent post-Fund.[8]

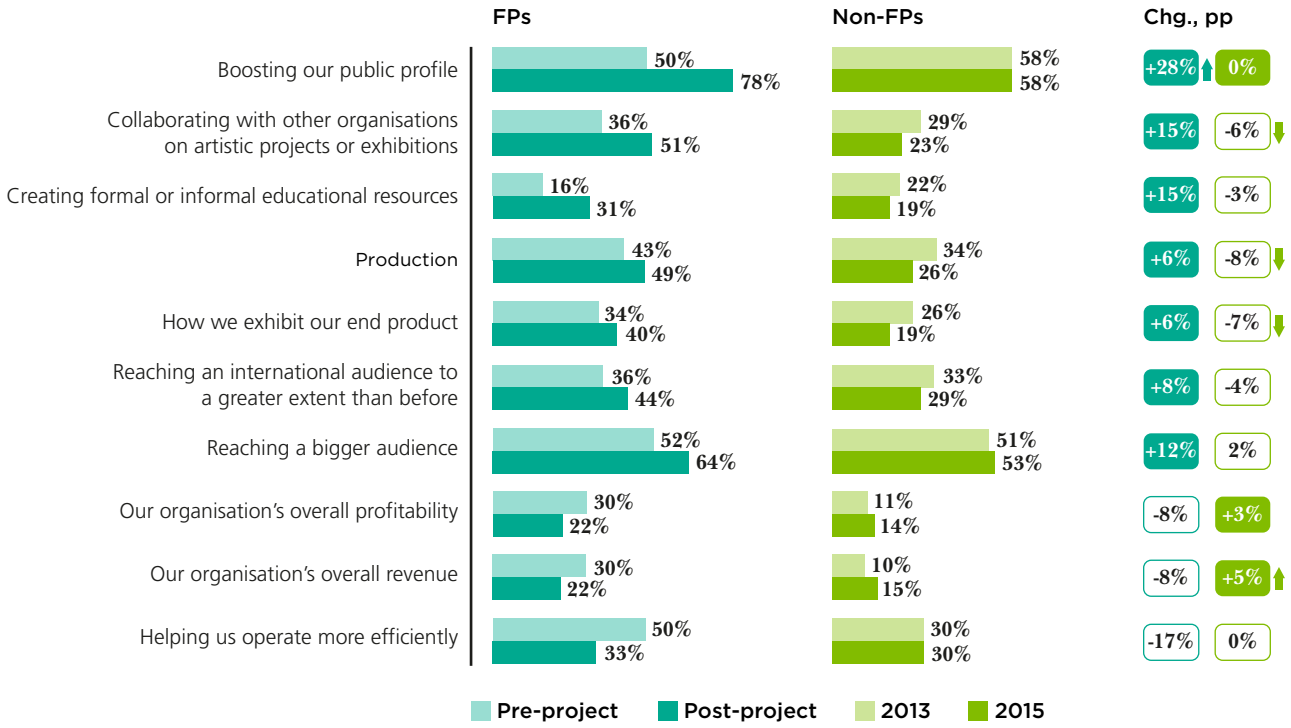
3.4 The percentage of FPs reporting impact from digital technologies increased by more than in the rest of the sector, but the direct impact of projects was perceived to have been lower than expected

So far we have seen that FPs tended to be more active and more sophisticated digitally than average, better able to undertake more complex activities, and likely to place more importance on digital as a result, and that in almost all of these areas the gap between FPs and other organisations widened from pre-project to post-project. This fed directly through into impacts, where in most areas FPs as a group 'travelled' further – even though they had started from a higher base of impact in the first place.

The percentage of FPs reporting a major positive impact increased by more than for other organisations (see Figure 3) in 13 out of the 22 areas of impact examined (eight areas had seen declines and one area has seen no change). This compared with eight areas of increase and 12 of decrease for other organisations (and two of no change). This suggests that FPs may have bucked the negative trends observed over the three years for other organisations. The biggest areas of increase for FPs were in creating formal/informal education resources (31 per cent reported major positive impact, up from 16 per cent pre-project, and compared with 19 per cent for other organisations – a decrease of 3 per cent from 2013) and product sales (22 per cent of FPs reported major positive impact, up from 14 per cent pre-project and compared with 10 per cent for other organisations – an increase of 1 per cent).[9]

However, there are three areas in which the proportion of FPs reporting positive impact declined pre-and post-Fund where for other organisations it either went up or stayed flat (shown at the bottom of Figure 3). Two of these were financial measures. For example, the proportion of other organisations reporting a major positive impact on revenue had risen significantly from 10 per cent to 15 per cent and the proportion of FPs had fallen from 30 per cent to 22 per cent. This mirrors the result noted earlier for importance. It seems that over the duration of their projects FPs had gained more impact from digital for creation and distribution but less impact for business models, whilst the reverse had happened for other organisations.

Figure 3: **Proportion of FPs experiencing a major positive impact from digital, compared with non-FPs (top ten ordered by difference in 'distance travelled')**



Over the past 12 months, would you say use of the internet and digital technology has had a MAJOR positive impact on each of the following … ? (Organisations indicating major/fairly major impact)

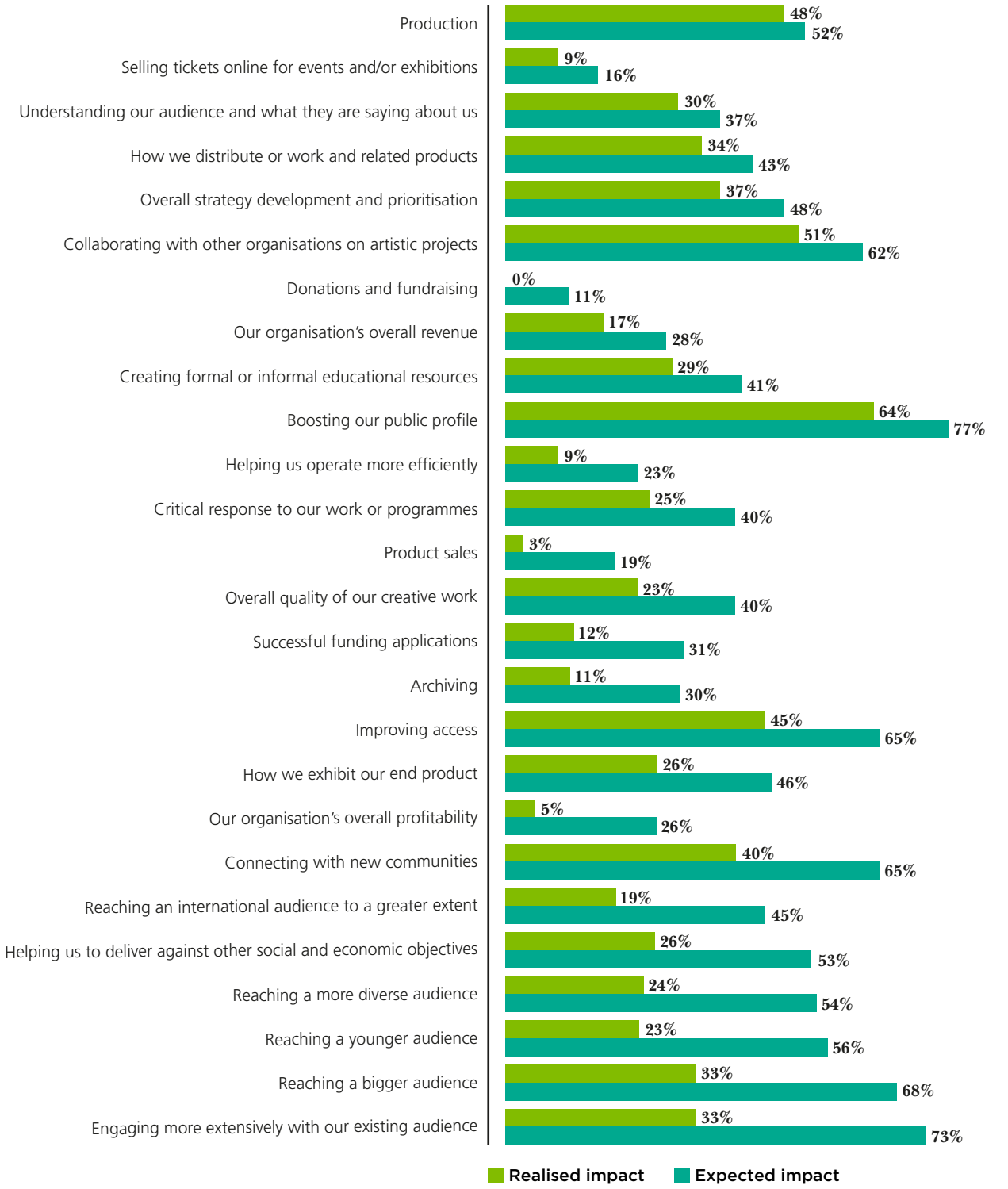
Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 860); 2015 – Post-project FPs (n = 45), all others (n = 939)

The results discussed above relate to the impact FPs felt from digital technologies in general on different areas of their work. FPs were also asked about the specific effect of their funded project on these individual impact areas, at both pre- and post-project stage. As a result, we can compare their expectations for impact (pre-project) with the actual realised impacts (post-project). Figure 4 shows that organisations were usually not accurate at forecasting impact.[10]

In all of the areas examined, FP's expectations ran ahead of results, and in some cases by quite a large distance. This was particularly the case for areas related to audience development. For example, 73 per cent of FPs thought that their project would help them engage more extensively with their audience and 33 per cent actually reported a major positive impact; similarly, 68 per cent hoped that they would be able to reach a bigger audience and in reality only 33 per cent reported this effect.

In spite of this gap between expectations and reality, in most of the areas surveyed a substantial proportion of organisations reported that their project had a major positive impact. The most successful areas were boosting the organisation's profile (64 per cent reported a major positive impact) and collaborating with others (51 per cent). However, there are some areas where realised impacts were much lower, and these seemed mostly to relate to revenue generation and business models – in line with the pattern seen earlier in lower reported importance and overall impacts. The areas in which the fewest organisations had felt a major positive impact from their projects were donations and fundraising (0 per cent), product sales (3 per cent) and overall profitability (5 per cent).

Figure 4: **Major positive impacts of project participation – ordered by gap between expected and realised impact (Fund Participants, 2013-2015)**



Do you think that your Digital R&D funded project will have a MAJOR impact on each of the following (for your organisation) … ?

Now that your Digital R&D Fund for the Arts project has finished, do you think that your Digital R&D funded project has had a MAJOR impact on each of the following (for your organisation) …?

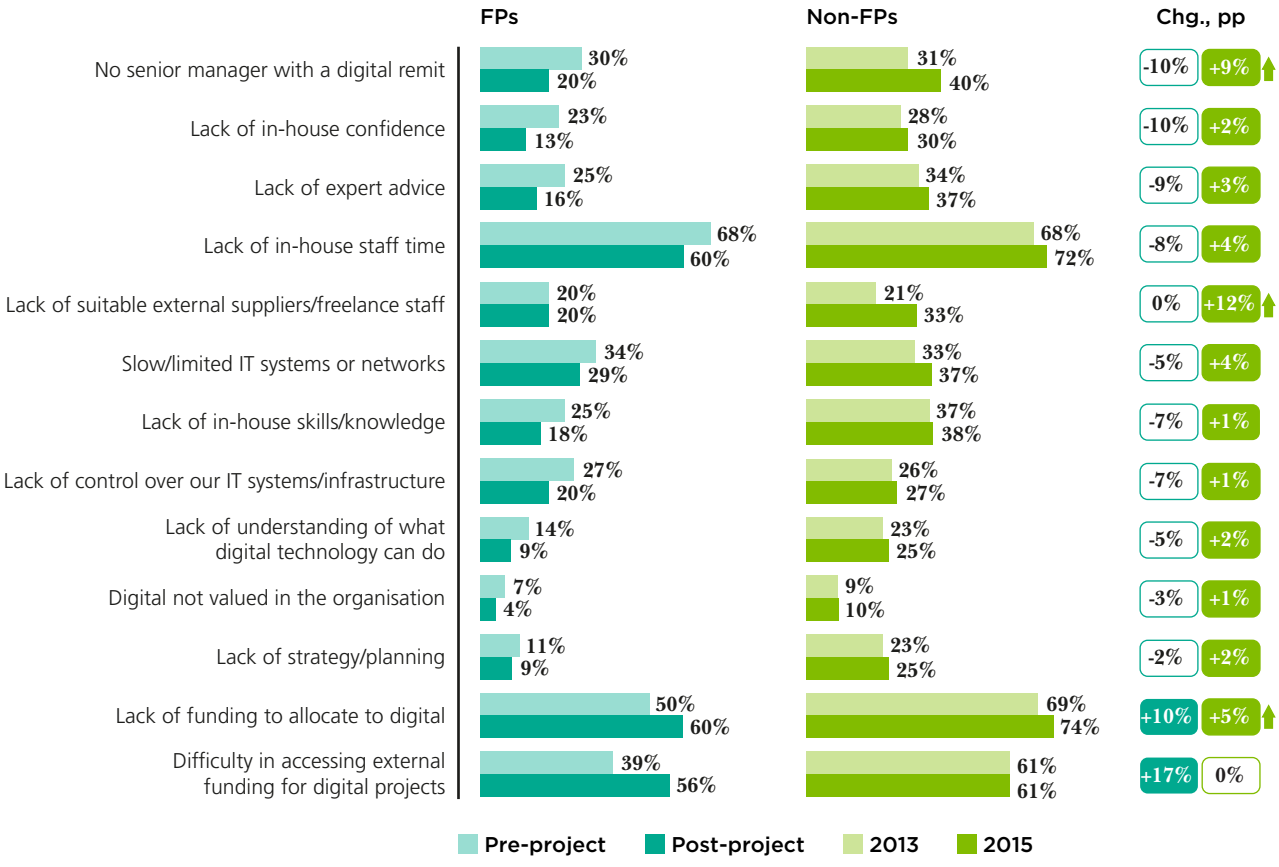
Base: 2015 – FPs post-project (n = 45); 2013/2014 – FPs pre-project (n = 44)

3.5 The Fund appears to have helped reduce the barriers felt by FPs and also increased access to skills

Before their projects, FPs were less likely than other organisations to report experiencing structural, organisational and financial barriers to implementing their digital ambitions. Post-project, the situation for them appeared to have improved, whilst it got worse for other organisations. FPs reported that they were less affected by barriers than other organisations in all 13 areas examined by the survey – however, not all these differences are significant. Whilst barriers for other arts and cultural organisations had become more common over time (four of the barriers had become significantly more widespread since 2013), ten out of the 13 barriers surveyed were less widespread for FPs, with the biggest fall being the proportion that reported lack of in-house confidence (23 per cent of FPs reported this pre-project and 13 per cent post-project).[11]

This suggests that participating in the Digital R&D Fund may have helped lower the barriers to digital adoption for organisations, and in particular had raised confidence levels with regards to digital. The only barriers to become more widespread for FPs related to accessing funding, both internal and external.

Figure 5: **Proportion of FPs that report barriers to implementing digital technology, compared with non-FPs (ordered by difference in 'distance travelled')**



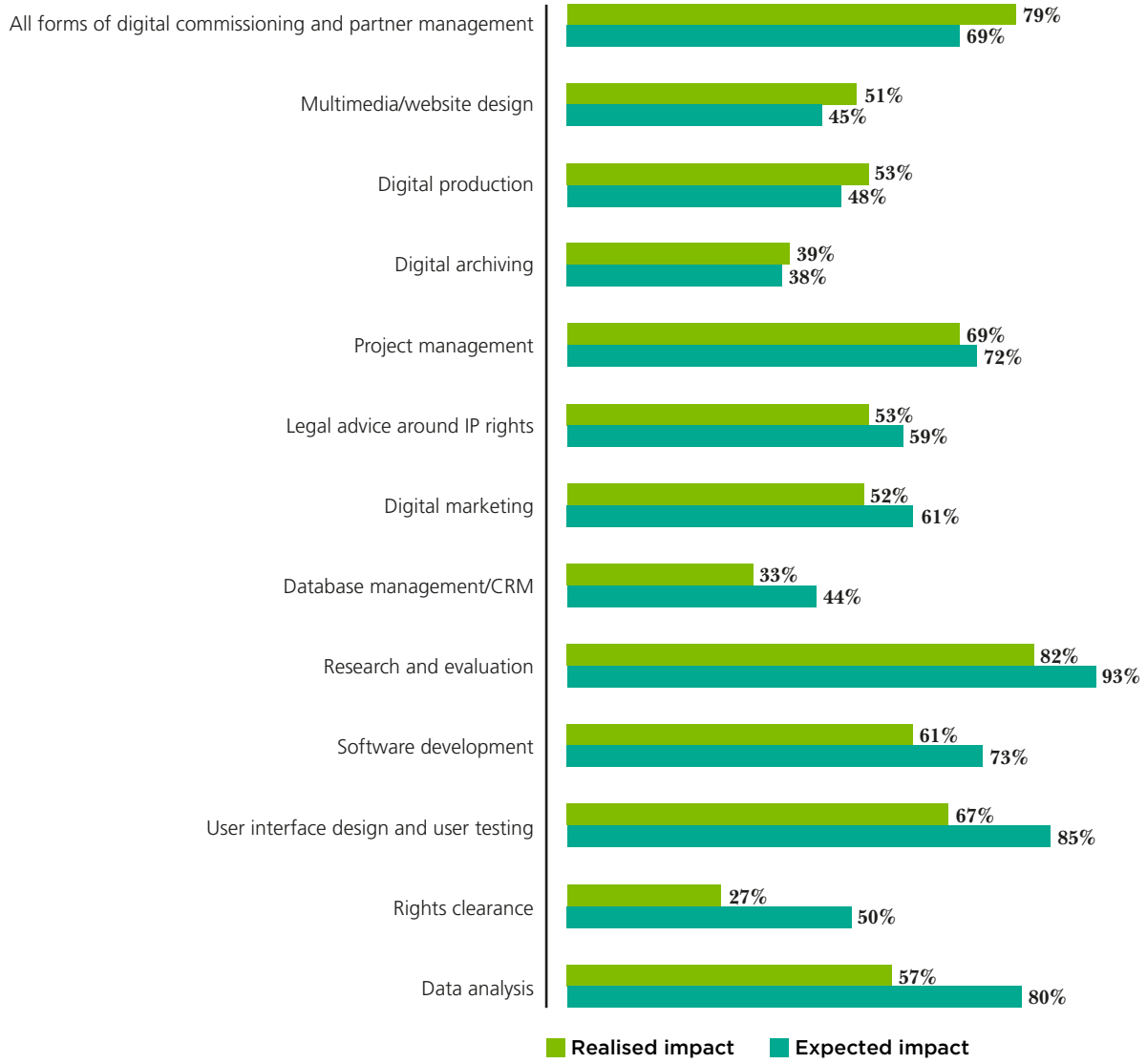
To what extent do you see each of the following as barriers to achieving your organisation's aspirations for digital technology? Respondents scored barriers out of 5 where 5 meant a significant barrier – here a barrier is defined as 4-5 out of 5 (Arrows indicate statistically significant differences at the 95 per cent significance level)

Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 850); 2015 – Post-project FPs (n = 45), all others (n = 930)

Before starting their projects, FPs were much more likely to feel well-served for all of the skills areas examined in the survey compared with other organisations, and this remained the case after their projects. However, the skills situation for FPs deteriorated slightly over the course of the study, albeit less so than for other organisations. In eight out of 11 areas, a lower number of FPs felt well-served post-project than pre-project (although none of these decreases were significant), whilst for other organisations the proportion that felt well-served fell in ten areas (six of these declines were statistically significant). The areas which had shown the biggest decrease for FPs relative to other organisations were software development (73 per cent well-served pre-project, 49 per cent post-project, 33 per cent of others well-served in 2013, 30 per cent in 2015) and data analysis (61 per cent pre-project, 44 per cent post-project, 28 per cent of others well-served in 2013, 26 per cent in 2015).[12]

Figure 6 shows the gap between expected and realised impact for FPs, ordered by the areas in which projects over-delivered. So, 79 per cent of FPs felt that their project had delivered a major positive impact on digital commissioning and partner management skills, compared with 69 per cent of FPs who had expected this sort of impact. This shows that funded projects had made a substantial impact across the full range of skills areas, even including those areas for which FPs felt less well-served post-project. In software development for example, 73 per cent felt well-served before they had started their project, and 61 per cent felt that their project had a major positive impact in this area, yet after their project just 49 per cent felt well-served. That is, we see a large decrease in the proportion of organisations that felt well-served, even though almost two-thirds felt that their project had a positive impact. These complex results suggest that many FPs were on a substantial learning curve through their projects, whereby they not only learnt valuable skills, but also reached a much better understanding of the areas in which they needed additional expertise and capacity.

Figure 6: **Major positive impact of project participation on skills and capabilities – ordered by gap between expected and realised impact (Fund Participants, 2013-2015)**



Which of the following skills and capabilities do you hope to see some improvement in, for your organisation, as a result of participating in the Digital R&D Fund for the Arts?

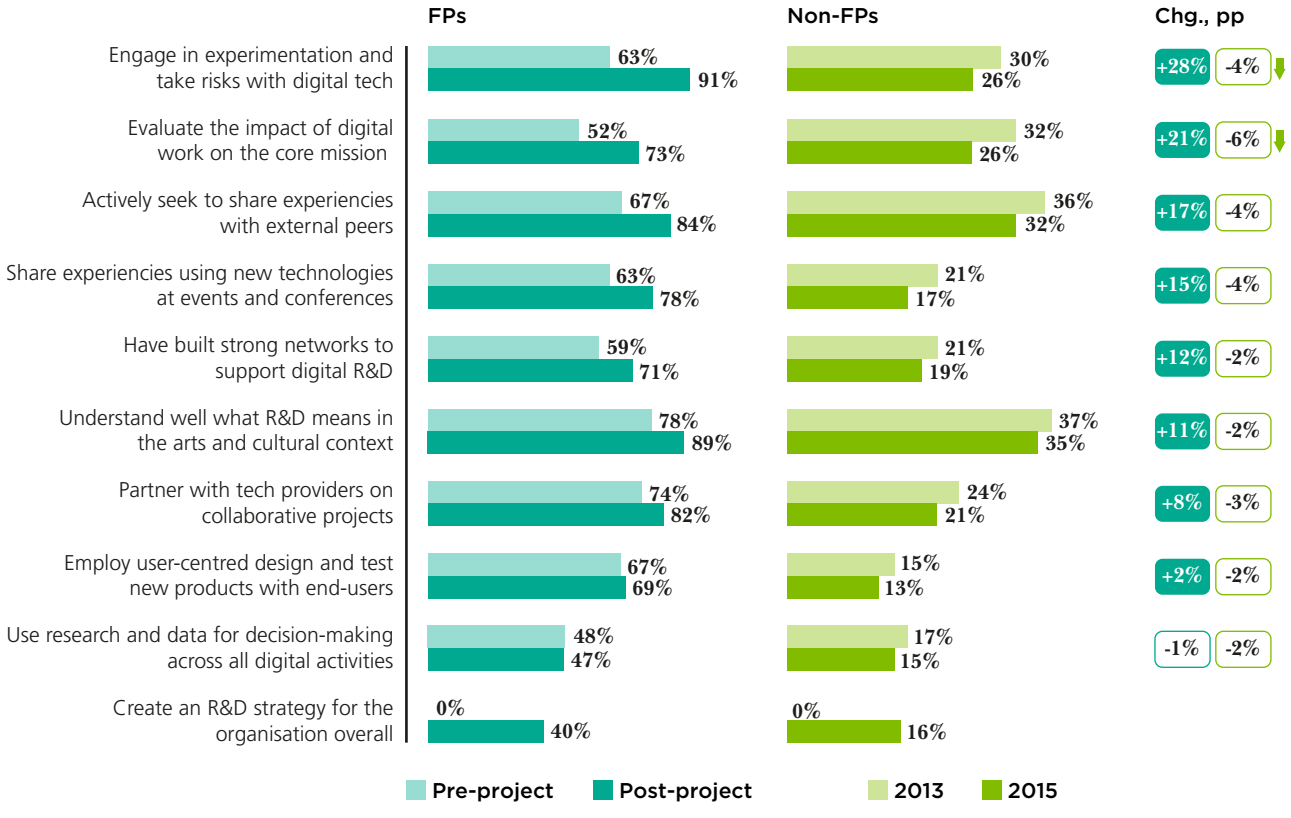
Now that your Digital R&D Fund for the Arts project has finished, which of the following skills and capabilities have you seen some improvement in, as a result of participating in the Fund?

Base: 2015 – FPs post-project (n = 45); 2013/14 – FPs pre-project (n = 44)

3.6 Participation in the Fund had helped embed R&D behaviours in the majority of FPs, leaving them well ahead of other organisations

FPs were already a long way ahead of other organisations in terms of engaging in R&D behaviours, but the gap widened considerably from 2014 to 2015.[13] For FPs, eight of the ten R&D areas tested had become more widespread over this period, however, none of these changes were statistically significant. Meanwhile, for other organisations R&D behaviours had become less prevalent across all areas tested, and in two cases the retrenchment had been statistically significant. This is important, as a key finding from the main *Digital Culture* 2014 and 2015 reports is a strong correlation between experimentation in digital technology and positive impacts for arts and cultural organisations.

Figure 7: **Proportion of FPs that report exhibiting R&D behaviours, compared with other organisations (ordered by difference in 'distance travelled')**

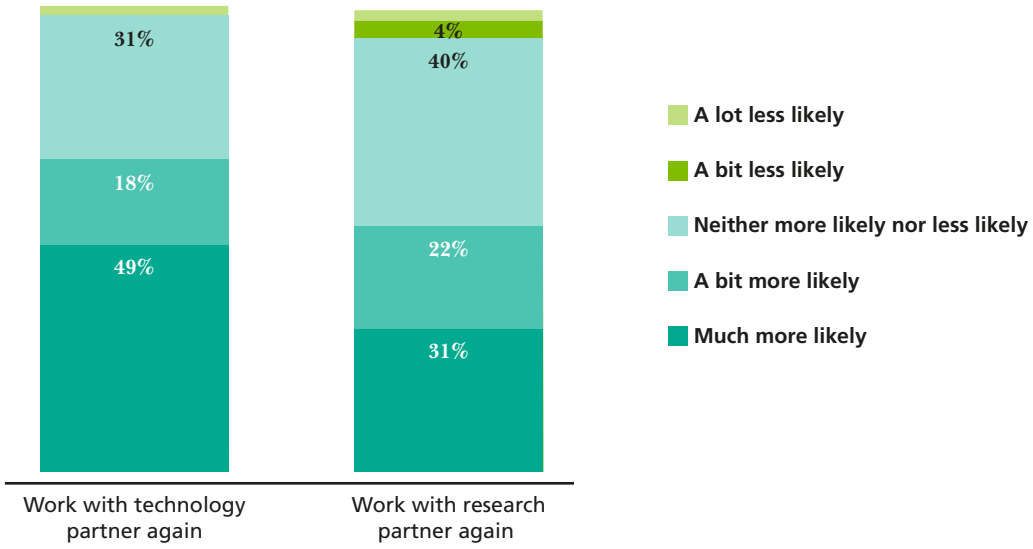


How well do you think the following statements describe your organisation's behaviour with regard to digital R&D? Organisations indicating very well and fairly well (significant differences at 95 per cent confidence level are highlighted in bold)

Base: 2014 – Pre-project FPs (n = 27); all others (n = 896); 2015 – Post-project FPs (n = 45), all others (n = 939)

The Digital R&D Fund projects seem also to have had an influence on organisations' propensity to consider future collaborations. As shown in Figure 8, 67 per cent of FPs reported that participation in the Fund had made them more likely to work with a technology partner again and 53 per cent said they were more likely to collaborate with a research partner in the future.

Figure 8: **Proportion of Fund Participants who would work with technology and research partners in the future**



Based on your experience of the Digital R&D Fund for the Arts, is it more or less likely that you would work with a technology partner in the future?

Based on your experience of the Digital R&D Fund for the Arts, is it more or less likely that you would work with a research partner, either academic or non-academic, in the future?

Base: 2015 – FPs (n = 45)

4 How did the Digital R&D Fund for the Arts influence the wider sector?

The *Digital Culture* survey asked a number of questions about the impact of the Fund on the whole arts and cultural sector, particularly in terms of awareness and engagement. This section discusses those areas in turn.

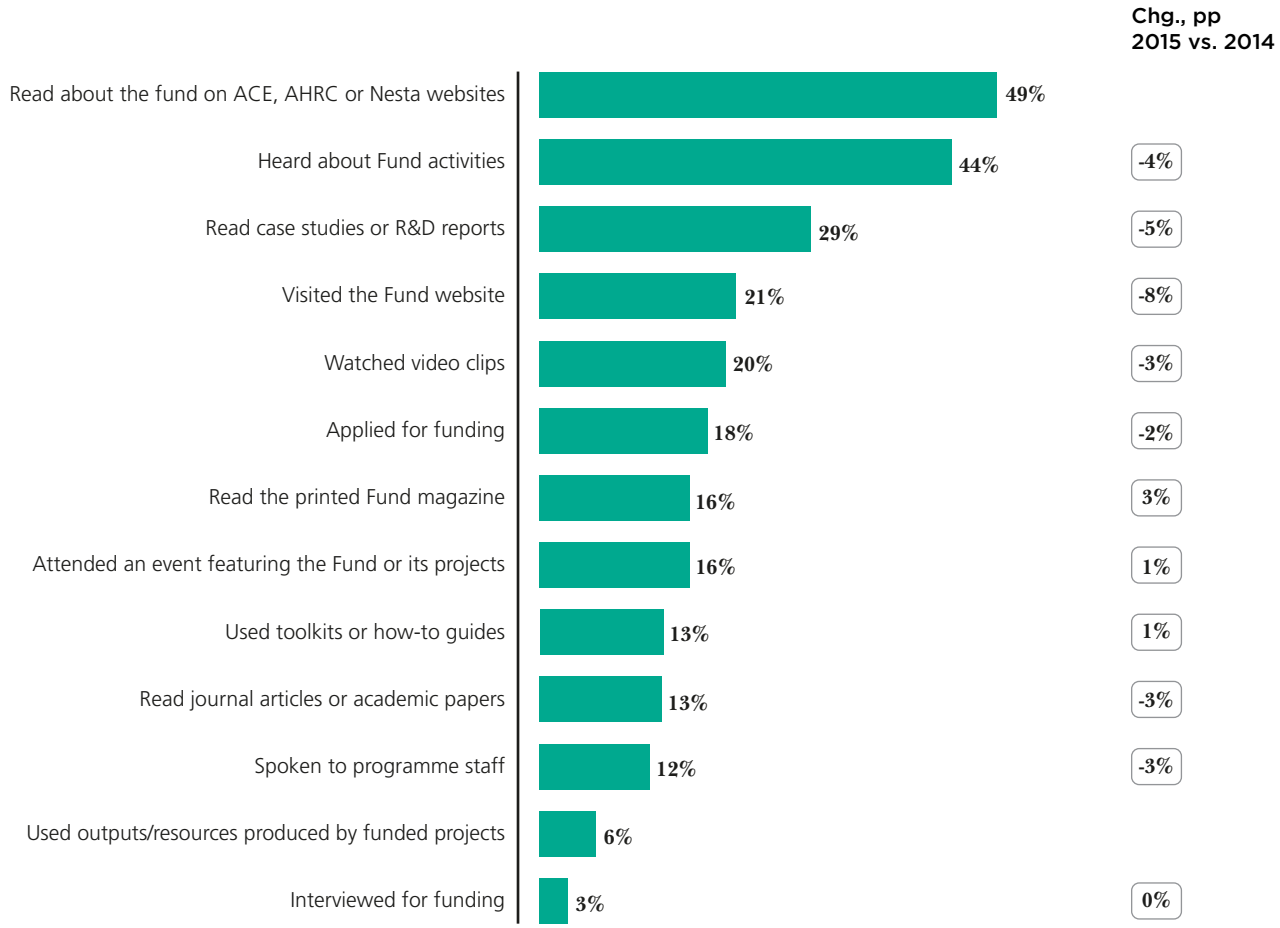
4.1 Awareness of, and engagement with, the Fund was high but decreased over time

Sixty-one per cent of 2015 survey respondents (including FPs) said they had heard of the Fund, compared with 69 per cent in 2013. This places awareness levels slightly below those of ACE's Strategic Touring Fund (68 per cent) and the Wellcome Trust Arts Awards (63 per cent), but well ahead of The Space (39 per cent) and the Arts Impact Fund (43 per cent).[14] As in 2013, awareness was much higher amongst Arts Council England National Portfolio Organisations (NPOs) (89 per cent) than other groups, with lower awareness amongst museums (42 per cent) and music organisations (45 per cent). Awareness also tended to be significantly lower amongst smaller organisations – only 54 per cent of small (turnover <£100k) organisations had heard of the Fund compared with 76 per cent of large (>£500k).[15]

Of those who were aware of the Fund, 69 per cent reported having engaged with it in some way. Whilst still high, this result was significantly lower than in 2014, when 74 per cent of those who were aware of the Fund reported having engaged with it. Overall, this meant that in 2015 just under half of the sector (44 per cent) had engaged with the Digital R&D Fund for the Arts, whilst a further 17 per cent had heard of it but not engaged, and 39 per cent had not heard of it at all. Engagement varied significantly by artform and organisation size. Just as awareness of the Fund was low for music organisations, engagement was also low, with 37 per cent of those who were aware saying they had not engaged. This means that only 17 per cent of music organisations overall had engaged. Engagement with the Fund had also been more common for large organisations, with just 16 per cent of those aware saying that they hadn't engaged compared with 34 per cent of small organisations.[16]

Figure 9 shows that the most common method of engagement was reading about the R&D Fund on Arts Council England's, the Arts and Humanities Research Council's or Nesta's websites (49 per cent of those who were aware of the Fund), followed by hearing about Fund activities (44 per cent). There was some variation here by artform, for example the 'case studies or R&D project reports' had been effective at getting through to literature organisations (45 per cent of those aware had used these, significantly more than average) whilst 'events featuring funded projects' had been better attended by dance organisations (25 per cent of those aware had attended an event).[17]

Figure 9: **Methods of engaging with the Fund by the arts and cultural sector**



In what ways has your organisation engaged with the Digital R&D Fund for the Arts, if at all?
Base: 2015 - those who are aware of the Fund except FPs (n = 643)

4.2 The majority of those who engaged with the Fund said that it had had a positive effect on their organisation

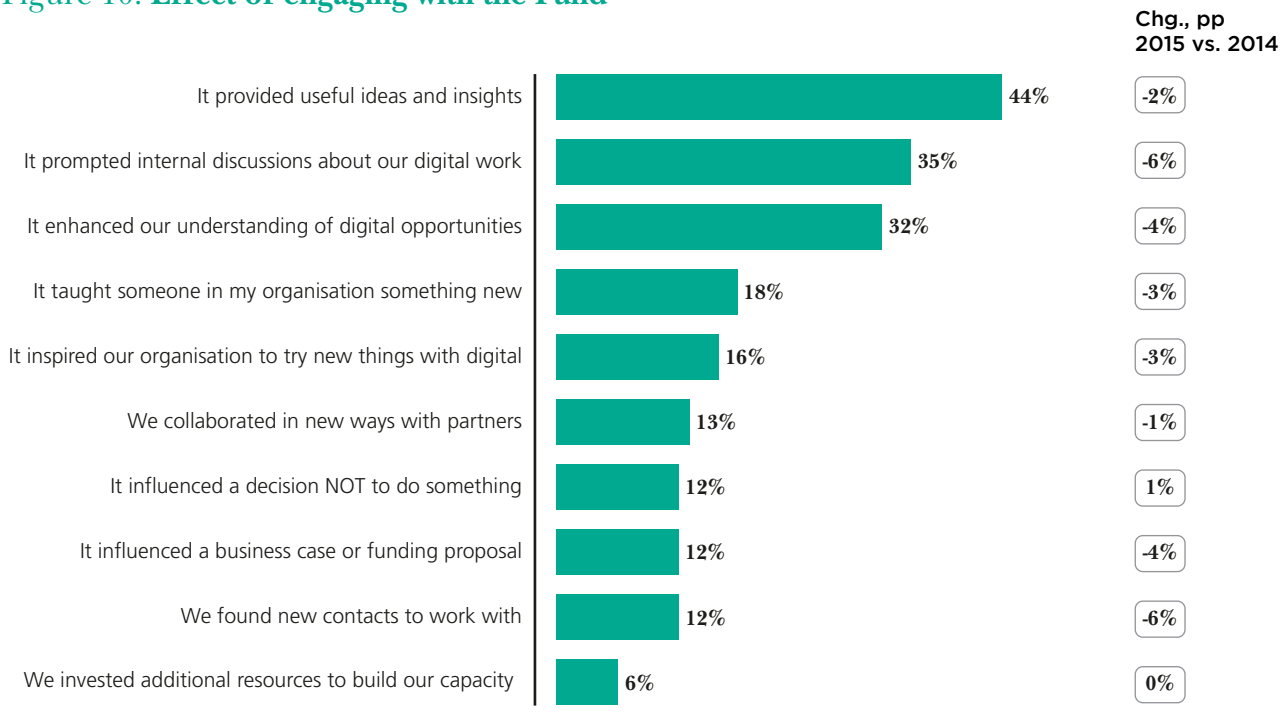
In 2015, 71 per cent of organisations who had engaged with the Digital R&D Fund reported a positive effect, lower than 2014 (79 per cent), but still a high proportion. Although combined arts organisations were most likely to be aware of the Fund (74 per cent), they were also the least likely to report a positive effect (60 per cent of those who engaged). By contrast, 75 per cent of heritage organisations that engaged with the Fund said it had been positive for their organisations, but just 41 per cent of the total number of heritage organisations had heard of it. It seems that the organisations which might have benefitted most from engagement with the R&D Fund were also those which were most difficult for the Fund to reach.[18]

Figure 10 shows that the most common reported effect was providing useful ideas and insights (44 per cent of those who engaged) followed by prompting internal discussion about digital work (35 per cent). The Fund seems to have been effective at helping people decide what they should avoid doing as well as what they should be doing – 12 per cent reported that their engagement 'influenced a decision not to do something' and 16 per cent said that it 'inspired our organisation to try new things'.

Different artforms were affected in different ways. For example, 48 per cent of engaged visual arts organisations reported that engagement 'prompted internal discussions' (compared with an average of 35 per cent) and 23 per cent said it 'influenced a decision not to do something' (average of 12 per cent).

As with awareness and engagement, the proportion of large organisations reporting positive effects was much higher than for small organisations. For example, 30 per cent of large organisations said that engagement 'taught them or someone at their organisation to do something new' and 25 per cent reported that they 'found new contacts to work with as a result of engaging with the Fund'. A third (33 per cent) of small organisations that engaged felt that it did not have any positive effect for their organisations.[19]

Figure 10: **Effect of engaging with the Fund**



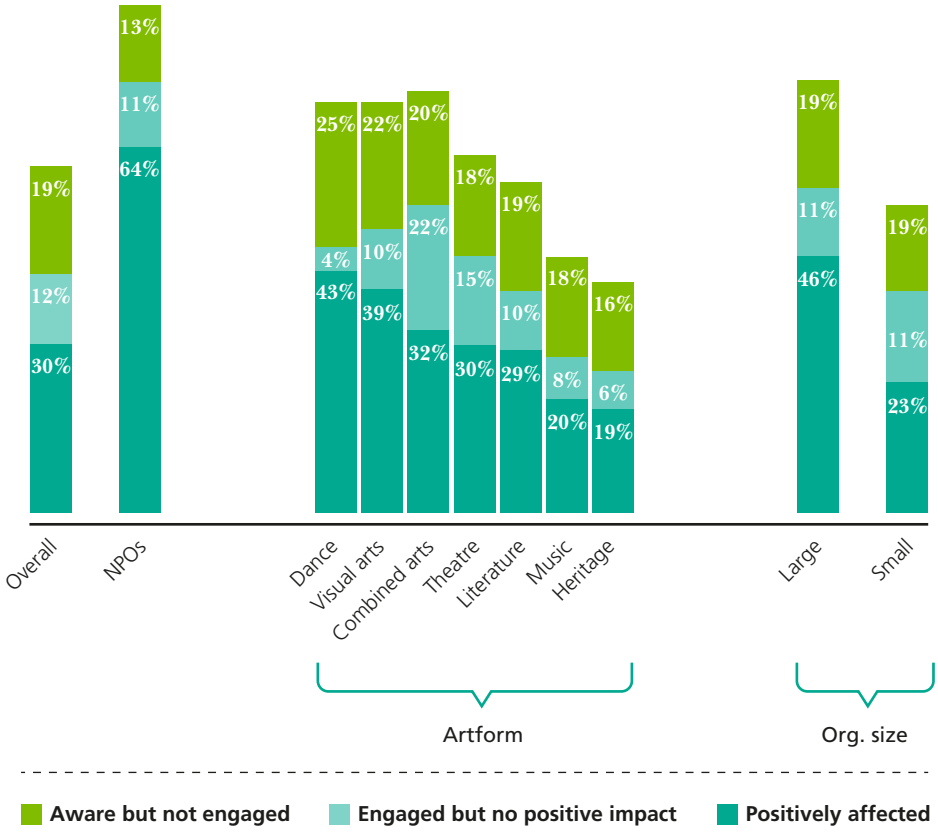
What was the effect of this engagement?

Base: 2015 - those who have engaged with the Fund except FPs (n=437)

4.3 Overall this means the Fund had a positive effect on nearly a third of organisations

Thirty per cent of all respondents felt that they had experienced a positive impact from engaging with the Fund. This proportion varied considerably with artform and organisation size, as shown in Figure 11. NPOs were over twice as likely to have been positively affected by the Fund (64 per cent) and large organisations were twice as likely to report positive engagement as were small (46 per cent vs. 23 per cent). As we have seen elsewhere in the study, music and heritage organisations were least likely to report a positive impact, just 20 per cent and 19 per cent respectively.

Figure 11: **Overall impact of the Fund on the sector**



1) Which of the following funds and programmes have you heard of? 2) In what ways has your organisation engaged with the Digital R&D Fund for the Arts, if at all? 3) What was the effect of this engagement?

Base: 2015 – all respondents except FPs (n = 938), NPOs excl. FPs (n = 340), Dance excl. FPs (n = 59), Visual arts excl. FPs (n = 132), Combined arts excl. FPs (n = 93), Theatre excl. FPs (n = 202), Literature excl. FPs (n = 63), Music excl. FPs (n = 159), Heritage excl. FPs (n = 115), large organisations excl. FPs (n = 243), small organisations excl. FPs (n = 345)

5 Conclusions

The findings of the *Digital Culture* study suggest that the Digital R&D Fund for the Arts had a positive effect, not only on those organisations that received funding but also on the rest of the sector. In advance of their projects, Fund Participants were already more digitally active and experiencing higher levels of impact than other organisations – unsurprising, given that these organisations made successful applications. However, the Fund Participants also 'travelled further' in most areas than other organisations, in particular with regard to creation and distribution activities. Revenue generation and business models were an exception to this, where the proportion of FPs reporting importance and impact decreased, whilst for other organisations these areas increased.

At the end of their R&D Fund projects, FPs reported that they perceived fewer barriers to their use of digital technology and an increase in a range of R&D behaviours (which the data suggest are positively correlated with impact from digital technology). Strikingly, for other organisations we see the reverse, with barriers to digital technology having increased from 2013-2015 and R&D behaviours having become less widespread. For digital skills, FPs reported that participating in the Digital R&D Fund for the Arts had had a positive impact, but the proportion that felt well-served actually decreased over time, albeit less so than in the rest of the sector.

Whilst FPs had experienced positive effects from their funded projects, the sector more generally – as shown in the main *Digital Culture 2015* report – saw decreases in many areas in relation to the importance they ascribed to, the activities that they were involved in and the impact they had experienced with regards to digital technology. However, the survey suggests that notwithstanding this backdrop, the Fund had had a positive effect on the wider arts and cultural sector. Overall, 30 per cent of organisations reported that the Fund had a positive impact on them, most commonly in terms of providing useful ideas and insights as well as prompting discussion about digital work. This proportion rose for NPOs (to 64 per cent) and for larger organisations (46 per cent) – both groups showed a greater propensity to undertake digital activities and to report positive impacts.

Endnotes

1. Please note that 'Fund Participants' within this report refers exclusively to the arts organisation involved in the R&D Fund projects, rather than the technology company or academic researcher.
2. 'Distance travelled' for the wider sector taken as change from 2013 to 2015.
3. 'Other organisations' in this study are made up of the whole sample of arts and cultural organisations surveyed in the Digital Culture 2013-2015 surveys, not inclusive of the R&D Fund participants. The data presented for these 'other organisations' is therefore different from the whole sample presented in the main Digital Culture report.
4. Base: 2013 – all respondents (n=891); 2015 – all respondents (n=982; FPs (n=44).
5. Note that due to small base sizes for FPs, none of the pre-project to post-project shifts reported here are statistically significant at a 95 per cent confidence level.
6. Base: 2015 – all respondents (n=939), FPs (n=45).
7. Base: 2013 – all respondents (n=881); 2015 – all respondents (n=983); FPs (n=44).
8. Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 856); 2015 – Post-project FPs (n = 45), all others (n = 938).
9. Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 860); 2015 – Post-project FPs (n = 45), all others (n = 939).
10. The finding appears to echo a more general inability to accurately forecast future activities, as discussed in the main Digital Culture 2015 report.
11. Base: 2015 – all respondents (n=975); FPs (n=44).
12. Base: 2013/14 – Pre-project FPs (n = 44); 2013 – all others (n = 860); 2015 – Post-project FPs (n = 45), all others (n = 939).
13. Note that the R&D behaviours question was new to the survey in 2014, so comparisons here are between 2014 and 2015 not between 2013 and 2015. This means that the FP sample is 27 – just those that were at pre-stage in 2014, not those that were pre-stage in 2013 and therefore part way through their projects in 2014.
14. Base: 2015 – all except Fund Participants (n=938); 2013 - all except FPs (n=873).
15. Base: 2015 – NPOs (n = 340), museums (n = 121), music organisations (n=159), small organisations (n = 345), large organisations (n = 243).
16. Base: 2015 – those who were aware of the fund (n = 643), music (n=89), small organisations (n=180), large organisations (n=204); 2014 – those who were aware of the fund (n = 655).
17. Base: 2015 – those aware of the Fund (n=643), literature (n=43), dance (n=49).
18. Base: 2015 – those that engaged (n=437), combined arts (n=164), heritage (n=115), combined arts that engaged (n=57), heritage that engaged (n=34).
19. Base: 2015 – visual arts that engaged (n=68), small that engaged (n=103, large that engaged (n=150).

Nesta, 1 Plough Place, London EC4A 1DE

information@nesta.org.uk
@nesta_uk
www.facebook.com/nesta.uk

www.nesta.org.uk

May 2016

Nesta is a registered charity in England and Wales with company number 7706036 and charity number 1144091.
Registered as a charity in Scotland number SCO42833. Registered office: 1 Plough Place, London, EC4A 1DE.