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BUSINESS MODEL INNOVATION FOR VIETNAM'S TRADITIONAL WATER PUPPETRY: A CASE STUDY OF THANG LONG WATER PUPPET THEATRE

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ABSTRACT

This study explores the business model of the Thang Long Water Puppet Theatre in Vietnam, employing the Business Model Canvas framework and theories of cultural innovation ecosystems and business model innovation. While water puppetry is a unique intangible cultural heritage, its commercialization and sustainability remain limited due to structural and strategic challenges. Using a qualitative case study approach, the research analyzes the Theatre's current value creation, value delivery, and value capture mechanisms. Findings reveal five key limitations in the Theatre's business model: dependence on traditional revenue streams, limited digital and e-commerce integration, underdeveloped customer segmentation, insufficient stakeholder collaboration, and lack of adaptive innovation. Based on the analysis, the study proposes recommendations for redesigning the business model towards more sustainable, digitally integrated, and market-responsive operations. The paper contributes to the literature on the development of the creative industry and the innovation of heritage-based business models.

KEYWORDS: Water Puppetry, Business Model Canvas, Creative Industry, Thang Long Water Puppet Theatre.

1. INTRODUCTION

Flagship cultural product—provided it is supported by a suitable business model. The Thang Long Water Puppetry is a distinctive form of Vietnamese folk theatre that originated from the wet-rice civilization in the Red River Delta in the 11th century and has evolved alongside the traditional communal village life. With water as the stage and sophisticated puppet control techniques, water puppetry not only offers aesthetic value but also conveys messages related to labor, belief systems, and national identity. The Water Puppet Theatre is a prominent example of successful commercialization, yet no studies have analyzed its operational model, revenue structure, customer positioning, or market expansion strategies in detail. In practice, many water puppet theatres—both central and local—face financial difficulties, heavily reliant on state subsidies and unstable ticket revenues. The lack of a sustainable revenue model, alongside insufficient marketing strategies and product innovation, places these institutions at long-term risk. In the era of globalization, this art form has transcended its local performance space to become an emblematic cultural product of Vietnam on the international stage (Foley, 2001; Tu Thi Loan, 2022).

Its presence in international cultural events, tourism programs, and the list of "intangible cultural heritage" products is clear evidence of its potential in developing the cultural industry and creative economy. However, despite achievements in preservation and promotion, water puppetry has not yet been fully exploited as a modern cultural business model. Most performance troupes still operate under administrative-subsidized mechanisms, lacking market orientation and innovation.

Current academic research primarily focuses on the historical-aesthetic-ethnographic dimensions of water puppetry. For example, Foley (2001) explores it as a cultural symbol reflecting national identity in the post-war era; Rumsby (2015) analyzes water puppetry through political-propaganda and ethnographic performance lenses. Tu Thi Loan (2022) and Prateepchuang *et al.* (2016) emphasize its socio-cultural value in the rural life of Northern Vietnam. Meanwhile, Contreras (1995) and Pack (2012) focus on the educational role of traditional culture, especially in the context of international cultural exchange.

Nonetheless, a significant gap in academic literature remains: there is a lack of research approaching water puppetry from the perspective of the cultural industry, business model analysis,

creative value chains, or market development. In the context of the Vietnamese government's cultural industry development strategy to 2030 (Decision No. 1755/QĐ-TTg, 2016), the absence of systematic research proposing effective business models for Thang Long Water Puppet Theatre poses a major challenge to both cultural policymakers and performance institutions.

Particularly, given the rapid growth of cultural tourism and the rising demand for heritage experiences among domestic and international tourists, water puppetry can play the role of a flagship cultural product—provided it is supported by a suitable business model. The Thang Long Water Puppet Theatre is a prominent example of successful commercialization, yet no studies have analyzed its operational model, revenue structure, customer positioning, or market expansion strategies in detail.

In practice, many water puppet theatres—both central and local—face financial difficulties, heavily reliant on state subsidies and unstable ticket revenues. The lack of a sustainable revenue model, alongside insufficient marketing strategies and product innovation, places these institutions at long-term operational risk. This situation underscores the urgent need for comprehensive research on business models for water puppetry—not only to ensure economic sustainability but also to contribute to the preservation of cultural values in a volatile market environment.

Therefore, this study is conducted to address the aforementioned research gap. By integrating the Business Model Canvas framework (Osterwalder & Pigneur, 2010) with the specific characteristics of the creative cultural sector, this article aims to propose a feasible and sustainable business model suitable for Vietnam's context. At the same time, the research contributes to theoretical development by expanding the approach to water puppetry from a heritage focus to a cultural business perspective—an essential direction in the national cultural industry development trend.

2. RESEARCH METHODOLOGY

This study utilizes a qualitative research design, specifically a case study strategy, to explore the business model of the Thang Long Water Puppet Theatre within the wider context of Vietnam's cultural and creative industries. The case study approach is suitable for examining complex real-world phenomena, particularly when the boundaries between the subject of study and its environment are not clearly defined (Yin, 2018). It provides an in-depth understanding of how the theatre generates,

delivers, and captures value as a prominent example of traditional performing arts organizations.

To ensure methodological rigor, this research employs qualitative content analysis to systematically interpret textual and documentary data. Content analysis is widely recognized as a replicable and transparent method for deriving valid conclusions from texts and related materials (Krippendorff, 2018). This approach allows for the identification of themes, categories, and innovation gaps within the theatre's existing business model through a structured coding process (Schreier, 2012). Following the procedures outlined by Elo and Kyngas (2008), the analysis includes open coding, categorization, and abstraction, which together provide a solid foundation for theory-driven interpretation.

The data set consists of secondary sources, including official reports, academic publications, media articles, and information from the theatre's website <https://nhahatmuaroithanglong.vn/en/>, as well as government documents related to cultural development policies. These materials are systematically coded and analyzed using theoretical frameworks such as the Business Model Canvas (Osterwalder & Pigneur, 2010), business model innovation (Teece, 2010), and the cultural innovation ecosystem (Potts & Cunningham, 2008). This combined methodology offers both analytical depth and theoretical grounding, enabling the study to provide insights into the strengths, limitations, and opportunities for innovation within the theatre's current business model.

2.1. Literature Review: Water Puppetry As A Cultural And Economic Phenomenon

Research on Vietnamese water puppetry has developed along multiple directions, reflecting its dual position as both a traditional cultural heritage and a potential cultural industry resource. Early scholarship approached the art form primarily from cultural and ethnographic perspectives. Foley (2001), in his seminal work, characterized water puppetry as a "performance of identity" that integrates ritual, entertainment, and agricultural labor, thus framing it as a cultural symbol of Vietnamese identity in the postwar era. Rumsby (2015) extended this perspective by analyzing the art form through a political-propaganda lens, demonstrating how performances staged for international audiences were "reframed" to promote national identity and cultural sovereignty. These studies underscore water puppetry's role in cultural diplomacy and Vietnam's global positioning.

From a heritage and cultural capital perspective, scholars have emphasized the intimate ties between water puppetry and village life. Tu Thi Loan (2022) portrayed it as a "living heritage" associated with fertility cults and agricultural production cycles, with traditional guilds such as Dao Thuc, Nam Chan, and Te Tieu exemplifying its historical resilience and adaptability. Similarly, Le Thi Thu Hien (2014), in her doctoral thesis, analyzed the formation bases and cultural values of water puppetry, highlighting its symbolic meanings, historical roots, and importance as an intangible cultural heritage and a vehicle of cultural identity. Extending this view, Tu Thi Loan (2022) also situated water puppetry within the broader framework of cultural industries, stressing the potential of performing arts to serve as resources for sustainable cultural industry development. Together, these works affirm water puppetry's dual significance as both a traditional heritage and a cultural industry asset, although they stop short of analyzing its operational models or economic mechanisms.

Other lines of research have investigated water puppetry as an artistic and performative tradition. Huong (2003) contextualized it within the comparative study of performing arts administration and management, situating it within the broader cultural and institutional landscape. Meanwhile, Vu Thanh Van (2023) analyzed its distinctive artistic elements, emphasizing its cultural values and aesthetic uniqueness. These contributions enriched understanding of the art form's artistic language and identity, though they did not engage with questions of business sustainability or innovation. Complementing this, Prateepchuang et al. (2016) compared Vietnamese and Thai traditional puppetry, demonstrating the uniqueness of Vietnam's use of water as a staging medium and highlighting technical and stylistic differences in puppet design and manipulation.

In the era of globalization, scholarship has also explored water puppetry's transformation through tourism and cultural exchange. Pack et al. (2012) argued that water puppetry has become a "symbolic product" of Vietnamese tourism, particularly through the success of the Thang Long Water Puppet Theater in Hanoi, which attracts millions of visitors annually. Contreras (1995) studied its adaptation for cultural exchange and education in U.S. schools, highlighting the delicate balance between preservation and commercialization when removed from its native context. Similarly, Pack et al. (2012), Dinh Nhat Le (2020) examined how cultural globalization blurred the boundaries between

“community performance” and “tourist performance,” leading to changes in scripts, staging, and dramaturgy to cater to diverse audiences.

Despite its cultural prominence and tourism appeal, many puppet theaters and traditional troupes face ongoing financial constraints. Nguyen Van Nam & Dinh Van Son (2025) found that most operate under subsidized or semi-public models with limited financial autonomy and weak market orientation. Hoang Anh Dong (2016), surveying seven theaters in northern Vietnam, reported that 80% lacked dedicated marketing departments, relying mainly on seasonal touring or tourist audiences without sustainable business strategies. Vu Trong Lam (2023) and Vu Thi Phuong Hau (2025) further emphasized the lack of supportive ecosystems, including inadequate infrastructure, absence of digital platforms for ticketing and promotion, and limited capacity to create innovative cultural products, leaving water puppetry marginalized within Vietnam’s cultural industries.

Taken together, existing literature reveals a clear academic gap. While cultural, ethnographic, artistic, and tourism-oriented perspectives are relatively well developed, business and economic approaches remain underexplored. Few studies have applied systematic frameworks such as the Business Model Canvas (Osterwalder & Pigneur, 2010), the Cultural Value Chain (UNESCO, 2013), or Art World Theory (Caves, 2003) to analyze water puppetry as a commercializable cultural product. Although recent attempts, such as Dinh Nhat Le (2020) with a cultural-tourism integration model and Le Duc Anh (2024) with digital promotional platforms, have opened new directions, these remain preliminary conceptual efforts. No study to date has developed or tested a comprehensive business model encompassing customer segments, distribution channels, revenue streams, cost structures, and strategic partnerships. This limitation highlights the need for research that not only deepens theoretical and cultural understanding but also advances practical, sustainable business models for water

puppetry in the context of Vietnam’s cultural industry development strategy toward 2030.

3. THEORETICAL FRAMEWORK FOR STUDYING THE BUSINESS MODEL OF WATER PUPPETRY IN VIETNAM

3.1. *The Concept Of Business Models In The Cultural Industries*

A business model refers to how an organization creates, delivers, and captures value (Osterwalder & Pigneur, 2010). In the context of cultural industries, business models are not solely profit-oriented but must also ensure cultural and social sustainability (Throsby, 2001). Cultural products such as water puppetry are characterized by symbolic meanings, intangible heritage, and national identity. Therefore, their business models must satisfy market demands while preserving traditional values.

UNESCO (2009) defines cultural industries as “those industries that combine the creation, production, and commercialization of creative content which is intangible and cultural in nature.” In an age of globalization and digital transformation, cultural business models must adapt to technological platforms, shifting audience behaviors, and new consumption trends (Hesmondhalgh, 2013). This is particularly crucial for traditional arts like water puppetry, which face challenges in finance, innovation, and competition with modern entertainment (Nguyen Van Nam & Dinh Van Son, 2025), and (Vu Trong Lam, 2023).

3.2. *Core Components Of Business Models Of Water Puppetry Art*

This study adopts the Business Model Canvas framework proposed by Osterwalder and Pigneur (2010), which has been extensively applied in the analysis of cultural and creative organizations (Bocken *et al.*, 2014; Lehtikoinen, 2021). Table 1 presents the nine core components of the Business Model Canvas as adapted to the context of water puppetry.

Table 1: *The Business Model Canvas For Vietnamese Water Puppetry As A Cultural Industry.*

Component	Description	References
Value Proposition	Water puppetry provides a unique cultural and artistic experience as a “living heritage” of Vietnam. Its value requires reinterpretation for modern audiences, particularly youth and international tourists.	Huong T.K. Le (2003), Le Thi Thu Hien (2014)
Customer segmentations	Target markets include domestic audiences, students, international tourists, and cultural-educational institutions.	Tu Thi Loan (2022); Le Duc Anh (2024)

Channels	Performances reach audiences via direct ticket sales, tour packages, online ticketing, and digital collaborations with tourism partners.	Lehikoinen (2021); Le Duc Anh (2024)
Customer Relationships	Audience engagement is maintained through loyalty programs, interactive digital content, and behind-the-scenes experiences.	Bocken et al. (2014); Dinh Nhat Le (2020)
Revenue streams	Revenue is generated from ticket sales, sponsorships, contractual performances, streaming – live stream via e-commerce platform and social media, merchandise, and digital products.	Towse (2019); Tu Thi Loan (2022), Vu Trong Lam (2023); Ruiting Li & Shengqi Duan
Key resources	Core resources include artists, scripts, puppets, performance venues, and intellectual property rights.	Le Thi Thu Hien (2014); UNESCO (2021), Nguyen Van Nam & Dinh Van Son (2025).
Key activities	Central activities are staging performances, cultural preservation, promotion, and collaboration with tourism agencies and others.	Potts et al. (2008); Vũ Thanh Vân (2023).
Key partnerships	Partnerships include Departments of Culture, travel agencies, schools, sponsors, and technology platforms.	Tu Thi Loan (2022); Hesmondhalgh (2013); Hoang Anh Dung (2016).
Cost structure	Main expenses involve personnel, props, water stages, marketing, and maintenance.	Nguyen Van Nam & Dinh Van Son (2025); Throsby (2001); Towse (2019)

Source: Authors

The Business Model Canvas framework enables a comprehensive understanding of how a water puppetry unit functions, generates income, connects with markets, and innovates its operating model.

4.3. Theories of Cultural and Intangible Value

Throsby (2001) proposed the “dual value” model, which underscores that cultural products simultaneously embody both cultural and economic values. In the case of water puppetry, the central challenge is not a binary choice between preservation and commercialization but rather the pursuit of a sustainable balance.

The cultural value of water puppetry lies in its traditional performing techniques, communal roots, and rural identity. As Holden (2006) suggests, these aspects should be integrated into business models through non-financial indicators such as cultural reach, the number of active artisans, and the extent of community engagement. By contrast, the economic value is reflected in tangible outputs such as ticket sales, service revenues, performance contracts, and online audience views.

Equally significant is its intangible value. According to UNESCO’s (2003) Convention for the Safeguarding of Intangible Cultural Heritage,

elements such as skills, practices, performances, and knowledge are all inherent in water puppetry. In this regard, the Vietnam Government (2016) emphasizes the necessity of policies that balance economic benefits with cultural preservation, ensuring that short-term commercial gains do not undermine long-term heritage sustainability. Building upon this perspective, Vũ Thị Phương Hậu (2025) highlights that digital transformation should be strategically applied to broaden accessibility, foster innovation, and enhance the sustainability of water puppetry, but it must be undertaken in a manner that safeguards the authenticity and cultural identity of this unique art form.

4.4. Business Model Innovation In Traditional Arts

Traditional cultural organizations are increasingly required to transition from subsidized or bureaucratic structures to more autonomous and market-oriented models (Towse, 2019). As Rentschler (2002) emphasizes, arts management must adapt to competitive environments, necessitating professional approaches in marketing, finance, public relations, and creative innovation. In this context, business model innovation becomes

critical to the survival and sustainability of traditional arts. Amit and Zott (2010) argue that innovation should not only involve products but also encompass organizational processes, distribution channels, and mechanisms of value creation and capture. This broader understanding of innovation aligns with the challenges faced by traditional performing arts organizations, which must simultaneously preserve cultural heritage while ensuring financial viability. Empirical examples in Vietnam highlight this dynamic. The Thang Long Water Puppet Theatre in Hanoi and the Golden Dragon Theatre in Ho Chi Minh City have adopted hybrid models that combine regular performances, partnerships with the tourism industry, digital media promotion, sales of cultural souvenirs, and experiential workshops (Huong, 2003). Such strategies represent attempts to diversify revenue streams and enhance audience engagement. Nevertheless, research indicates that most traditional theaters still lack clearly defined revenue models, remain heavily dependent on state subsidies, and face financial vulnerability due to this reliance (Nguyen Hoang Hiep & Hoang Kim Son, 2019) and (Nguyen Van Nam & Dinh Van Son, 2025).

4.5. Cultural Innovation Ecosystem Theory

To ensure the sustainability of business models for traditional performing arts such as water puppetry, they must be embedded within a broader cultural innovation ecosystem. Potts et al. (2008) argue that cultural and creative industries can only thrive when situated within a dynamic ecosystem that connects key actors, including artisans, performance organizations, audiences, tourism, technology, and cultural policy. In this sense, water puppetry should not be perceived merely as an isolated art form but as an integral component of an interdependent network of stakeholders.

This framework highlights the structural support required for business model viability. The commercialization and preservation of intangible cultural heritage necessitate reinforcement through public policies such as cultural procurement programs, tax incentives, and investments in digital and technological infrastructure. At the same time, sustainable development also relies on well-planned cultural and tourism infrastructure and deeper market integration to expand outreach domestically and internationally (Bui Hoa Son & Do Thi Thanh Thuy, 2020).

Consequently, developing a business model for water puppetry cannot depend solely on the efforts of individual organizations. Instead, it requires

multi-actor collaboration and close interaction among stakeholders across culture, economy, technology, and governance. An ecosystem-based approach not only supports the preservation and creative renewal of cultural heritage but also enhances its long-term economic sustainability.

4. BUSINESS MODEL ANALYSIS OF THANG LONG WATER PUPPET THEATRE

4.1. Overview

The Thang Long Water Puppet Theatre stands as one of Vietnam's foremost cultural institutions, dedicated to the preservation and promotion of traditional water puppetry. With more than five decades of continuous operation, the theatre has evolved into both a center for folk performance art and an autonomous cultural business entity. Nevertheless, rapid technological advancement, shifting tourist preferences, and financial pressures in the aftermath of the COVID-19 pandemic have exposed significant limitations in its traditional business model. To address these challenges, the application of the Business Model Canvas (Osterwalder & Pigneur, 2010), in combination with the cultural innovation ecosystem theory (Potts et al., 2008) and the business model innovation theory (Amit & Zott, 2010), provides a comprehensive analytical framework for evaluating and reconfiguring the theatre's future development strategies.

4.2. Analysis Using The Business Model Canvas

Value Proposition: The core offering is an immersive experience of Vietnamese cultural heritage through elaborately staged water puppet performances, accompanied by live traditional music. Multilingual shows cater to international audiences. To enhance value, additional cultural services such as backstage experiences, puppet-making workshops, and cultural merchandise could be introduced.

Customer Segments: Target customers include: 1) International tourists (accounting for approximately 70–80% of ticket sales); 2) Domestic tourists (families, students); 3) Educational institutions; 4) Event clients and diplomatic delegations. Although diverse, these segments have yet to be leveraged through personalized experiences or loyalty-building strategies. The theatre lacks a comprehensive customer database or after-sales service development.

Channels. At present, ticket sales at the Thang Long Water Puppet Theatre primarily occur directly at the venue, via travel agencies, hotels, and a few

online platforms. However, these channels remain only partially digitized and lack full integration. Strategic investment in e-ticketing systems, interactive websites, and partnerships with global tourism platforms such as Klook, TripAdvisor, or GetYourGuide could significantly extend market reach and strengthen customer access (Le Duc Anh, 2024).

Customer Relationships. Customer interaction is currently limited to one-time service delivery, with no loyalty programs, sustained customer engagement, or digital content to facilitate ongoing interaction. Developing a digital cultural relationship ecosystem could greatly enhance audience connection, particularly through social media, blockchain-based cultural assets such as NFTs, and immersive metaverse exhibitions (Dinh Nhat Le, 2020); (Pham Ngoc Huong Quynh & Dang Thi Trang, 2025). This approach not only fosters long-term audience loyalty but also aligns with contemporary cultural consumption behaviors in the digital era.

Revenue Streams: The primary revenue comes from ticket sales, with limited income from private performances, touring, and souvenir sales. The current model lacks revenue diversification (Amit & Zott, 2010). Untapped opportunities include: 1) Paid workshops and educational programs; 2) Licensing of puppet imagery and broadcast rights; 3) Monetization via YouTube and streaming platforms; 4) Brand partnerships with tourism and cultural enterprises

Key Resources: 1) Professional puppeteers; 2) Physical infrastructure (theatre, water stage); 3) Traditional musicians; 4) Rich puppet collections; 5) Cultural heritage reputation. However, technological and digital communication resources remain underdeveloped, impeding innovation and global integration.

Key Activities: 1) Daily performances; 2) Puppet production and preservation; 3) New show development; 4) International tours; 5) Facility management. Yet innovation-related activities are lacking, including digital content creation, R&D for new audience experiences (e.g., VR/AR), and collaboration with creative ecosystems.

Key Partners: 1) Hanoi Department of Culture and Sports; 2) Travel agencies; 3) Art schools (e.g., Vietnam Theatre and Cinema University); 4) Traditional puppet makers. Nevertheless, the broader innovation ecosystem is not fully activated. As Potts et al. (2008) suggest, sustainable models must link with creative sectors, media, technology, finance, and audiences—an area where the theatre still falls short.

Cost Structure: 1) Salaries for puppeteers and musicians; 2) Maintenance of puppets, props, and water stage; 3) Marketing and communications; 4) Theatre operations and infrastructure upkeep

Despite stable revenue, the theatre faces financial stress due to the absence of consistent public subsidies, highlighting the urgent need for business model innovation.

Application of Business Model Innovation Theory (BMI): According to Amit & Zott (2010), business model innovation involves reconfiguring value creation through adjustments in content, structure, and governance. For Thang Long Water Puppet Theatre, potential innovations include: 1) Content: Introducing new formats such as outdoor, mobile, or online performances; 2) Structure: Partnering with tech startups, cultural e-commerce platforms, or tourism brands; 3) Governance: Adopting customer data management systems, financial autonomy, and multi-service business models

Alignment with the Cultural Innovation Ecosystem Framework: Potts et al. (2008) argue that cultural organizations achieve sustainability by embedding themselves within an innovation ecosystem—one that integrates policy, finance, education, creative technology, and audiences. The Thang Long Water Puppet Theatre currently operates as a relatively isolated entity. To thrive long-term, it should: 1) Engage young creatives and contemporary artists; 2) Partner with universities and design studios; 3) Develop an open ecosystem to share data, media, and technologies.

The Business Model Canvas analysis reveals that Thang Long Water Puppet Theatre has a strong traditional foundation but faces limitations in innovation and digital transformation. Applying theories of Business Model Innovation and Cultural Innovation Ecosystems offers pathways for restructuring its model to enhance business efficiency, reach younger audiences, and preserve cultural heritage in a creative and sustainable manner.

4.3. Several Limitations In The Business Model Of Thang Long Water Puppet Theater

Although the Thang Long Water Puppet Theater has been one of the most successful institutions in preserving and promoting the traditional Vietnamese art form of water puppetry, its current business model reveals several limitations that hinder sustainable growth and international expansion in the context of digital transformation and globalization. The five main constraints are outlined below:

4.3.1. Underutilization Of Digital Business Models And E-Commerce

A critical limitation lies in the insufficient integration of digital technologies across the theater's value chain. According to the Thang Long Water Puppet Theater's leadership, while certain promotional initiatives have been undertaken through social media channels, the theater still lacks essential digital infrastructures such as a professional online ticketing system, a dedicated streaming platform, and advanced monetization models like video-on-demand, which are increasingly recognized as benchmarks in the creative industries worldwide. Moreover, experts emphasize that the absence of a comprehensive e-commerce strategy for the distribution of complementary products—including souvenirs, photo books, and educational materials on puppetry—has constrained the theater's ability to diversify its revenue base. Consequently, the institution remains heavily reliant on traditional performance activities, thereby limiting its potential for sustainable growth and international competitiveness.

4.3.2. Lack Of Market Segmentation And Customer Diversification

The theater's customer base is currently dominated by international tourists, particularly organized group tours from Asian countries. According to the Thang Long Water Puppet Theater's leadership, this reliance on tourism renders the business model highly vulnerable to external disruptions, including pandemics, geopolitical uncertainties, and shifts in tourism policies. In contrast, the domestic market—comprising families, students, and younger audiences—remains insufficiently cultivated, as the theater has yet to implement tailored content and engagement strategies targeting these groups. Furthermore, the leadership acknowledges that the overseas Vietnamese community, along with global audiences interested in traditional performing arts, represents an underexplored segment due to the theater's limited digital presence and the absence of robust international collaborations.

4.4. Limited And Monoline Revenue Structure

Revenue generation at the theater remains predominantly reliant on in-person ticket sales, a model that inherently restricts both stability and scalability. According to the theater's leadership, the absence of licensing strategies—such as brand licensing or co-branding initiatives with commercial

partners—further constrains the potential to integrate puppetry into broader cultural and creative products. Moreover, revenue opportunities associated with workshops, paid educational programs, and interactive performances have not been sufficiently explored, despite their potential to provide sustainable income and enhance long-term cultural value. From the audience's perspective, there is also a growing demand for diversified experiences beyond conventional stage performances. Visitors, particularly younger generations and families, have expressed interest in interactive and educational formats that allow them to engage more deeply with the art form. This indicates that, while the leadership acknowledges internal structural limitations, audience expectations themselves are evolving toward more participatory and experiential cultural offerings—an area where the theater has yet to fully capitalize.

4.5. Insufficient Integration Into The Cultural Innovation Ecosystem

According to the theory of cultural innovation ecosystems, inter-organizational collaboration across diverse stakeholders—including cultural producers, creative enterprises, and supporting institutions—enhances cumulative value creation, stimulates creativity, and drives business model innovation (Vu Trong Lam, 2023). At the Thang Long Water Puppet Theater, however, the institution continues to operate largely as a standalone entity. The theater's leadership acknowledges that this independent model has created structural barriers, limiting both the formation of partnerships and the pursuit of innovation. According to the research team, the absence of collaborative initiatives is reflected in a relatively narrow cultural experience, which reduces opportunities for deeper engagement and participation. Experts further highlight that the theater's inability to foster a connected cultural ecosystem has constrained its capacity to diversify distribution channels, develop value-added services, and strengthen competitiveness in the evolving cultural and creative industries.

4.6. Absence Of Branding Strategy And Customer Data Management

In the digital era, a strong brand identity and effective customer data management are critical for organizational resilience and market positioning. Currently, the theater lacks a comprehensive branding strategy to establish itself globally as a symbol of Vietnamese performing arts. Moreover, it has not implemented a customer relationship

management (CRM) system to collect, analyze, and personalize services for different audience segments. This deficiency makes it difficult to cultivate long-term relationships with viewers, particularly in the face of rising competition from modern entertainment formats and digital content platforms.

4.7. Recommendations For Developing The Business Model Of Thang Long Water Puppet Theater

First, revenue diversification is essential to reduce the heavy reliance on ticket sales and state subsidies. Strategies such as developing cultural souvenirs, organizing experiential workshops, creating integrated tourism packages, and expanding international cooperation can strengthen the financial sustainability of the Thang Long Water Puppet Theater. This approach reflects the global trend of business model innovation in traditional performing arts (Vu Trong Lam, 2023; Hoang Anh Dong, 2016).

Second, digital transformation in both management and performance activities is a critical requirement to modernize audience experiences and improve administrative efficiency. Investment in online ticketing systems, interactive websites, social media channels, as well as the adoption of immersive technologies such as AR/VR and exhibitions in the metaverse, can significantly expand audience reach, particularly among younger generations and international tourists. These orientations are reinforced by recent studies on the impact of digital transformation on cultural tourism and the cultural industries in Vietnam (Vu Thi Phuong Hau, 2025), and (Pham Ngoc Huong Quynh & Dang Thi Trang, 2025).

Third, market development should be pursued by strengthening collaborations with global online tourism platforms such as TripAdvisor, Klook, and GetYourGuide, while also expanding international promotional campaigns to enhance brand positioning. More importantly, the Theater should build a digital ecosystem that fosters long-term cultural relationships with audiences, in line with insights from research on modernizing traditional performing arts in Vietnam (Dinh Nhat Le, 2020), and (Ruiting Li & Shengqi Duan (2024).

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Overall, these strategic directions are consistent with the theory of business model innovation (Chesbrough, 2010) and the cultural innovation ecosystem framework (Potts et al., 2008), while also aligning with Vietnam's national strategies for cultural industry development (Vietnam Ministry of Culture, Sports and Tourism, 2020; Vietnam Government, 2016). This underscores that innovation lies not only in the products themselves but also in networks, value distribution systems, and cross-sectoral collaboration.

8. CONCLUSION

This study has analyzed the business model of the Thang Long Water Puppet Theater through the lens of the Business Model Canvas, integrated with theoretical frameworks on business model innovation (Tece, 2010) and the cultural innovation ecosystem (Potts & Cunningham, 2008). Accordingly, the paper clarifies how the Theater creates, delivers, and captures value in the context of traditional arts facing increasing challenges from modern market dynamics and shifting public demands.

The analysis reveals that the Theater has maintained the core values of traditional water puppetry while gradually adapting to the preferences of tourists and international markets. However, the current business model still exhibits significant limitations, including a lack of digital strategy, the absence of an e-commerce framework, a narrowly defined target audience, and a heavy reliance on direct ticket sales and conventional contracts.

In the context of cultural industries increasingly driven by creativity, technology, and multidimensional value networks, the Thang Long Water Puppet Theater must pursue comprehensive business model innovation. Recommended directions include product digitization, the implementation of e-commerce, expansion into both domestic and international markets, revenue diversification, and enhanced collaboration within the creative ecosystem. These are viable pathways to preserving the cultural heritage of water puppetry while ensuring economic sustainability and relevance in the digital era.

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