

Japanese animation development and market strategy

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Abstract. This article will first briefly describe the development process of Japanese animation, and outline that the Japanese animation industry struggled to survive in the Japanese market in the early days, gradually developed and seized market share in the mainstream European and American animation at that time, and successfully seized the international market share. After several difficulties and crises, it finally became the history of Japan's proud cultural soft power. After that, this research will analyze the impact of streaming media platforms on the Japanese animation market in the current booming Internet era, and briefly talk about the opportunities and challenges he faces. At the same time, some measures and changes of the Japanese animation industry in response to the new media crisis will be listed. Finally, it analyzes how the Japanese animation market grows gradually in Japan's domestic market and international market, and analyzes the strategy in the face of changes.

Keywords: Japanese animation development; Streaming media; Japanese animation market; International animation market.

1. Introduction

The phrase "animation industry" in Japan refers to a range of different industries, rather than just the one that creates animation for television and movie theatres [1]. The terminology "animation industry" typically refers to a sector of the economy that offers numerous growth plans through its "multi-window" presentation. Animated films, audio-visual animation, and broadcast animation were the early subdivisions of the Japanese animation market.

Three primary marketplaces exist. Originally produced as a propaganda tool in accordance with Japan's militaristic strategy, Japanese animation has gradually evolved into a cultural "soft power" that Japan is proud of, capturing market share from the initial European and American animation markets through the implementation of Japan's cultural foreign policy. Today, it is undoubtedly a cultural powerhouse and a cultural diplomacy pioneer. Unquestionably, the growth of the Japanese anime business has been successful and swift, and this is equally crucial for the growth of the industry in other countries or for the export of local culture. Animation's progressive growth has been impacted by a number of elements, including the higher levels of awareness, the status of the economy, the structure of the industry, the degree of culture and even the material lives of the people, aesthetic ideals and values [2]. After years of development, the Japanese animation industry has established a mature "linear operation" production model, that is, based on cartoons to develop and produce animation products, followed by the release of theatrical animation film to cultivate the audience and increase its popularity, and finally by expanding the derivative industry to further increase its added value. Symbolic and unavoidable in the 21st century, the era of the Internet, is the influence that streaming media has had on the Japanese anime industry. This research will provide a concise overview of the evolution of Japanese animation and its effect from the outside world. At the same time, the local and foreign markets have presented the Japanese animation industry with several obstacles. The paper will examine the actions adopted by the Japanese government and the industry's inventors and businesses to combat the crisis and the obstacles to the industry's growth. How the Japanese anime business was able to expand from the home market to the worldwide market, eventually becoming a national enterprise that embodies the soft power of Japanese culture abroad.

2. Development of Japanese Animation

2.1 The history of Japanese anime

2.1.1 The budding stage of anime

Between 1917 and 1945, Japanese animation was in its infancy [2]. European and American animation were dominant in Japan during the infancy of Japanese animation, whereas Japanese animation was badly regarded. Based on Shimokawa's original drawings, the first Japanese animations were presented at the Asakusa Film Club in Tokyo in January 1917. These were the first original Honshis in the history of Japanese animation, and they were all extremely popular and well received by the Japanese public, despite their thin plots, backward creation techniques, and limited funding, as well as the obvious gap between their quality and that of European and American animation at the time.

2.1.2 The rapid development of anime

The period of rapid growth of Japanese animation was between 1956 and 1974. The Japanese economy grew by leaps and bounds in the 1950s and from 1954 to 1957 animation was used as an everyday leisure lifestyle. In 1956, Toei Animation was established as a subsidiary of Tokyu Dentetsu and Toho Educational Film Company [2], marking the beginning of the industrialisation of animation in Japan. At this time, under the careful cultivation of Toei Animation and other animation companies, a large number of outstanding animators emerged. They combined original Japanese manga with animation production. They were a step ahead of the budding stage in terms of creative techniques, technology and creation models.

2.1.3 The rising stage of anime

The era between 1974 and 1995 saw the emergence of Japanese animation. In the 1970s, the Japanese economy flourished, and a shift in people's outlook on life had a direct impact on the growth of the anime industry. In this situation, the entertainment and commercial aspects of animation grew more dominant, and the style evolved toward humorous hip-hop, machine combat, and sensual harem. At this period, the Japanese animation audience shifted from being mostly juvenile to predominantly youthful. Hayao Miyazaki is considered as an outstanding and emblematic author of the era. Hayao Miyazaki's status as a world-renowned animation master is reflected not only in the quality of his animation, but also in the profound philosophical and ideological significance he imbues in his works [3]. His paintings have been extensively disseminated and are popular both globally and among viewers. In order to appeal to the adult audience, pornographic, violent, and even perverted love cartoons were popular during this era as a consequence of the genre and adultification of Japanese animation. The variable quality of these works had detrimental consequences on the social groupings, particularly the young audience. The negative impacts of Japanese animation were exacerbated, and the Japanese "anime industry" was dealt a catastrophic blow. This era was a turning point in the development of the Japanese animation industry, as animation became popular with the Japanese people and an integral element of Japanese culture.

2.1.4 The mature stage of anime

From 1995 until the present, Japanese animation has reached maturity [2]. During this time period, the emphasis of animation was on science fiction topics, which reflected society's grave concerns. A new generation of animation producers has evolved under the guidance of the animators who have weathered the storms for longer. As an increasing number of their works have won international honours, their influence has grown, and Japanese culture has become a cultural powerhouse capable of competing with the soft power of Europe and the United States, mostly due to the national appeal of animation.

2.2 The influence of streaming media on the development of Japanese animation

The television station is at the centre of the distribution channel in the conventional animation distribution system. With the advent and rise in popularity of new media, Internet television and new social media provide greater opportunities for the transmission of animation [4]. The availability of mobile phones for viewing animation by telecommunication companies has brought animation distribution in line with fragmentation and mobility needs. The introduction of new media platforms has expanded animation's distribution avenues.

2.2.1 The advent of streaming media

Streaming platforms are active in many facets of the Japanese animation business due to their vast resources. This participation not only supports the globalisation of goods by including many regional cultures in terms of content [5], offering products and markets variety, but also enables them to tap into consumers in order to produce and provide content with the use of big data. Streaming platforms are less expensive, less time-sensitive, and more selective for viewers. Consequently, the introduction of streaming media will provide new obstacles to the growth of the Japanese animation industry in terms of production, distribution, and business models.

2.2.2 Japanese animation production model

Multiple firms, including television stations, publishers, animation production companies, and advertising agencies, invest collectively and share income under the traditional Japanese animation production model, the production committee system. This approach makes it simpler to acquire money and share risks, but it has apparent drawbacks: due to its capitalistic character, production committees often reduce production budgets to improve productivity, resulting in poor earnings for animation practitioners and a severe brain drain [6]. In addition, the growth in the number of stakeholders and their intervention in the production of animation has resulted in a variety of issues, including a reduction in animation production efficiency and content quality. In contrast, streaming platforms such as Netflix work directly with Japanese animation companies by signing licencing contracts for the online distribution of their works, i.e. by purchasing the exclusive online rights to their works in advance, thereby guaranteeing the production costs and quality of their works. In addition, Netflix offers animation studios more creative flexibility and additional incentives. The animation business, which was once more reliant on television or DVDs [1], has modified its original development plan in response to the influence of streaming media and the shifting demand.

2.2.3 The influence of streaming media platforms on Japanese anime

In recent years, the rising demand for anime material on global internet video platforms has contributed to the rate and quantity of Japanese animation's international publication. As Japanese theatrical films are founded on the development of animated episodes, and the overseas distribution of animated episodes via streaming platforms may nurture a larger audience, this lays the groundwork for the spread of theatrical animated films into international markets. Enhancing international collaboration and fostering cultural diversity. In recent years, there have been several instances of international teams contributing to the creation of Japanese animated works[5]. Such cooperation not only allows for the collision of fresh creative sparks, but the incorporation of other cultures also offers food for the enrichment of Japanese animation production and distribution expertise, hence facilitating the export of Japanese animation outside.

2.2.4 Changes in the development of Japanese animation under streaming media platforms

However, the long-term contracts on streaming platforms, while beneficial to the development of talent and the sustainability of animation companies, also limit the wider distribution of works and commercial activities such as the development of post-production derivatives, so there will inevitably be some issues in the future. Until now, the Japanese animation industry has started to examine itself and attempt to stay up with the times in response to the grave threats presented by streaming media.

(1) In TV animation and animation discs: adapting development tactics to fluctuating demand

Discs were formerly an essential source of revenue for traditional Japanese animation goods, and the development of sequels often hinged on the quantity of discs distributed [5]. The present fall of the disc market may be permanent owing to changing circumstances, yet it still has collector value as a physical item.

(2) In cinema animation films: ongoing innovation

The mix of heritage and uniqueness is strengthening the invention of content. Generally speaking, Japanese animated films fall into two categories: theatrical animated films and original animated films. Theatrical animation films are a product of the traditional Japanese animation industry, and despite having amassed a large audience base in the early stages and being characterised by high creative efficiency and lower investment risks [7], content innovation is still the key, so they are constantly developing new audience groups through the enrichment of film elements and technological innovation in order to achieve IP preservation and even value-added. Compared to theatrical animation, unique animated films take more time to settle and polish the subject, as well as great exposure for the filmmaker; thus, the number is less and the investment risk is larger, but there are several masterpieces among them.

(3) Promote the evolution of ideas and technological applications.

Due to the Japanese animation industry's emphasis on content above technology, 2D animation has always been prevalent in Japanese animation. However, the industry's perspective has shifted as the realism of 3DCG technology has increased.

3. The development measures of Japanese animation to the international market

The worldwide expansion of the Japanese anime industry has not been without difficulty, since piracy is common. The pervasive piracy has had the greatest influence on the commercial development of Japanese animation in Asia. This scenario has severely impacted the distribution and profitability of legal anime, and as a result, the Japanese government has taken the following steps to defend the legal anime business.

3.1 Enhance copyright laws and organisations and institute comprehensive protection

3.1.1 establishing a worldwide copyright system

The Japanese government created the Intellectual Property Strategy Headquarters in 2003 to monitor the execution of the Intellectual Property Strategy and safeguard the rights and interests of Japanese intellectual property abroad. Japan took definite steps towards the establishment of a global patent system in 2005[4], emphasising the strengthening of anti-infringement measures in conjunction with Europe and the United States and advocating the conclusion of treaties to prevent the proliferation of counterfeit and infringing products.

3.1.2 Differentiation between levels of function

In each of its embassies and consulates overseas, the Ministry of Economy, Trade, and Industry (METI) has set up a Countermeasures Office for Copyright Infringement. In addition, the Ministry of Economy, Trade, and Industry (METI) has established a Copyright Infringement Countermeasures Office and a "Support Desk for Japanese Companies" at all embassies [4]and consulates abroad in order to keep abreast of local piracy incidents, receive complaints from companies, and coordinate with local governments, thereby playing a crucial role in the international defence of anime rights. To encourage Japanese commerce and investment overseas, the Japanese government founded the Japan External Trade Organization (JETRO), whose primary responsibility is to promote Japanese cultural goods abroad. The formation of an anti-piracy cooperation. The Japan Content Overseas Distribution Association (CODA) was founded in 2002 with the support of the Agency for Cultural Affairs and the Patent Office, with the following main responsibilities: anti-piracy and promoting the distribution of legitimate copies; cooperation with regulatory and enforcement agencies; and

promoting cooperation between government agencies and relevant organisations. Anti-piracy and encouraging the distribution of licenced copies; collaborating with regulatory and enforcement authorities; fostering collaboration between government agencies and associated organisations; and promoting education and awareness are CODA's primary tasks. CODA has been crucial in the worldwide protection of anime rights.

3.2 Establishing a global communication infrastructure to improve the efficacy of authentic communication

Japan has hastened the building of a worldwide distribution infrastructure in response to the growth of new media in order to grab the market with timely, high-quality licenced animation and compress the surviving space of pirated versions [3].

3.2.1 Establishing a worldwide communication platform for animation

In 2012, Japanese animation studios banded together to create Daisuki[4], a one-stop animation platform, in order to centralise their efforts and penetrate the international anime industry. Daisuki was unable to compete with foreign sites like Netflix in terms of finance, content, and flexibility, and terminated operations in 2017. As part of its worldwide strategy, Bandai Namco later combined Daisuki into its digital rights marketing organisation. Foreign websites like Netflix and Amazon play a significant role in the internet dissemination of anime.

3.2.2 Television transmission

With the digitalization and networking of animation distribution, Japanese television media established websites and changed into a synchronised network around the year 2000. Faced with a wide international market, the direct satellite transmission of Japanese animation to viewers in the target nations was possible to expedite the dissemination of animation.

3.2.3 Investing in international enterprises

Investing in animation or distribution firms in the target country and adjusting flexibly to the market circumstances and audience demands of the target country would aid in promoting animation licencing in the target nation [9]. For the leading streaming platform firms on the worldwide market,

3.2.4 Japanese anime producers are essential

Additionally, the industry and television stations have boosted their investment and coordination, maximising their networks to expedite the diffusion of Japanese animation.

3.3 External development after being influenced by the Internet and the domestic market

There is no restriction on the movement of IP [10]. With the advent of the Internet and new media, the market for monetizing its worth has increased. Due to the restricted demand on the home market, international markets have become a significant source of earning value for animation.

3.3.1 Construct an Internet-based platform for the global distribution of Japanese animation abroad.

While promoting Japanese animation overseas and improving international audiences' understanding and acceptance of Japanese animation, it also creates a market for the creation of derivative goods and copyright sales.

3.3.2 Localised activities

In its early days, Japanese anime depended primarily on its works to join the worldwide market. However, as the industry has evolved, localization has become a crucial development strategy for spreading into other countries. Through localization, it is feasible to lessen local audiences' rejection of Japanese animation, foster brand loyalty and market influence for Japanese animation, and lower operational expenses [10].

3.4 Promote international copyright cooperation, encourage local company growth, and decrease cultural friction

In addition to bolstering copyright sales, the Japanese government has initiated a series of partnerships with China [7], the United States, Korea, and Europe to bolster copyright training, copyright cooperation, and international rights protection. By giving information on copyright and Japanese works and educating necessary employees, the efficiency of the training is increased in order to improve the effectiveness of the target nations in combatting the pirate of Japanese property. CODA collaborated with Chinese streaming platforms to tackle online piracy and chain-piracy in 2013[4]. Chinese video websites have grown more licenced as a result of the enhancement of the copyright protection system, so helping to the preservation of Japanese animation copyright earnings.

4. The development measures of Japanese animation to the Japanese market

4.1 Profitability in the Japanese market

There are a number of broad models for the profitability of anime in the Japanese domestic market.

4.1.1 The model for advertising income

The "advertising revenue model" was the norm before to the 1990s [4]. According to Ichimura (2018), the "advertising revenue model" is a method wherein the television station pays for the advertising income, i.e. the initial investment in the screening rights, and the animation production firm creates the television animation programme. The only owner of the copyright to an animated television show is the animation production studio. Similarly, if a television station is engaged in the production, both the animation production business and the broadcaster will own the copyright.

4.1.2 The model for a mixed-media approach

Media mixing is "a phenomenon in which material and characters spread across a variety of media, with the corresponding content enhancing the context of the tale and the setting of the characters," and it has evolved to a greater degree in Japan than in other countries.

4.1.3 The production committee approach

The concept of manufacturing by committee Since the second part of the 1990s, the "production committee approach" [5] has been the predominant technique for funding late-night animated programming. The production committee purchases the late-night programmes for transmission and recovers the production expenses from the secondary usage of the programmes after broadcast, while holding the copyright for animated television programmes.

4.2 Japan's animation industry's growth has brought forth a number of complications.

4.2.1 Contractor exhaustion erodes the industrial foundation

Registrars have often served as production committees. There are also television and film production firms involved. General contractors are commissioned by registrars to create. It is a production that was commissioned from a contractor. Typically, the general contractor is a big animation production business or an animation production company owned by a television station, etc. From general contractor through primary contracting to secondary contracting and commissioning. The general contractor serves as the apex of a hierarchical system in which the contracting party is responsible for animation production. The general contractor is responsible for the whole animation production and delegates the different animation production elements [8], such as painting, art, photography, sound production, and editing, to various subcontractors or secondary contracting firms, like figure 1.

Frequently, animation projects lack enough funding. As a consequence, manufacturing costs reduce as you go from general contracting through contracting to secondary contracting. Consequently, the majority of contracting firms, secondary contractors, and tertiary contractors are

obliged to operate at a relatively low profit level. When manufacturing costs are low, losses are passed on to subcontractors and contracting firms. In such instances, the image and details of the work are not generated adequately, resulting in a video of inferior quality [8].

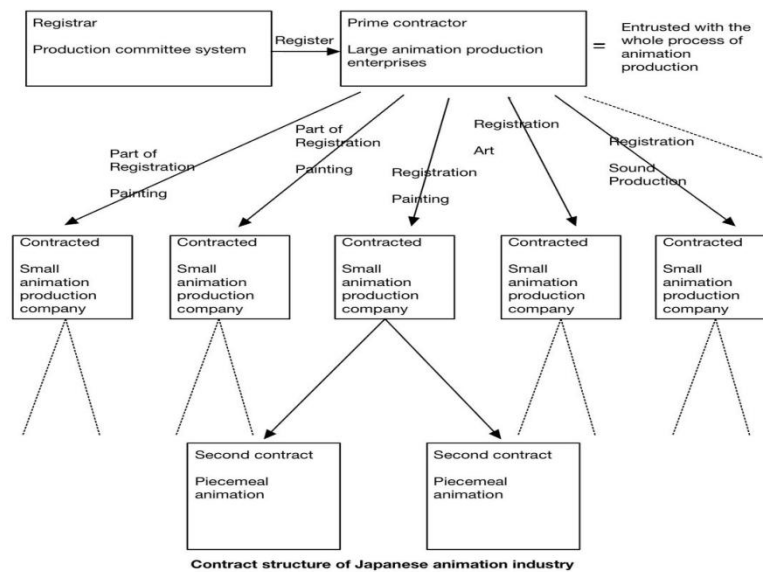


Fig. 1 Contract structure of Japanese animation industry

4.2.2 Reduced domestic market

The initial is low-tech. There are several justifications for the poor animation technique. First, the subdivision of animation production works; second, the inadequate input of talent; third, the outflow of talent from abroad; and fourth, the outflow of animation works from abroad. Currently, Japanese animation production projects are separated, and work may be readily specialised by project. In other words, it is simple to be resolved by a certain project. Therefore, it is challenging for producers who begin their careers with animation productions to advance their careers. This has decreased the number of creative individuals employed as original artists, performers, and supervisors [6]. In addition, the drop in the number of people working as original artists, performers, and supervisors will be strongly impacted by the fall in the number of people working in animation engineering owing to the shortage of new talent and the outflow of current talent. In addition, the decline in workload in Japan as a consequence of the outflow of animation engineering work from abroad would result in the loss of new groundwork workers and the inability to train new individuals via animation engineering work. As a consequence, there are no longer any formidable producers available to serve as original artists, performers, and supervisors. As a consequence, it is becoming more difficult for Japan to develop talented actors or directors, and many people are worried about the deterioration of Japanese animation abilities.

4.3 The animation business continues to rely heavily on outsourcing

During its origins, animation was funded by urban animators earning meagre wages. However, as a result of globalisation, competition has increased and the need for higher-quality labour has increased [8]. For this reason, it was vital to seek cash from large businesses. As the volume of projects increases, so does the proportion of foreign labour that is paid cheaply by contracting and subcontracting businesses. This increased the industry's reliance on foreign labour, resulting in its hollowing out. In addition, in search of inexpensive labour, the manufacturing of peripheral goods started to register with foreign businesses. Therefore, in a globalised world, the animation sector, which does not need a high degree of manufacturing facilities, is more susceptible to these issues than other industries.

4.4 There are obstacles to the worldwide growth of the Japanese animation industry

The definition of success in international commerce is quite imprecise. Due to the diversity of opinions, it is vital to specify the external development metrics for animation [8]. Even when revenue maximisation is the objective, there is no consensus in the animation business on whether or not any job can be lucrative, how it can be profitable, or to what degree it is successful. Despite being referred to as the animation industry as a whole, there are several stakeholders in the sector, such as manga publishers, animation production firms, toy makers, and advertising agencies, each with a unique business strategy, making a common understanding challenging. It is difficult to establish a shared objective in the animation business, making it tough to choose the best course of action.

5. Summary

Over the past 100 years, Japanese animation has been full of new ideas. Today, Japan is the world leader in animation development. Along with the United States, it is the animation powerhouse of the world, but its early development was also based on the work of giants. In this article's four stages of development, it's easy to see how its culture has changed over time. Even though these differences have to do with the economic, political, technological, and social conditions of the time, they are also linked to many parts of Japan's national character, cultural heritage, aesthetic sense, and even regional identity. In the context of globalisation, new technologies and the flow of capital are bringing the animation industry to a new stage of development faster than it would have otherwise. The streaming era is both a challenge and an opportunity for the animation industry, not only because it opens up more ways to get animations to people, but also because it opens up opportunities all along the chain of the industry. As one of the mainstays of Japan's animation industry, it has gotten attention from all platforms since the early days of streaming. Streaming platforms in Japan and other countries have gone from buying online distribution rights to making their own online animation to get a piece of the animation market. This has led to the gradual growth of the online animation market. Faced with the rise of streaming media, the Japanese traditional animation industry has made a number of attempts and changes, either passively or actively, to meet the new challenges brought on by the changing media environment, while showing a trend of integration in the globalisation of the medium. Overall, Japanese animation has kept going in a good direction, but the main problem, which is a lack of content production capacity, has not yet been fixed. At its core, the animation industry is still built on content, and focusing only on making money from intellectual properties (IPs) is not a sustainable strategy. In terms of how IP works, the interests and relationships between the different segments need to be changed so that the industry's interests can go back to the content production segment and make it stronger. In order to make IP more valuable, it needs to be fully integrated with new media so that the audience can get more out of it. When it comes to training talent, we should use the power of many different groups to put the spotlight on training new media talent.

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