

Anime Industry Report 2015

Summary

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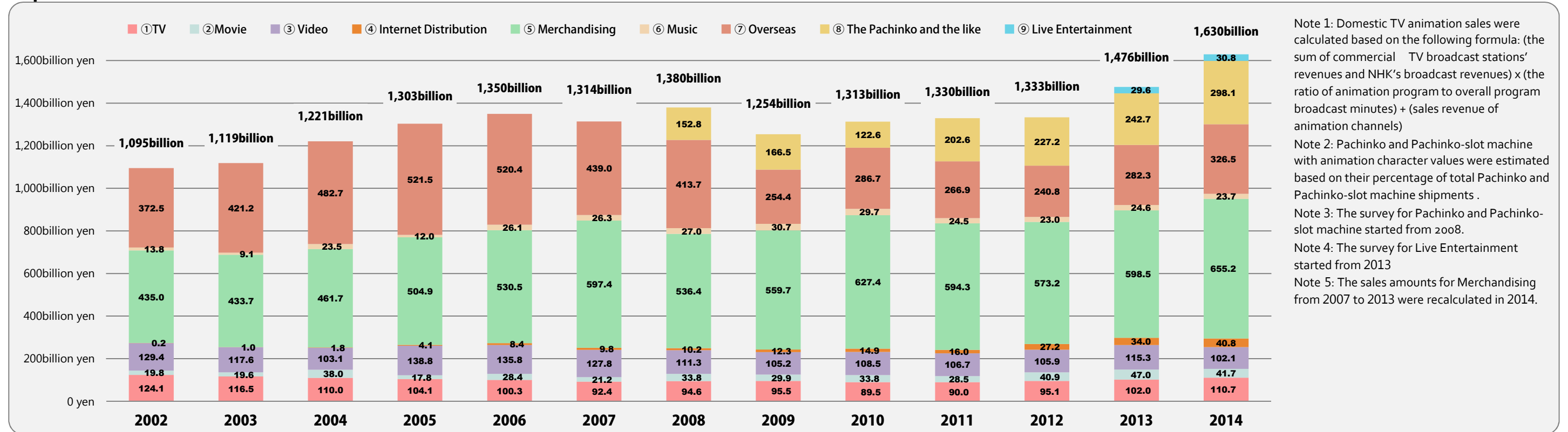
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Trends in Japanese Animation Market (2015 version)

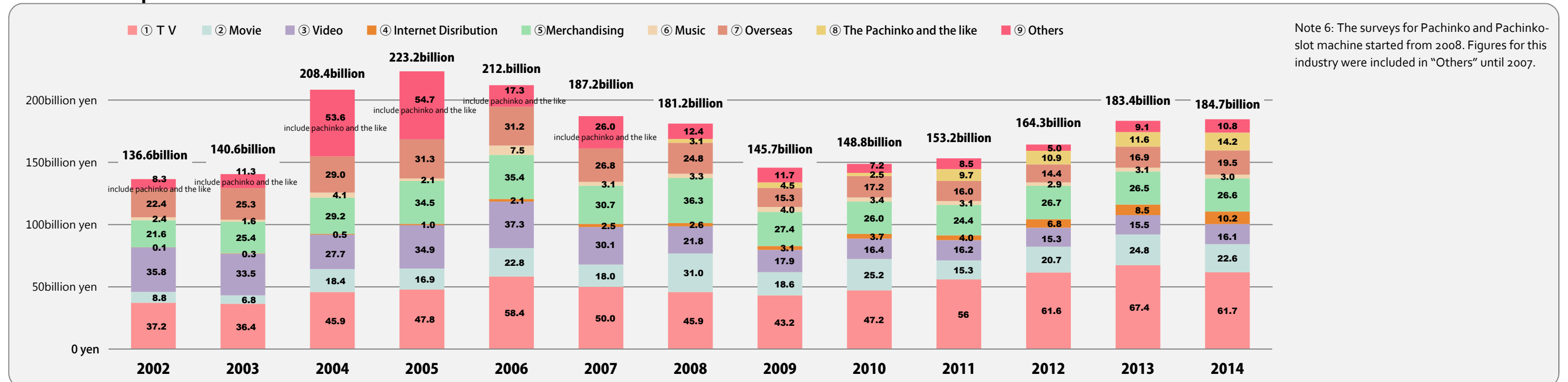
The upper part shows Japanese animation market trends in a broad sense (i.e. market size based on estimated sales in animation and animation-related product markets). The lower part shows Japanese animation market trends in a limited sense (i.e. market size based on the estimated sales revenues of all domestic commercial animation studios). It's obvious that the animation market in a broad sense is overwhelmingly larger than in a limited sense. This is because the animation-related businesses including character merchandising have significant leverage effects.

Japanese animation market trends in a broad sense (i.e. market size based on estimated sales in animation and animation-related markets) <2002 - 2014>



Based on questionnaires conducted by the Association of Japanese Animations and other publicly available statistics

Trends in Japanese animation market in a limited sense (i.e. market size based on the estimated sales revenues of all domestic commercial animation studios <2002 - 2014>)



Based on questionnaires conducted by the Association of Japanese Animations and statistics released to public

Five consecutive years of positive growth, recording the largest market size

As shown in "Trends in Japanese Animation Market (2015 version)", the Japanese animation industry recorded its best year in 2014, earning 1 trillion 269.7 billion yen (9.2 % growth from the previous year), and experiencing growth for five years running. While sales in Movie, Video, and Music categories shrunk, those in TV, Internet Distribution, Merchandising, Overseas, Pachinko and Pachinko-slot machine, and Live Entertainment categories increased. The market became too big to hold that shrunk once in 2007 and recovered from 2010, and then achieved historic records two years in a row.

Japanese animation exploited in new medium

The Japanese animation market has been expanding since 2010 thanks to the arrival of new media and other markets which promote opportunities to exploit animation content. It took 46 years before animation content, which was screened only theatrically first, came to be broadcast on TV, and another 17 years until it was distributed in the form of videogames. After the mid-2000's new media and other markets including Pachinko, Internet Distribution, and Live Entertainment were established. Those media promoted dissemination of animation content to all generations, including adults, and expanded the viability of various genres.

Topics in Japanese animation industry from 2014 to 2015

The following are the major topics covered in Anime Industry Report 2015.

<Arrival of Megahits>

Chart : Top 10 domestic box office hits in 2014 (yen in billion)

	Title	Box Office	Distributor
1	Frozen (Japanese title : ana to yuki no joou)	25.48 billion yen	Disney
2	Big Hero 6 (Japanese title : Baymax)	9.00 billion yen	Disney
3	STAND BY ME Doraemon	8.38 billion yen	Toho
4	Yo-Kai Watch: Tanjō no Himitsu da Nyan!	7.40 billion yen	Toho
5	Maleficent	5.22 billion yen	Disney
6	Rurouni Kenshin: Kyoto Inferno	5.22 billion yen	WB
7	Thermae Romae II	4.42 billion yen	Toho
8	Rurouni Kenshin: The Legend Ends	4.35 billion yen	WB
9	Detective Conan: Ijigen no Sunaipā	4.11 billion yen	Toho
10	Doraemon Shin Nobita no Daimakyo ~Peko to 5-nin no Tankentai~	3.58 billion yen	Toho

Based on the surveys conducted by Motion Picture Producers Association of Japan, The Bunka News and the Database Working of AJA:

2014 was the year for Frozen and Yo-Kai Watch. Frozen recorded the second largest box-office revenue in Japan, and Yo-Kai Watch became a megahit unrivaled since Pocket Monster. Their theme songs were played everywhere and products with their characters flooded various markets. Both were ubiquitous, creating phenomenon known to all ages nationwide. Their unanticipated success may be because people have tended to focus on new character or story developments in existing content, or perhaps its because

this is some form of turning point. Both also made us think of the revival of the age of animations. Actually six of top ten domestic box office hits in 2014 were animations, and the influence of animation and manga was also seen in live-action films. Maleficent would have been an animation work if it had been produced in the time before CG. Ruroni Kenshin, which was firstly turned into TV animation series, was based on a manga with the same title. Thermae Romae II was also based on a manga with the same title. Thus all the films ranked in the Japanese top 10 were somehow related to animation or manga contents, which shows how animation and manga are ingrained in Japanese culture.

(Acceptance and increasing demand for CG)

The second topic in the Anime Industry Report 2015 is the advancement of Computer Graphics in two different aspects. First is consumer acceptance for photorealistic CG animation as typified by Pixar animation contents, and the other is increasing demand for CG in non-photorealistic "traditional" Japanese animation. In Japan it was taken as a truism that Japanese animation was a culture of 2D expressions with clear outlines, thanks to the historical background of Japanese art, from scroll painting to Ukiyoe to manga, and that therefore Japanese people were somehow resistant to photorealistic 3DCG animation works represented by Pixar animation, which are mainstream in Western countries now. In 2014 however, the top 3 domestic box office animation films were all 3D CG animations: Frozen, Big Hero 6 and STAND BY ME Doraemon. Maybe Japanese audiences finally became accustomed to 3DCG animations (it's been 20 years since Toy Story produced with 3DCG was firstly released in Japan) or maybe the "digital-native" generation, grown up on video games full of CG animations are now in the majority of the market.

On the other hand, the demands for CG animation techniques realizing "cell-look" (solid color with outlines) but not photorealistic expressions increased among Japanese animation producers who tended to stick to the taste of traditional animation. Still now most conventional studios, which are not ready for full 3DCG production yet, are hesitant to shift from hand-drawn animation to 3DCG; however, animation production methods or expressions diversified from CG are becoming popular even under such circumstances.

In 2014, several 3DCG animation works with "cell-look" got attention. Among them were KNIGHTS of SHIDONIA and Ronjya Rovardotter (directed by Goro Miyazaki) produced by CG POLYGON PICTURES (the largest Japanese CG animation studio involved in a variety of projects in the U.S.), and Expelled from Paradise co-produced by Toei Animation and Graphinica. On the production site, animators are exhausted due to the increase of projects and volume, as shown in the chart on the next page. The "2016 Crisis" for Japanese animation industry is that each project requires twice as many animation supervisors, from 5 to now 10. Within this, Studio Ghibli, a stronghold of hand-written animation,

announced it would produce a 3DCG short animation Kemushi no Boro under the direction of Hayao Miyazaki to be screened at the Ghibli Museum. It is considered a move which suggests the future of Japanese animation studios. It is only a matter of time before the animation production process in place since 1963 will undergo significant innovations.

<Video distribution platforms>

Another topic from 2014 to 2015 is video distribution services via the Internet, which received a lot of attention not only for the remarkable market growth, but also for the expansion of flat-rate subscription services, and fierce competition among new comers. 2015 appears to have been the real start of the video distribution era. On video distribution platforms animations are strong content, popular among users, and for animation studios, they are essential platforms enabling them direct access to their consumers.

As shown in “Trends in Animation Distribution Market” below, a second distribution boom started around 2010 thanks to the dissemination of smart phones, led by communication companies, especially by video distribution services provided by NTT DoCoMo. Nippon Television purchased Hulu in February, 2014, announcing the integration of broadcasting and video distribution, and stimulating other broadcasting stations to take sides in this industry realignment.

In 2015, Netflix, the U.S video distribution giant (69 million subscribers as of the 3rd quarter in 2015) finally entered into Japanese market, as had been rumored since late 2014, reconfiguring video distribution in Japan. The arrival of Netflix and Hulu provide a substantial challenge to existing Japanese distribution platforms and TV stations.

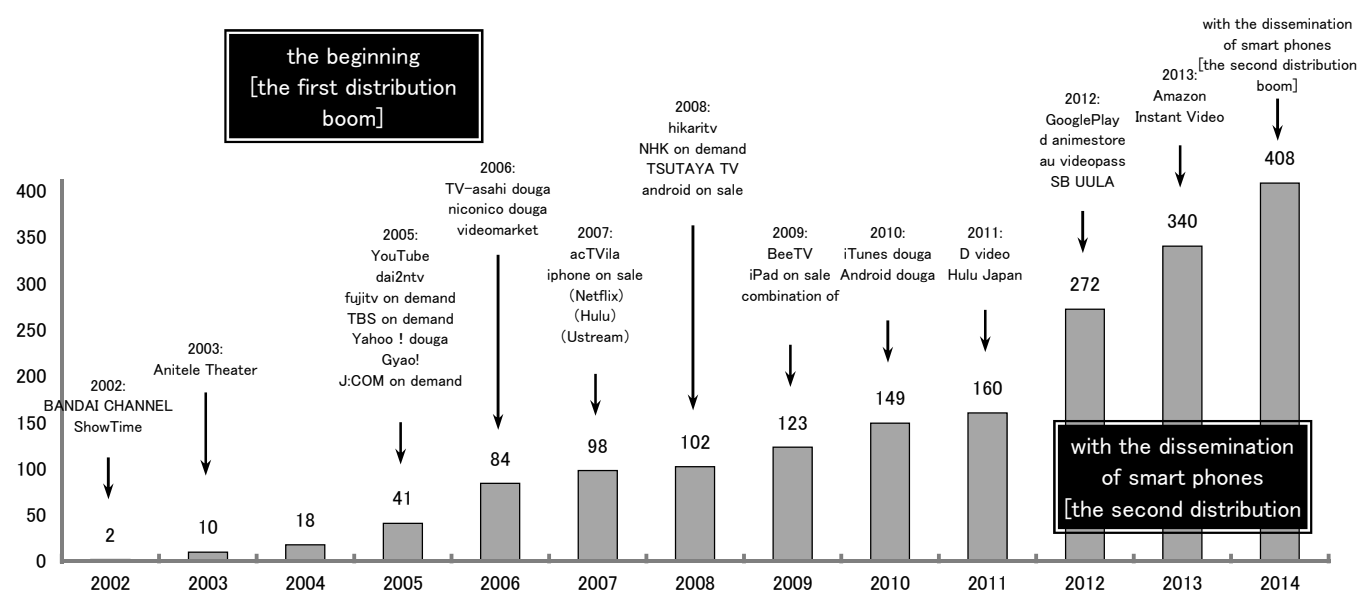
In terms of overseas markets, it was obvious videograms were replaced by online distribution, as video content distributed via the Internet can be seen on any devices, including PC, smartphones, tablets, and devices with larger monitors, and the service also has the potential to reach to pay TV markets, and other advertising revenue-driven markets beyond. Indeed, the industry recognized clearly in 2015 that this service promises to not only take the place of or be integrated with TV, but moreover become a new transmission medium.

<Between “Cool Japan” policy and reality>

The Japanese animation industry faces quite a difficult situation in overseas markets despite of the government's “Cool Japan” strategy. The chart below shows so-called “export values” for the Japanese animation industry. Though the line chart shows that the sales amount (in JPY) headed for recovery in 2014, the bar chart indicates that the amount in 2014 (after exchange conversion) was almost the same as that of the previous year, or rather the industry somehow maintained the status quo despite a decreasing trend. In light of the overall figures, the total for 2014 was less than in and after the global financial crisis, also less than the total in 2002, the year this survey started. It is therefore pre-mature to announce the recovery of the export value since 2012. One might further statethat the Japanese animation industry stepped backward within a growing global market. Some still say Japanese animation is strong enough in the global market, however, the reality is indeed challenging.

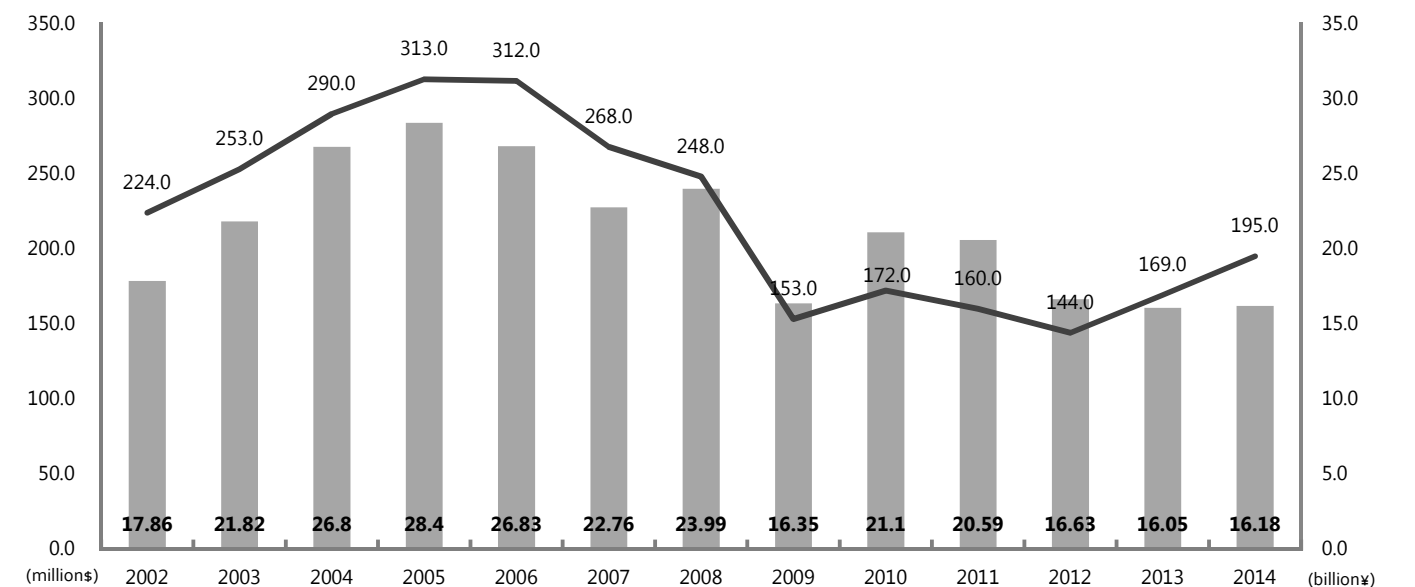
In 2014, it also became clear that theJapanese animation industry was weak in distribution channels, compared to Hollywood. Actually just one media & entertainment giant in Hollywood earns more than the total revenue of all Japanese animation studios. On the other hand, Japanese animation would have further possibilities if developed globally under Internet distribution channels. In July 2014, KNIGHTS of SHIDONIA was distributed globally by Netflix, and it made the industry imagine that video distribution services might be key to changing th Japanese animation industry fundamentally. The fate of contents holders may be determined by global platform distributors like Amazon, Apple, or Googlebecause the value of distributing content directly to tens of millions, or hundreds of millions of end users all over the world is so attractive. It’s also worth seeing whether DAISUKI, a newborn domestic platform can retain its strength in the market. In any case, the Japanese animation industry has no choice but to expand its businesses overseas through the Internet distribution.

Chart : Trends in Animation Distribution Market (yen in billion)



Based on the survey conducted by Association of Japanese Animations

Chart : Overseas Sales of Japanese Animation Industry (bars: amount after exchange conversion (\$ in million), lines: actual amount (¥ in billion))



Calculated by Mr. Yuji Mori based on the survey conducted Association of Japanese Animations

Trends in Japanese Animation Market (2015 version)

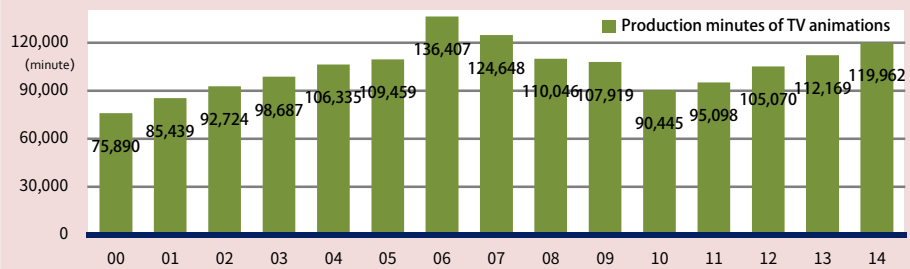
Strong earning in TV, Movie, Merchandising, and Internet Distribution while downturn in Video package sales

Production minutes of TV animation (2000-2014)

* Figures for 2011 have been recalculated, increasing from the figures in the 2014 report.

Record production minutes of late-night animation programs approach the production minutes of day-time animation programs

The total production minutes of TV animations have increased for four years running (6.9% increase over 2014). In 2014, the production minutes of late-night animation programs were 57,868 minutes, a record-high in the history, while those of day-time kids & family animation programs were 62,094 min., almost unchanged compared to the previous year. The total production minutes of all animation programs broadcast per year, which had dramatically increased since the mid 90s, set a record in 2006. The minutes decreased, and bottomed out in 2010, but again increased, showing a V-shape recovery. In 2014, the production minutes were the 3rd highest in history, next to those of 2007, when the industry still could enjoy leftover from the "animation-bubble" of the previous year.



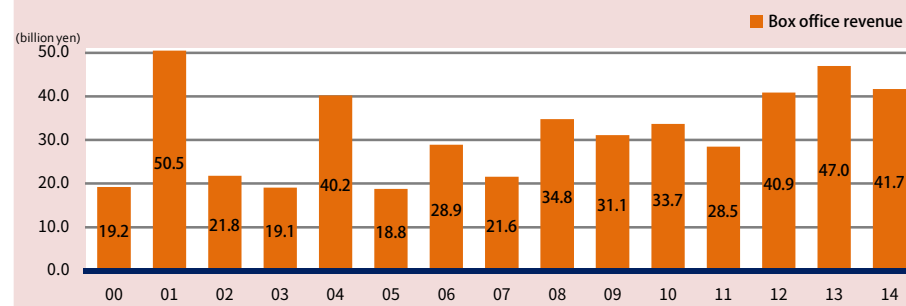
Based on the survey conducted by The Association of Japanese Animations.

Box office revenue of theatrical animations (2000-2014)

All theatrical animation movies released not only via ordinary distribution routes but also independently are included in this survey.

Strong theatrical animation thanks to big hits, in spite of a drop in revenue from Ghibli works

The total box office revenue of theatrical animations was 4.17 billion yen in 2014 supported by some big hits, including STAND BY ME DORAEMON, and Yo-kai Watch, though Studio Ghibli released just one movie, When Marnie Was There. Annual box office revenue from non-Ghibli theatrical animations was 38.2 billion yen, which indicates that theatrical animations have been strong since 2012. However, only 8 theatrical animations earned over 1 billion yen in 2014, compared to records set in previous years (9 works in 2010, 10 works in 2011, 8 works in 2012, and 14 works in 2013).

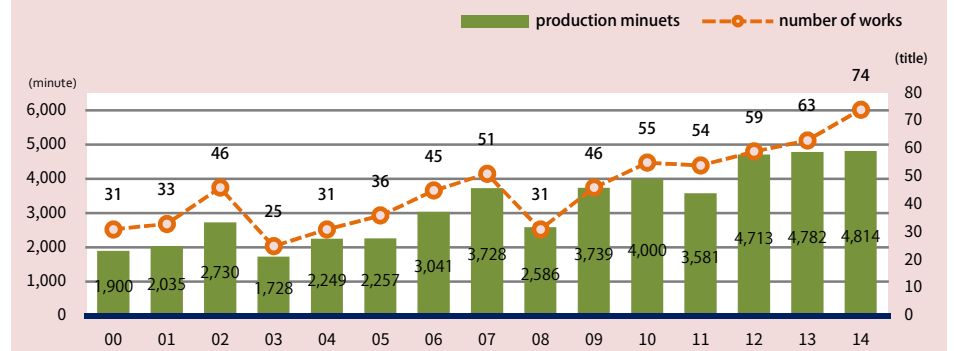


Edited based on the data provided by Motion Picture Producers Association of Japan, Inc., Kinema-Junpo, and Bunkatsushin (edited by Mindbase, Inc. from 2000 to 2008 and by The Association of Japanese Animations from 2009 to 2014).

Number of theatrical animation works and their production minutes (2000-2014)

Increase of theatrical animations due to digitalization

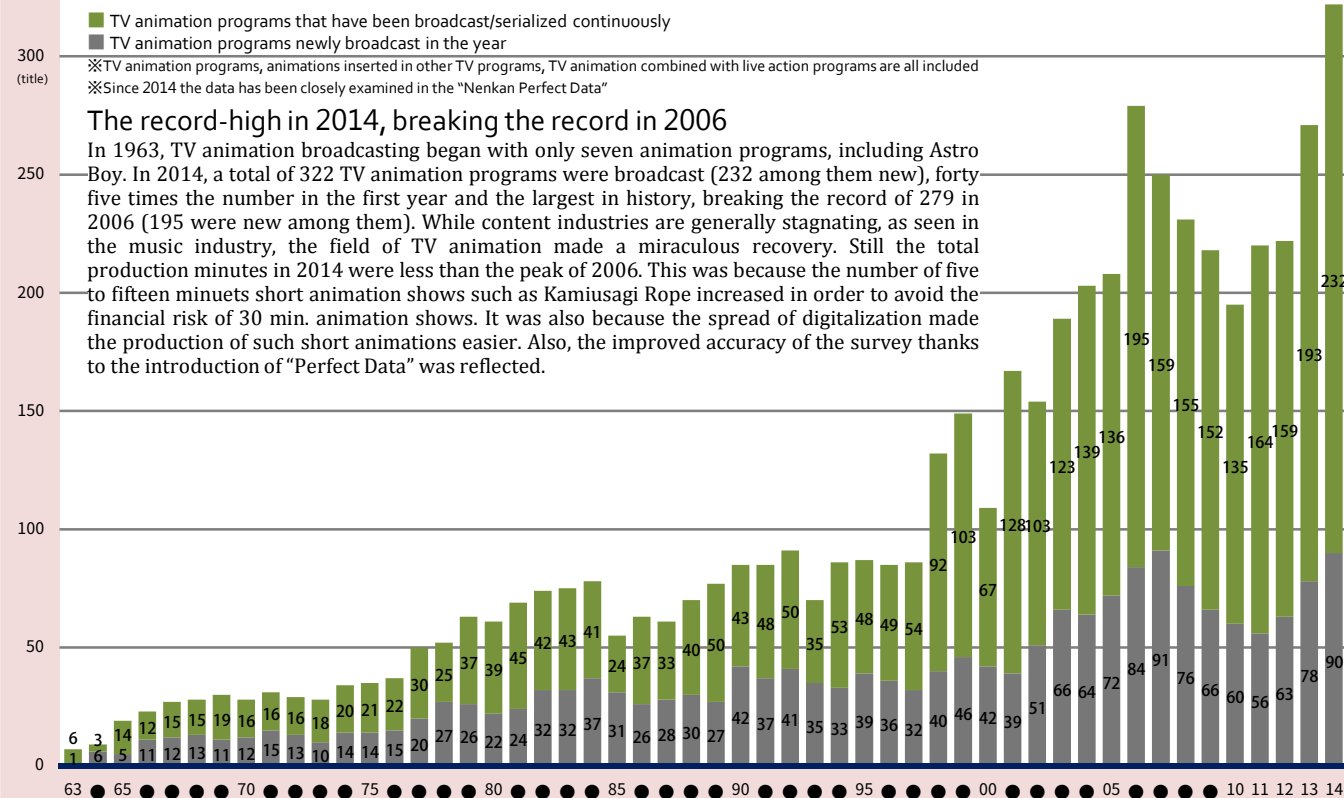
The number of theatrical animation works increased remarkably since 2012, and the annual production minutes exceeded 4700 production minutes for three years running. This trend indicates that the animation industry became more theatrical animations-based which, though risky, considering the stagnation of videogame businesses as its secondary revenue stream still brings ancillary profits. Another contributing factor was the digitalization of production and screening, which served to spur theatrical animation.



Based on the survey conducted by The Association of Japanese Animations.

Other data related to the Japanese animation industry

Number of TV animation programs (1963-2014)



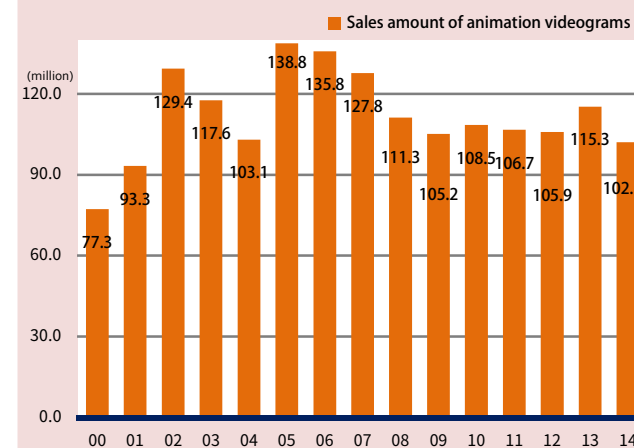
Based on the survey conducted by The Association of Japanese Animations.

Animation videograms (2000-2014)

※Sales of animation videograms includes revenue from Japanese animation for adults and children (based on the report issued by Japan Video Software Association).

Almost flat for 6 years running

Sales of animation videograms in 2014 was 102 billion yen, a 13.2 billion yen decline, and 88.6% of the total for 2013. Since 2008, in which the sales dropped to 111.3 billion yen, a 16.5 billion yen decline from the previous year, sales had remained almost flat for 6 years running. In 2014, the 13.2 billion yen decline was seen as due to a recoil from strong sales in 2013. It seems obvious that the videogram businesses has peaked globally, still, big hits successfully reaching end users can sell unprecedentedly, as shown in the case of Frozen which sold about 2.3 million videograms in Japan.



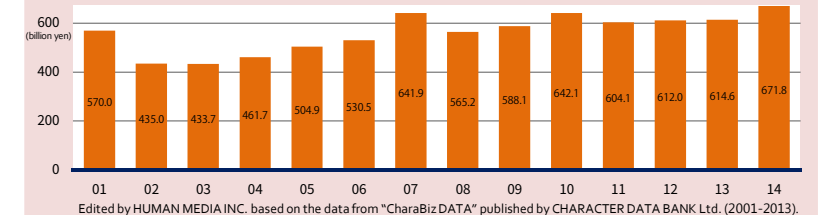
Based on the report published by the Japan Video Software Association.

Merchandising related to animations (2000-2014)

※ Sales of the top 100 Japanese animation character sales ranking were tallied.
 ※ Sales arising from the use of characters in advertisements, promotions and Pachinko and Pachinko-slot machines were not subject to the survey.
 ※ Totals from 2007 to 2013 were recalculated in 2014.

9.5% Market growth from the previous year, led by Yo-Kai Watch

In 2014, Japanese merchandising market related to animation characters expanded significantly, recording 655.2 billion yen in sales, a 9.5% growth from the previous year. This result reflected the profound impact of Yo-Kai Watch, the big hit of the year, which developed in cross-media involving games, animations, manga and merchandise. Also, merchandising related to animations targeted for adults and core animation fans continued to increase. Thus overall merchandising market related to animation did well.

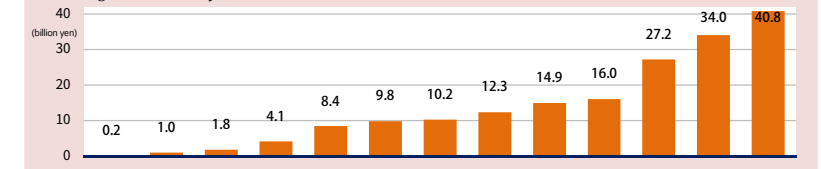


Edited by HUMAN MEDIA INC. based on the data from "CharaBiz DATA" published by CHARACTER DATA BANK Ltd. (2001-2013).

Animation distribution via the Internet (2002-2014)

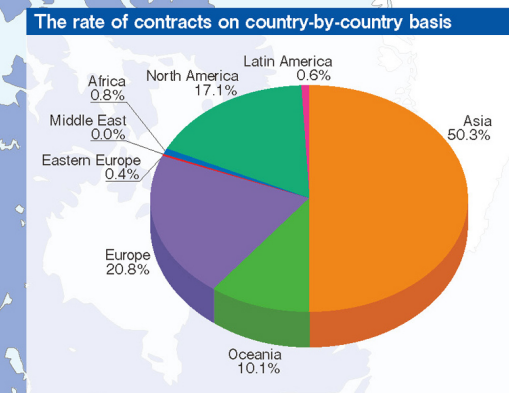
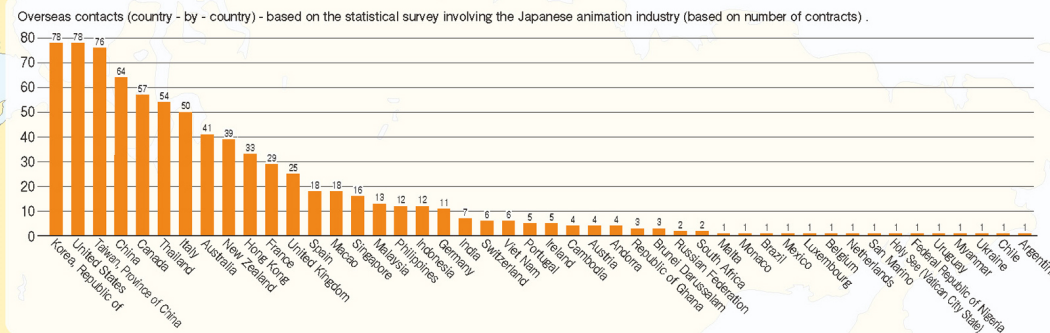
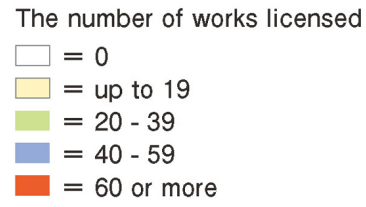
The market expanded along with the dissemination of smartphones, to achieve near parity with the theatrical animation market

In 2014, revenue from the animation distribution market via the Internet was 40.8 billion yen, a 20% increase from the previous year. This brought it to near parity with the theatrical animation market, meaning that the Internet distribution market may surpass that of theatrical animations in 2015. The dramatic growth of the market since 2012 is due to the dissemination of smart phones as well as the entry of communication platform-capital into the market. It remains to be seen whether the existing videogame businesses now declining is taken over by Internet distribution services.



Based on the survey conducted by The Association of Japanese Animations.

Japanese Animation in Overseas Markets (2015 version)

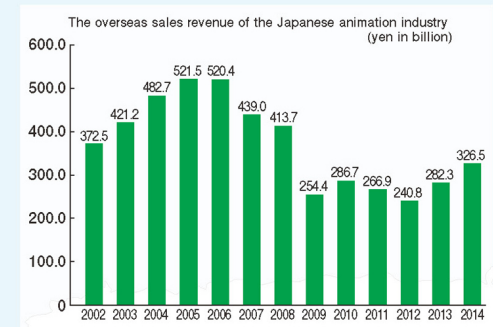


Overview of the Japanese animation industry overseas based on responses to the Anime Industry Survey questionnaire

In 2014, a total of 1022 contracts were made in overseas markets based on responses from 16 companies. Looking at the data by country, United States came second, taking over the position from Taiwan in 2013. Canada and the Oceania region were ranked higher while China and Hong Kong were ranked lower. Also the share of the contracts made with top 10 countries was 55.8%, less than the share in the previous year (75.4%) since the contracts made with middle-ranked countries increased. In terms of sales, it seemed recovered in 2014; however, it's almost the same as the the previous year after currency exchange conversion. It is not too much to say that Japanese animations in overseas markets are stagnating considering the global growth.

The Number of contracts on area-by-area basis

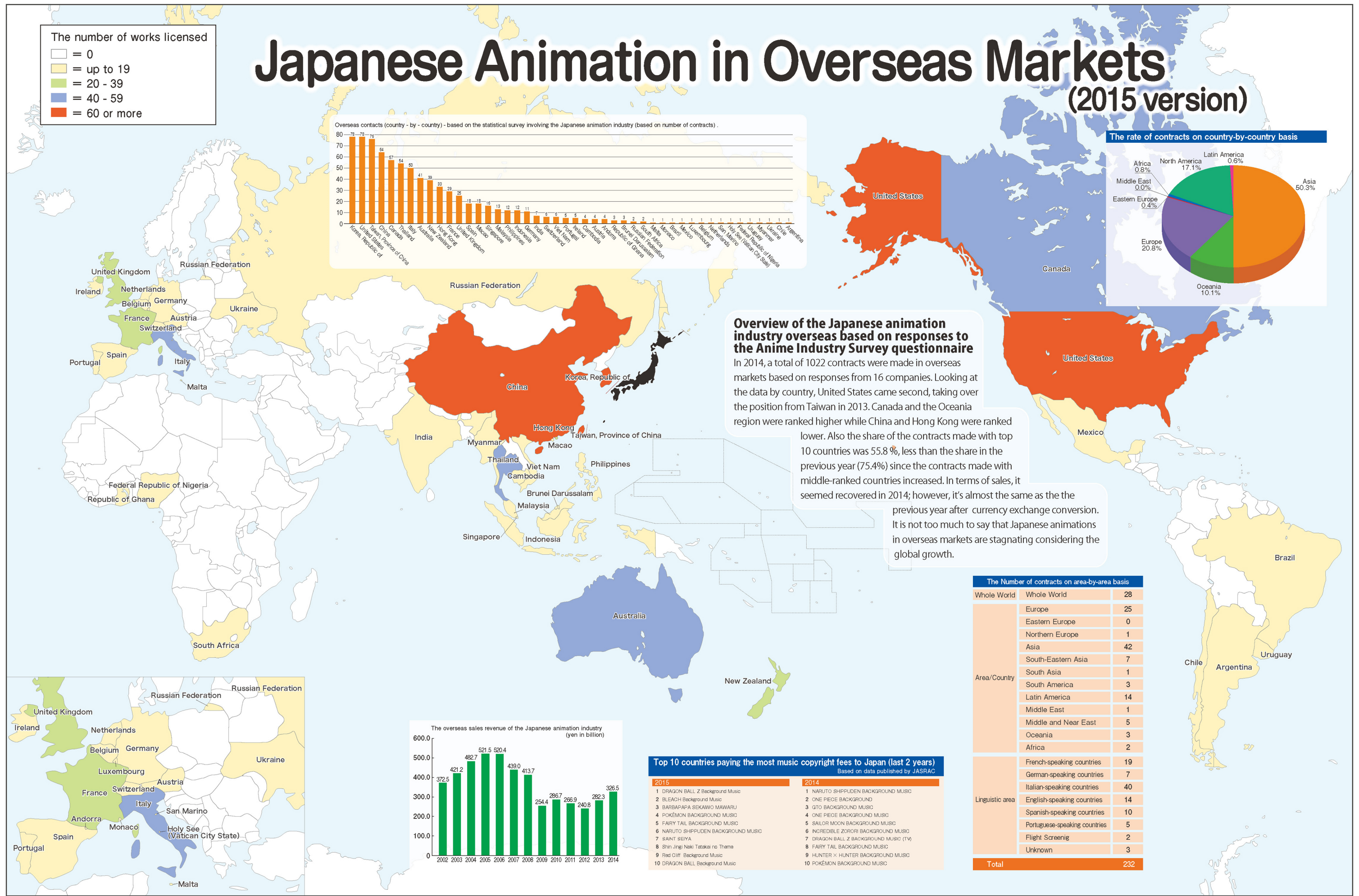
Area/Country	Number of Contracts
Whole World	28
Europe	25
Eastern Europe	0
Northern Europe	1
Asia	42
South-Eastern Asia	7
South Asia	1
South America	3
Latin America	14
Middle East	1
Middle and Near East	5
Oceania	3
Africa	2
French-speaking countries	19
German-speaking countries	7
Italian-speaking countries	40
English-speaking countries	14
Spanish-speaking countries	10
Portuguese-speaking countries	5
Flight Screenig	2
Unknown	3
Total	232



Top 10 countries paying the most music copyright fees to Japan (last 2 years)

Based on data published by JASRAC

Year	Rank	Country
2015	1	DRAGON BALL Z Background Music
	2	BLEACH Background Music
	3	BARBAPAPA SEKAWO MAWARU
	4	POKEMON BACKGROUND MUSIC
	5	FAIRY TAIL BACKGROUND MUSIC
	6	NARUTO SHIPPUDEN BACKGROUND MUSIC
	7	SAINT SEIYA
	8	Shin Jingi Neki Tetsukai no Thema
	9	Red Cliff Background Music
	10	DRAGON BALL Background Music
2014	1	NARUTO SHIPPUDEN BACKGROUND MUSIC
	2	ONE PIECE BACKGROUND
	3	GTO BACKGROUND MUSIC
	4	ONE PIECE BACKGROUND MUSIC
	5	SAILOR MOON BACKGROUND MUSIC
	6	INCREDIBLE ZORORI BACKGROUND MUSIC
	7	DRAGON BALL Z BACKGROUND MUSIC (TV)
	8	FAIRY TAIL BACKGROUND MUSIC
	9	HUNTER X HUNTER BACKGROUND MUSIC
	10	POKEMON BACKGROUND MUSIC



Distribution map of Japanese animation studios (2011 version)

* Animation studios in this survey include all companies and freelancers, either original contractors or sub-contractors, engaged in one or more of the following: planning, production, script writing, directing, key animation, in-between animation, computer graphics, flash, background, art, special effects, compositing, sound effects, music, and/or editing in connection with animation production.

Trends seen in the distribution map.

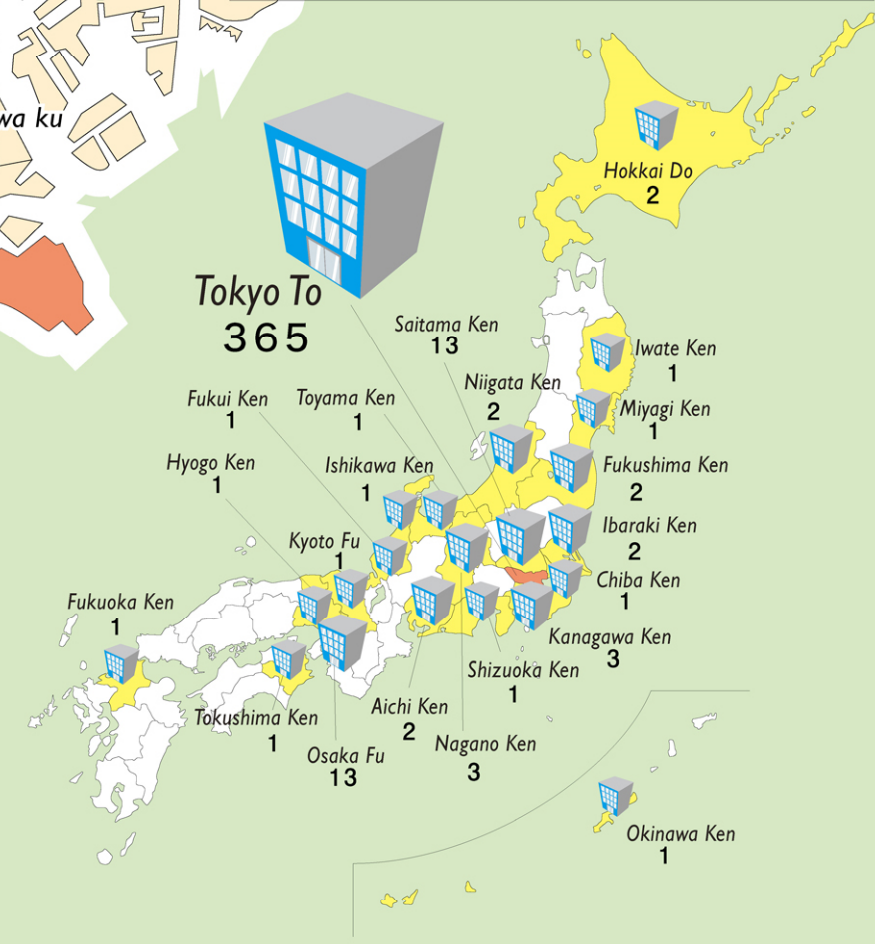
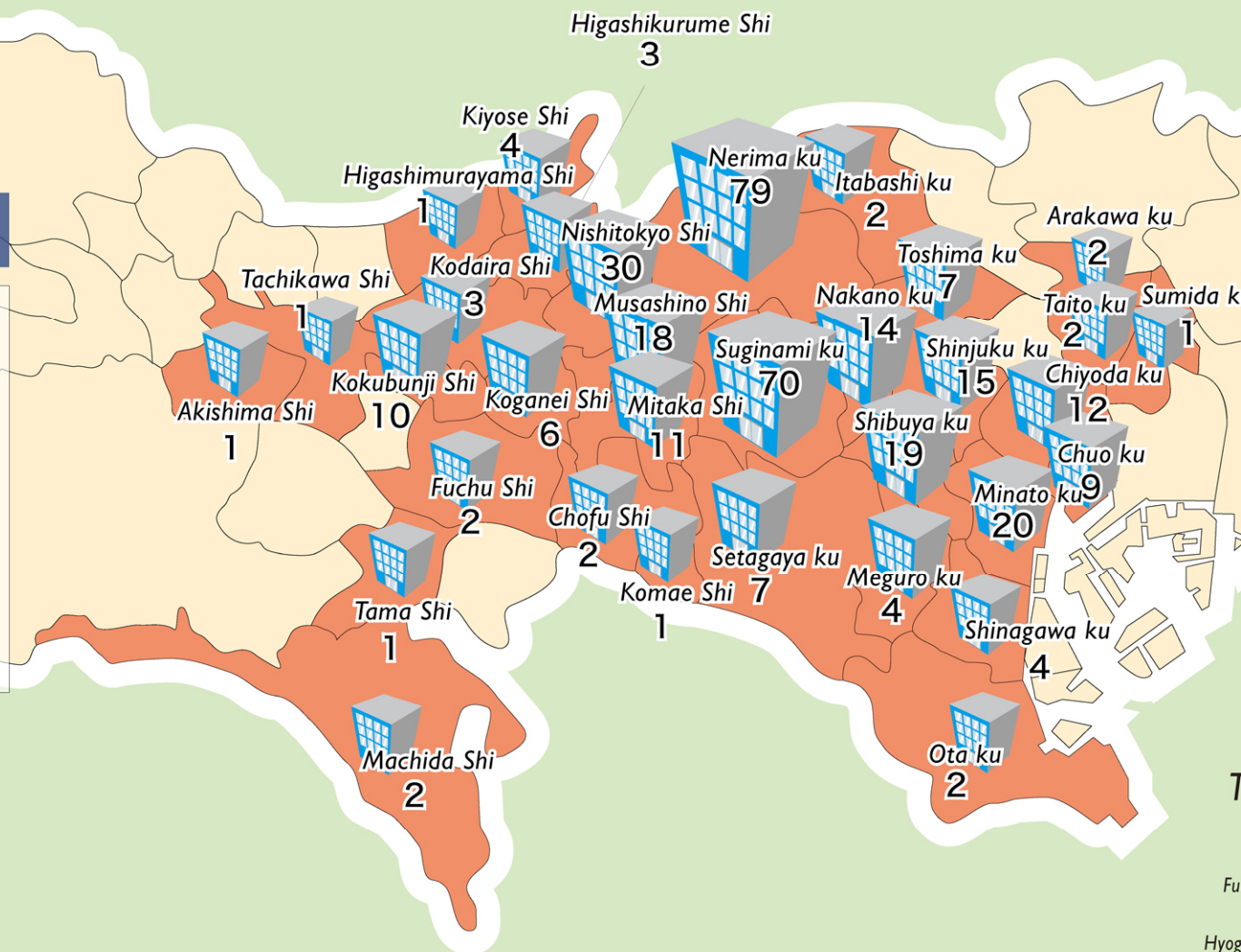
As apparent on the distribution map, most animation studios (87% of all studios) are located in Tokyo, especially in Nerima ward and Suginami ward. Concerning Nerima ward, two famous studios Toei Animation and Mushi Production are located in Oizumi and Takanodai, which inspired other studios to base themselves in Nerima. Regarding Suginami ward, which is adjacent to Nerima, TMS Entertainment, another well-known studio, was located there in the 1970's. This may be the reason many studios are concentrated in both areas.

Regional animation promotion.

Local governments as well as local industries are now trying to exploit animation, which has the potential to create additional value in their businesses. Kuki city (previously Saginomiya) in Saitama Prefecture is known as the setting of "Lucky☆Star". The city received great economic benefit thanks to the fans visiting the city as a "holy place". Miyagi Prefecture used characters appearing in "Sengoku BASARA" on miso and rice products to increase sales. They also collaborated on items for the Sendai Tanabata Festival. Another example is the case of Oarai in Ibaragi. A lot of tourists visit the town since it is the setting of "GIRLS und PANZER"

Animation studios outside Tokyo.

While most animation studios are concentrated in Tokyo, several local studios such as Kyoto Animation and P.A. Works (Nanto, Toyama) are also doing well. Although they lack business convenience, they work in an environment where they can concentrate on their works. Ufotable Tokushima Office, Asahi Production Miyagi Shiraishi Studio, and Anitus-Kobe are also studios we are paying close attention to.



Sum 419

The summary of latest movements in Japanese animation industry

Anime Industry 2015

The Association of Japanese Animations is engaged in conducting research, maintaining statistics and analyzing data in connection with the Japanese animation industry and has released annual reports since 2009 in order to broadly disseminate information at home and abroad.

Now, the 2015 report is ready. With the increase of merchandising market and distribution rights business, in this new report, the size of Japanese animation industry in 2014 is reported as 1.6296 trillion yen.

This year, we also published a supplement 「Annual Perfect Data」 of all the anime in 2014.

The report is for students interested in the animation industry, animation researchers, and people involved in the animation industry. We hope the report will be helpful to you.

■Outline

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【Contents】

1. General overview of animation industry 2014

※Overview of the market trends/Japanese animation industry –tide of business and investment in animation related entities/“hot topics” in the industry

2. Explanation of each section

※TV animation/Theatrical animation/Video animation/Distribution/Secondary exploitation including merchandising/
Animation music/ Live entertainment

3. Overseas trends

※Japanese animation in the international market

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《Back Numbers》 the year 2009, 2010, 2011, 2012, 2013 and 2014 versions are also available at the stores above.

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