

Anime Industry Report 2019

Summary

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April, 2019

The Association of Japanese Animations

The market recorded the highest sales in 2018, however, overseas sales, the driver of the Japanese animation market, slowed down.

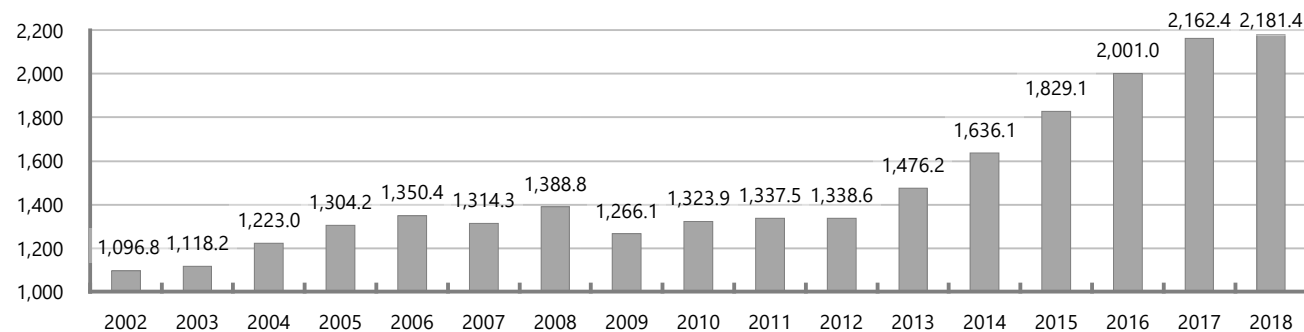
In 2018, the Japanese animation market recorded 9 consecutive years of growth since 2010, with 6 consecutive years of record-breaking high sales. The growth rate over the previous year, however, was 100.9% due to the slowdown of overseas sales (101.4%) compared to 178.7% in 2015, 131.6% in 2016 and 129.6% in 2017. On the other hand, while the domestic market had decreased for the past 3 consecutive years, it recovered slightly (100.4% over the previous year).

Rapid Growth of the Animation Market Slowed Down

Although the Japanese animation market recorded consecutive growth in 2018 [Fig. 1], the record (100.9% over the previous year) was low, which might have resulted in the market falling into negative territory. TV (107.0% in 2018, 100.9% in 2017), Movie (103.9% in 2018, 61.8% in 2017), Internet (110.2% in 2018, 113.0% in 2017), Music (104.1% in 2018, 93.2% in 2017*), Overseas (101.4% in 2019, 129.6% in 2017), Pachinko (105.5% in 2018, 95.4% in 2017), and Live Entertainment (123.1% in 2018, 118.2% in 2017) expanded while Videogram (76.7% in 2018, 97.1% in 2017) and Merchandising (95.6% in 2018, 73.0% in 2017) shrank. In terms of sales volume, Videogram (-17.8 billion yen) and Merchandising (-22.9 billion yen) decreased significantly while Pachinko (+14.8 billion yen) and Overseas (+14.4 billion yen) increased, stopping the overall market falling into negative territory. Generally speaking, it is undeniable that the rapid growth of the Japanese animation market in the past years slowed down.

* Sales via Internet distribution have been included in the survey since 2018. Sales from conventional media were 98.6% over the previous year.

[Figure 1] The Japanese Animation Market in a Broad Sense (Yen in billions)



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

Topics in the Japanese Animation Industry from 2017 to 2018

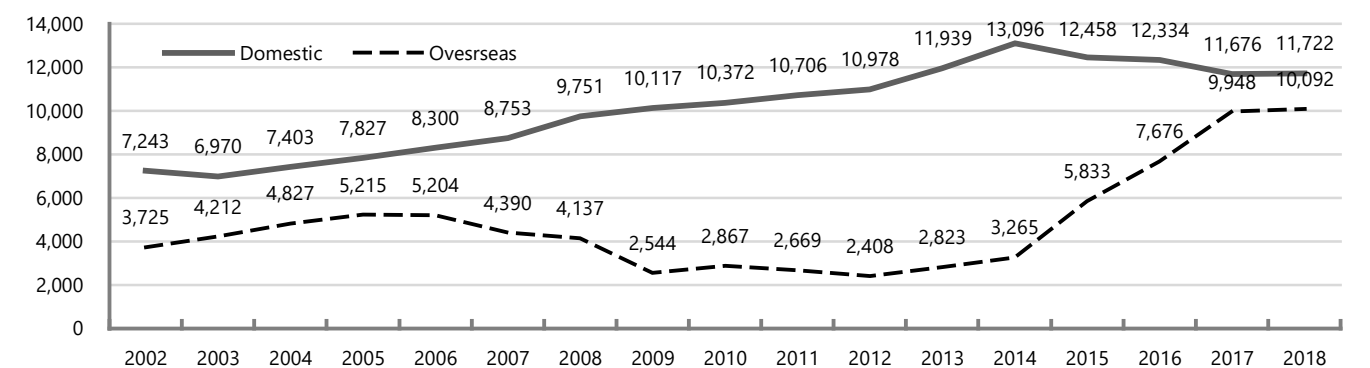
〈Is the Overseas Market Slowing Down?〉

As seen in the comparison between the domestic market size and the overseas market size [Fig. 2], the maximum margin was 911.16 billion yen in 2013. Then the margin rapidly narrowed to 172.8 billion yen in 2017. Considering the growth rate of the overseas market in past years, it was more likely that the overseas market overtook the domestic market in 2018. The overseas market, however, increased slightly by 14.4 billion yen and the domestic market also increased slightly by 46 billion yen. As a result, the expected reverse did not happen. Why did the overseas market

suddenly slow in 2018?

A lot of people in the industry mention the slowdown of the Chinese market as the major factor. It is widely known that China imposes strict regulations on expressions in media content, including movies and TV. On the other hand, the regulations on the Internet were considered rather mild until recently. China, however, decided to impose regulations as strict as those applied on the existing media on the Internet due to its growing impact. In addition, it decided to apply the censorship system for conventional media content to Internet content, too. As a result, the reluctance of buyers due to the concern over the impact of the regulations surfaced in the middle of 2018, although the regulations were unenforced until April 2019.

[Figure 2] The Trend of the Domestic Market and Overseas Market in a Broad Sense (hundred million yen)



Based on questionnaires conducted by the Association of Japanese Animations
 ※The annual average rate of Principal Global Indicators is adopted as the exchange rate.

〈The Anime Window Opened at the Full-scale Turning Point〉

In 2018, the downfall of Videogram stood out the most. Among the current 9 genres (or windows) of the animation market [Fig. 3], 7 genres (i.e. TV, Movie, Videogram, Internet, Merchandising and Overseas) have existed since the beginning of the survey. But there were actually 6 genres at the very beginning, since the survey included the Internet starting in 2002. Then Pachinko was added in 2009 and Live Entertainment was added in 2013. Thus, the genres included in the animation market have changed constantly, though some have risen while some have fallen. What is remarkable is the rise of Internet and the decline of Videogram. This trend is attributed to “digitalization”. On the other hand, the growth of Live Entertainment, hot and very humanly direct media, is notable. In the near future, Digital Merchandising* and Net Gaming** originating from animations might be added as new genres and Videogram might be removed. The effect of animation on the economy is constantly changing.

* Digital merchandising is not included in the genre of Merchandising at this moment.

** Conventional physical game platforms are included in the genre of Merchandising.

[Figure 3] Japanese animation market trends in a broad sense (billion yen)

item	2002	2003	2004	2005	2006	2007	2008	2009	2010
①TV	124.1	116.5	110.0	104.1	100.3	92.4	94.6	95.5	89.5
②Movie	19.8	19.6	38.0	17.8	28.4	21.2	33.8	29.9	33.8
③Video	129.4	117.6	103.1	138.8	135.8	127.8	111.3	105.2	108.5
④Internet Distribution	0.2	1.0	1.8	4.1	8.4	9.8	10.2	12.3	14.9
⑤Merchandising	435.0	433.7	461.7	504.9	530.5	597.4	536.4	559.7	627.4
⑥Music	13.8	9.1	23.5	12.0	26.1	26.3	35.0	41.4	40.6
⑦Overseas	372.5	421.2	482.7	521.5	520.4	439.0	413.7	254.4	286.7
⑧The Pachinko and the like	-	-	-	-	-	-	152.8	166.5	122.6
⑨Live Entertainment	-	-	-	-	-	-	-	-	-
Total	1,095	1,119	1,221	1,303	1,350	1,314	1,388	1,265	1,324

item	2011	2012	2013	2014	2015	2016	2017	2018	前年比
①TV	90.0	95.1	102.0	110.7	107.2	105.9	106.9	114.4	107.0%
②Movie	28.5	40.9	47.0	41.7	47.7	66.3	41.0	42.6	103.9%
③Video	106.7	105.9	115.3	102.1	92.8	78.8	76.5	58.7	76.7%
④Internet Distribution	16.0	27.2	34.0	40.8	43.7	47.8	54.0	59.5	110.2%
⑤Merchandising	594.3	573.2	598.5	655.2	579.4	562.7	523.2	500.3	95.6%
⑥Music	32.5	28.3	29.6	29.2	32.5	36.9	34.4	35.8	104.1%
⑦Overseas	266.9	240.8	282.3	326.5	583.3	767.6	994.8	1,009.2	101.4%
⑧The Pachinko and the like	202.6	227.2	242.7	298.1	294.1	281.8	268.7	283.5	105.5%
⑨Live Entertainment	-	-	24.8	31.8	48.4	53.2	62.9	77.4	
Total	1,338	1,339	1,476	1,636	1,829	2,001	2,162	2,181	100.9%

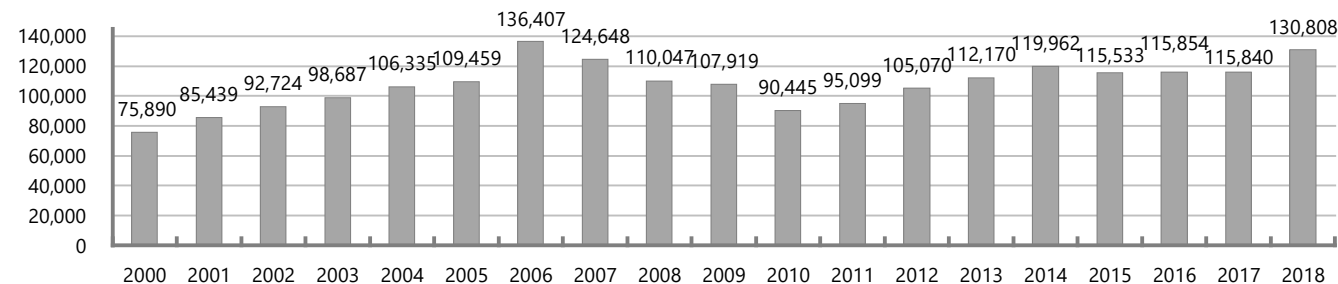
Based on questionnaires conducted by the Association of Japanese Animations and other publicly available statistics

〈The 2nd Most Production Minutes Recorded in 2018〉

It has already been mentioned that the increase and decrease of the production minutes of TV animations determine the practical economic trend of the Japanese animation industry since Japan is the country of TV animations. As seen in Fig.4, the production minutes in 2018 recorded 130,808 minutes, which was 112.9% of the previous year's minutes and the 2nd most since the survey started. The increase of 14,968 minutes is equivalent to the total production minutes of ten titles of 30-minute animation series (about 50 titles are aired per year in Japan). If the production minutes of original animation works distributed on VOD services such as Netflix are included, the result would exceed 136,407 minutes, a record high in 2006. This significant increase is directly attributed to the increase of new animation works; however, it is hard to say whether it is attributed to increasing demand for animation or to productivity improvement associated with digitalization. Probably both..

One thing for sure is that quality deterioration, which was seen in 2016, was not found in 2018 despite the significant increase. There was no case that all the production was left to overseas subcontracts while a certain level of quality was maintained (although there were some cases in which broadcasting was postponed). It seems the only way to judge whether there is further space for growth of the production minutes or not is to watch the trend from 2018 closely.

[Figure 4] Production Minutes of TV Animations



Based on a survey conducted by the Association of Japanese Animations

〈Spider-Man: Into the Spider-Verse Brought a New Wave in U.S Animations〉

The total box office arising from U.S. animations in North America in 2018 recorded 1,639,010,000 U.S. dollars, 113.8% over the previous year. Looking at shares by studios, Pixar/Disney occupies 49.4%, overwhelming others; Illumination occupies 16.5%; and Sony Pictures Animation, which released three animation works in the year, occupies 21.8%. The three studios occupied 88.7% of the total. What was remarkable was Spider-Man: Into the Spider-Verse, the Oscar winner for Best Animation Feature. Sony Pictures Animation won the Oscar for the first time with this work. Director Yoshiyuki Tomino quoted, "For Americans involved in the film industry, this animation would be the first theatrical animation produced 'not for children'". This has a significant meaning for the Japanese animation industry since it recognized that Hollywood has finally advanced into the realm overlapping with the adult animation market that had been Japan's monopoly. If this trend shifts into high gear, the existence of Japanese animation may be questioned again.

[Figure 5] Box Office of Major Animation Works Released in the U.S. in 2018 (in U.S. dollar)

	Title	BOX OFFICE	film distribution	Production
1	Incredibles 2	\$608,581,744	Buena Vista (Disney)	Pixar Animation Studios
2	The Grinch	\$270,620,950	Universal	Illumination
3	Ralph Breaks the Internet	\$201,091,711	Buena Vista (Disney)	Walt Disney Animation Studios
4	Spider-Man: Into the Spider-Verse	\$190,241,310	Sony / Columbia	Sony Pictures Animation
5	Hotel Transylvania 3: Summer Vacation	\$167,510,016	Sony / Columbia	Sony Pictures Animation
6	Smallfoot	\$83,240,103	WB	Warner Bros. Animation
7	Sherlock Gnomes	\$43,242,871	Paramount	Paramount Animation
8	Isle of Dogs	\$32,015,231	FoxS	Studio Babelsberg
9	Teen Titans Go! To the Movies	\$29,790,236	WB	Warner Bros. Animation
10	Early Man	\$8,267,544	LGF	Aardman Animations Ltd
11	Sgt. Stubby: An American Hero	\$4,015,935	FunAcad	Fun Academy Media Group
12	RWBY Volume 6 Premiere	\$238,379	Fathom	Rooster Teeth Productions

By AJA based on BOX OFFICE MOJO

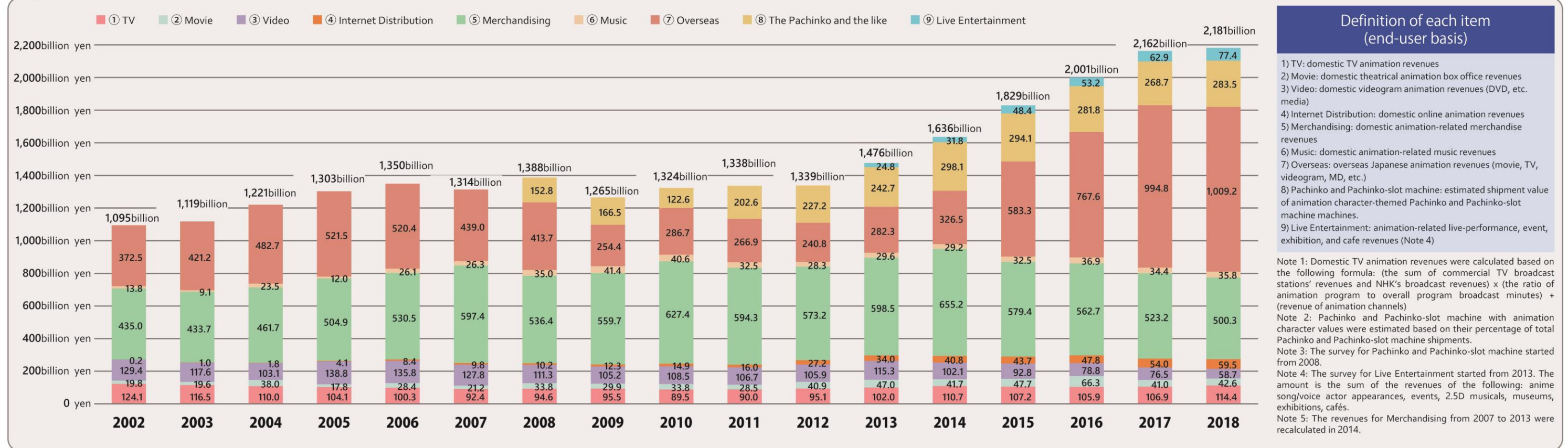
〈Will the Arrival of a Mega Hit in China Reignite Chinese Interest in Investment?〉

The Chinese theatrical animation industry started the year 2019 with uncertainty due to the significant decline of the box office since 2016; however, a work which totally dispelled such worry finally arrived. The 3D animation Ne Zha, released during the summer vacation of the year, rapidly increased its box office with tremendous speed, easily sweeping past the record of the box office champion of Chinese animations, Hero is Back (957 million yuan/15.3 billion yen*), and the record of the box office champion of overall animation in China, Zootopia (1.533 billion yuan/24.5 billion yen). Ne Zha finally recorded 5 billion yuan (80 billion yen), overtaking the Chinese record of the world box office champion, Incredible Family. This will surely trigger a boom in production investments that have been slowing down since Hero is Back and accelerate the expansion of the Chinese animation industry. But there is a risk that China will detach itself from Japanese animation. Chinese creators, including the director of Ne Zha, were born in the 80s and were deeply influenced by Japanese manga, anime, and games. Now it seems those creators have already mastered their own expression methods and fully absorbed Japanese cultures. It is questioned whether China, with such talented creators, still needs to collaborate with Japan. We will keep an eye on the trends from now on.

Trends in Japanese Animation Market (2019 version)

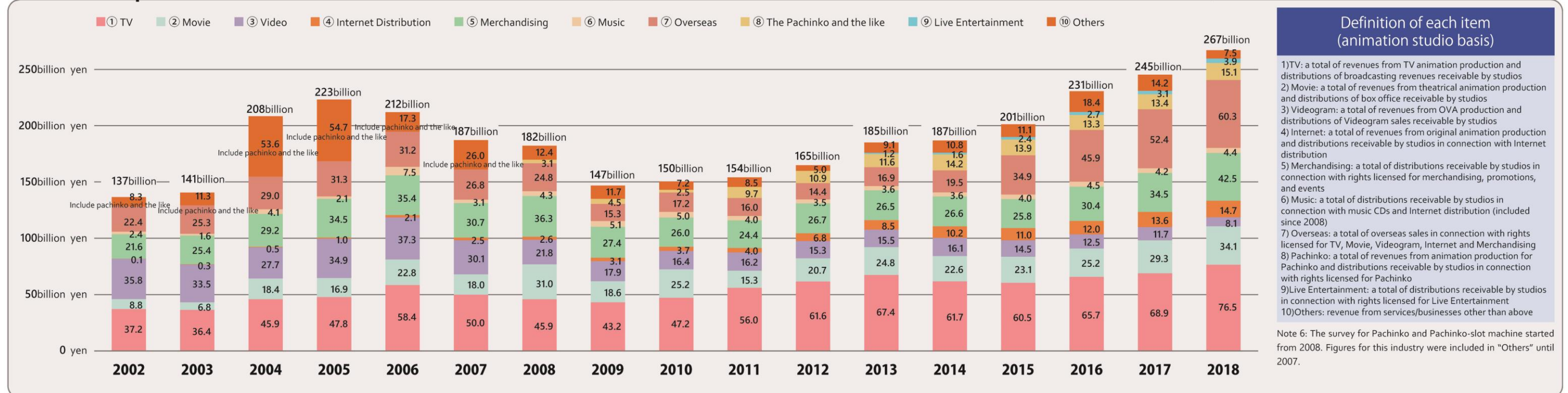
The upper part shows Japanese animation market trends in a broad sense (i.e. market size based on estimated revenues in animation and animation-related product markets). The lower part shows Japanese animation market trends in a more limited sense (i.e. market size based on the estimated revenues of 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 revenues in animation and animation-related markets) (2002 – 2018)



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 revenues of all domestic commercial animation studios) (2002 – 2018)

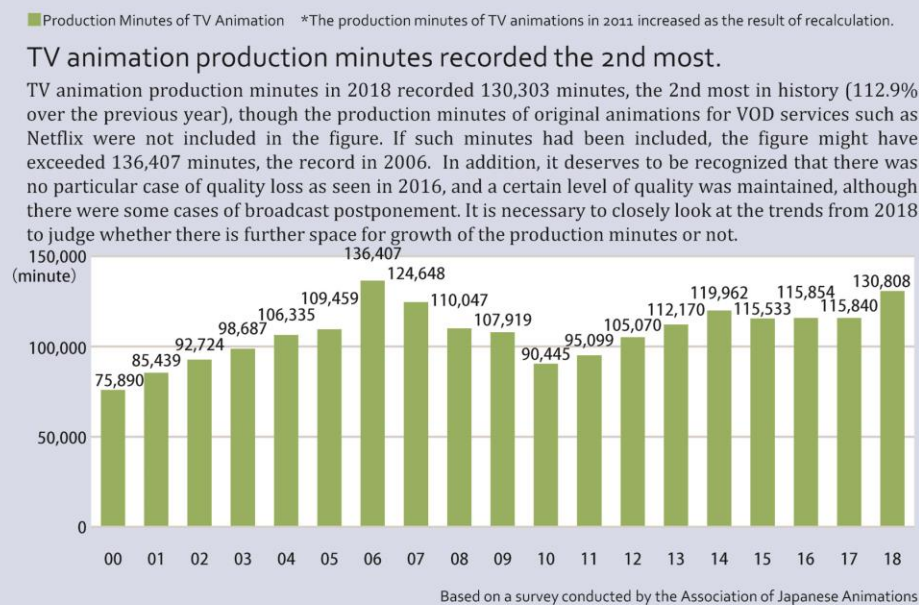


Based on questionnaires conducted by the Association of Japanese Animations and statistics released to public.

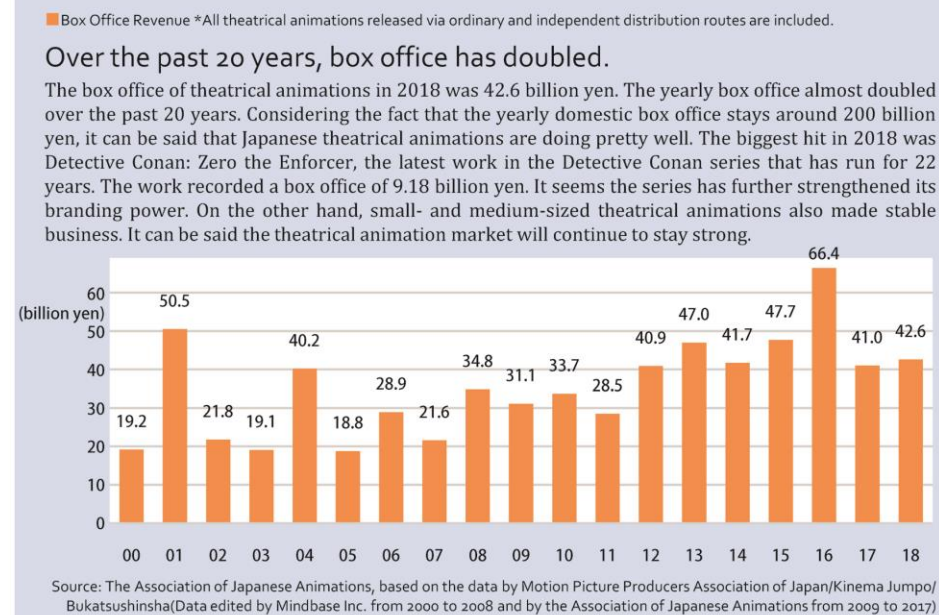
Trends in Japanese Animation Market (2019 version)

Internet Overtook Videogram in the Diversifying Animation Business

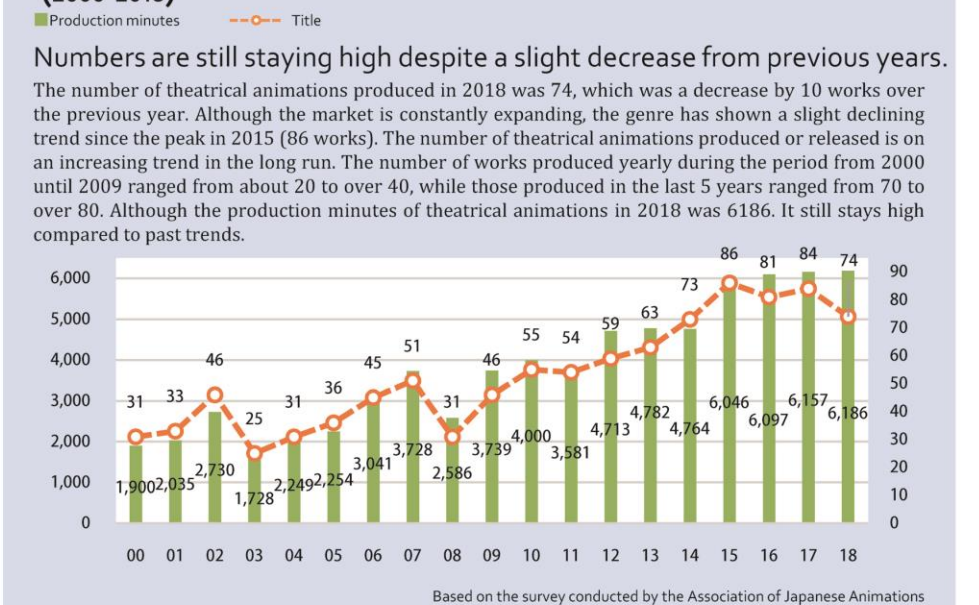
Production Minutes of TV Animations (2000-2018)



Box Office Revenue of Theatrical Animations (2000-2018)

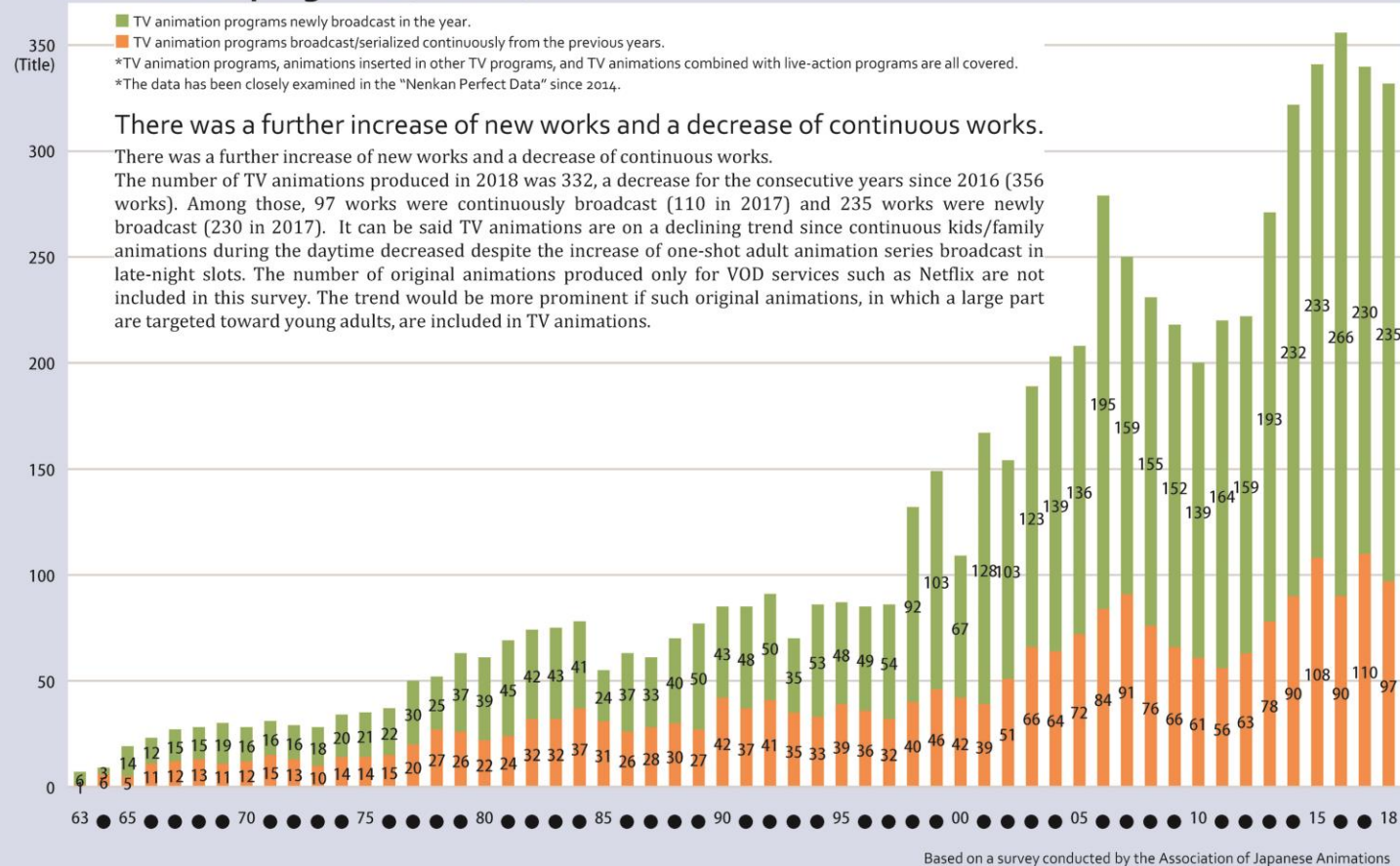


The Number of Theatrical Animation Works and the Production Minutes (2000-2018)



Data & Topics of Japanese Animation Industry 2019

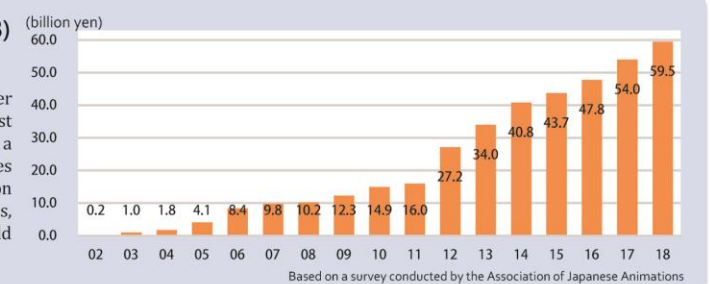
TV Animation programs (1963-2018)



Animation Distribution via the Internet (2002-2018)

Finally, Internet distribution overtook Videogram.

The Internet distribution market size which recorded 59.5 billion yen in 2018 (110.2% over the previous year) overtook the Videogram market (58.7 billion) for the first time in the last 16 years since the survey on Internet Distribution started. However, the market expected as a replacement for Videogram seems to lack momentum after the diffusion of smartphones slowed down. With the countdown to the dissemination of 5G phones, Internet distribution industries are expanding their businesses while Disney and Warner launched global services, raising expectations for growing demands toward Japanese animations.

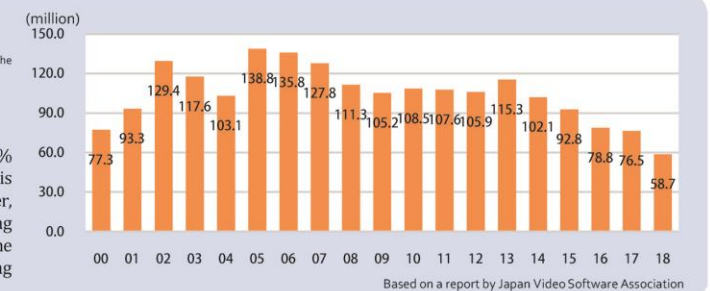


Animation videograms (2000-2018)

Revenues of Videogram are calculated based on the total sales of Japanese animation for adults and Japanese animation for children among the genres in the reporting of the Japan Video Software Association.

Videogram shrank due to the diversification of consuming patterns.

The size of the Japanese Videogram market in 2018 was 58.7 billion yen, a decrease by 23.3% over the previous year. It means almost 60% of the market size at its peak, 2005, was lost. This trend is also the same in all film industries thanks to the rapid growth of VOD services. However, not only Internet, but also other genres, such as Live Entertainment, Movie, and TV, are doing well in the animation industry. The reason that anime fans are departing from Videogram is the diversification of their consuming patterns. On the whole, hardcore anime fans are reducing their spending on Videogram due to the availability of other alternatives.



Merchandising Related to Animation (2000-2018)

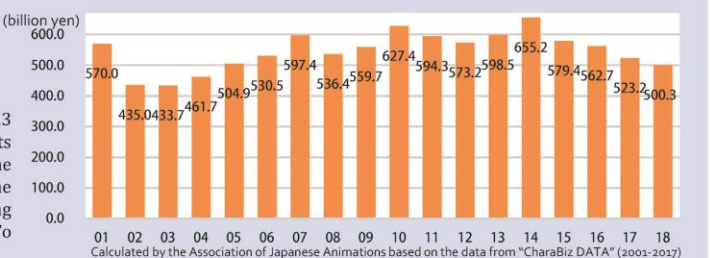
Revenues arising only from Japanese animation characters ranked in the top 200 characters selling well in Japan were tallied.

No uses of advertisement, promotion, or Pachinko are included.

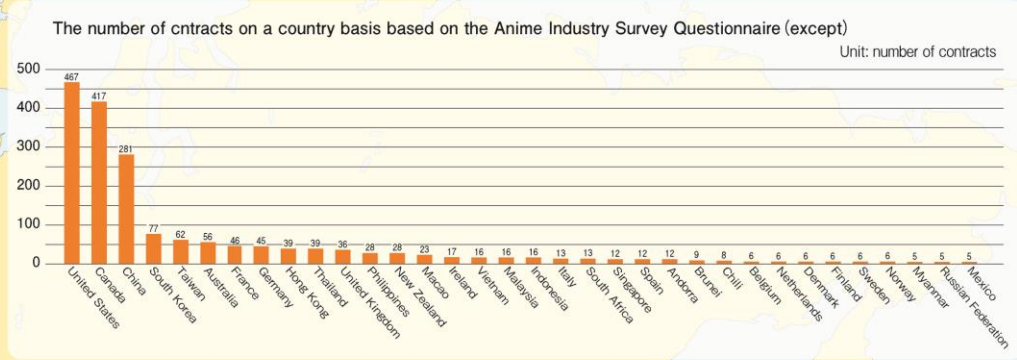
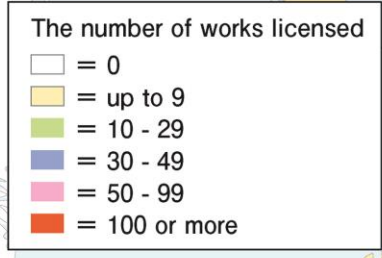
The values from 2007 to 2013 are recounted in 2014.

The market shifted from physical products to digital.

The size of the Japanese merchandising market related to animations shrank to 500.3 billion yen, which was 95.6% of the previous year's. The market shifted from real products to digital products. It shows a mild decrease since digital products are not included in the genre in this survey. However the size of the The animation-related smartphone game market is estimated to be 400 billion yen or more. On the other hand, today's young female consumers tend to treat animation characters and fancy characters equally. To meet such demand, character shops are forced to sell a variety of products.

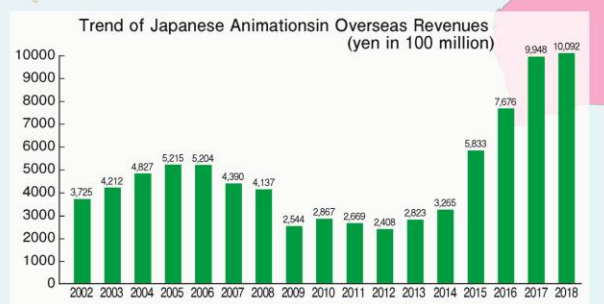


Japanese Animation in Overseas Markets (2019 version)



The overseas market exceeded 1 trillion yen, but is it slowing down?

In accordance with the response from 16 companies to the questions (24 companies responded in 2017), a total of 2,594 contracts were concluded in 2018 (2594 contracts in 2017). Looking at the regional share, North America occupies the most, followed by Asia and Europe. The size of the overseas market recorded 1.092 trillion yen, exceeding 1 trillion yen for the first time, and occupied 46.3% of the overall Japanese animation market size. However, the growth rate, 100.4% of the previous year's sales, slowed down compared to the nearly 30% growth recorded in 2016 and 2017. The rapid growth in past years was supported by bulk-buying by Chinese consumers; however, they became reluctant with concern over the impact of the regulations against media content that the Chinese government announced in 2018 would also apply to Internet contents. The loss in the Chinese market was covered by the stable growth of VOD, growing demands for Japanese animations in North America with expectation for 5G, and expanding overseas sales of smartphone games related to animations. As a result, the size of the overseas market increased slightly.



Top 10 animation works in overseas music royalties in the last 3 year

Based on the data by JASRAC

Year	Rank	Work
2018	1	DRAGON BALL Z BGM (TV)
	2	POKÉMON BACKGROUND MUSIC
	3	UFO ROBO GURENDAIZAA BACKGROUND MUSIC
	4	TEARS
	5	NARUTO SHIPPUDEN BACKGROUND MUSIC
	6	SAILOR MOON BACKGROUND MUSIC
	7	PEN-PINEAPPLE-APPLE-PEN
	8	Chi's Sweet Home BGM
	9	YUKAI WATCH BGM
	10	BATTLE WITHOUT HONOR OR HUMANITY
2017	1	DRAGON BALL Z BGM
	2	Attack on Titan BGM
	3	POKÉMON BGM
	4	op.1
	5	GEKIJOUBAN FAIRY TAIL HOUOUNO MIKO BGM
	6	TEARS
	7	IENAKIKO BGM
	8	PAC-MAN AND THE GHOSTLY ADVENTURES BGM
	9	MEIKEN JORYI BGM
	10	EIGA DORAEMON SHIN NOBITANO DAIMAKYOU PEKOTO GONINNO TANKENTAI BGM
2016	1	FAIRY TAIL BGM
	2	DRAGON BALL Z BGM
	3	POKÉMON BGM
	4	Live On Cardliver Kakeru BGM
	5	New Lupin the Third BGM
	6	Stand by Me Doraemon BGM
	7	Inazuma Eleven GO BGM
	8	Naruto Shippuden the Movie BGM
	9	ONE PIECE BGM
	10	Shin Jingi Naki Tatakai no Theme

BGM : Background Music

Number of contacts (by region/language)

Region	Number of Contacts	Language	Number of Contacts
Worldwide	38	Africa	1
Europe	104	Caribbean Countries	2
Eastern Europe	0	French	8
Northern Europe	0	German	38
Asia	238	Italian	6
South East Asia	4	English	6
South America	8	Chinese	1
Latin America	35	Spanish	3
Middle East	18	Portuguese	0
Middle and Near East	5	Russian	0
Oceania	15	Other	2
Total		532	

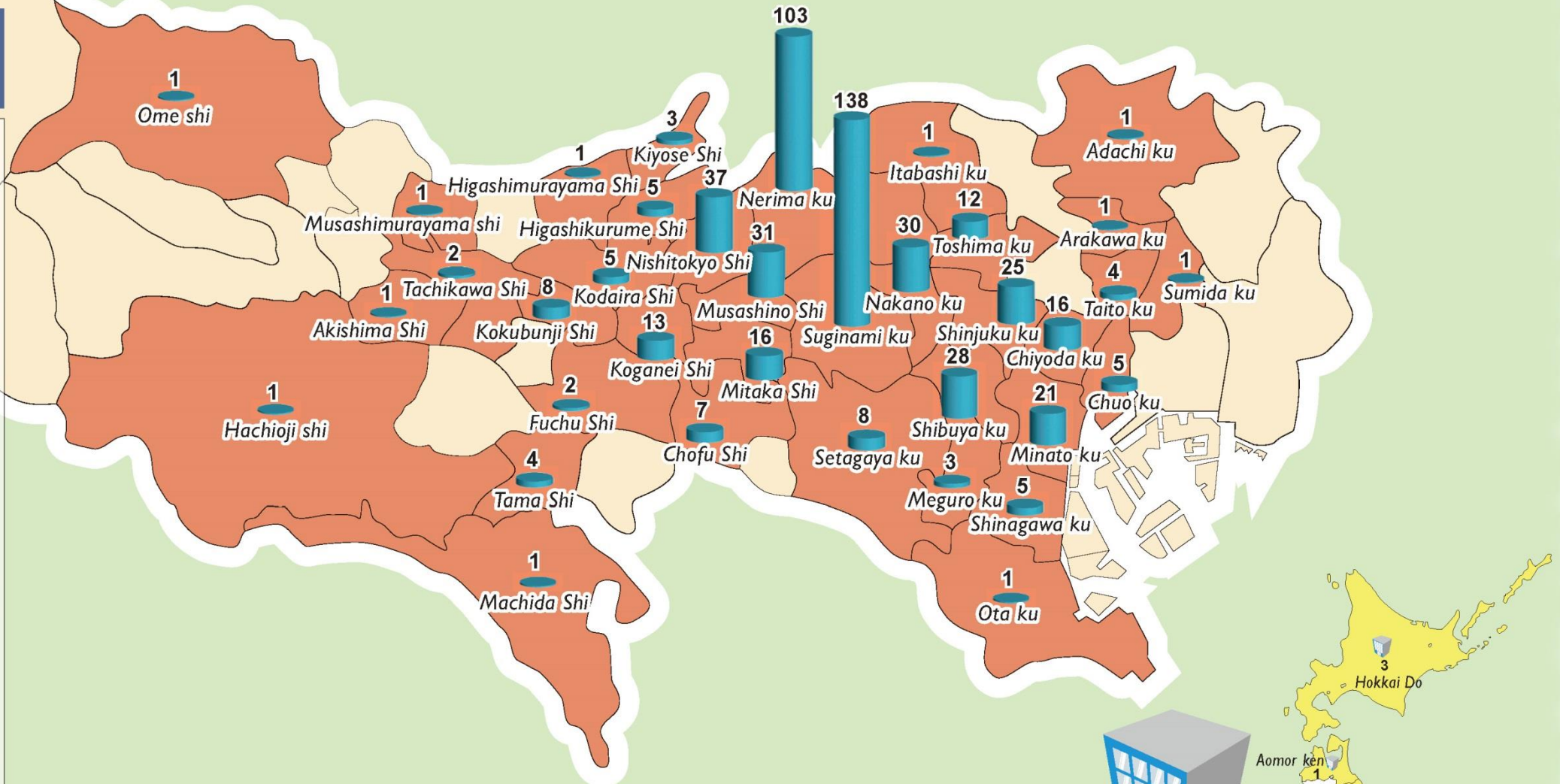


Distribution of Japanese animation studios (2016 version)

* Animation studios herein includes business operators engaged in planning, production, script writing, direction, key-drawing, in-between, CG (2D and 3D), background, art, special effect, shooting and editing.

The trend seen in the distribution map of anime studios

In Tokyo, 542 anime studios (i.e. business operators engaged in planning, production, script writing, direction, key-drawing, in-between, CG (2D and 3D), background, art, special effect, shooting and editing) are located, which is 87.1 % of all Japanese studios. The map also shows many of them are concentrated in Suginami (138) and Nerima (103). This reflects the history of Japanese animation industry. Since Toei-Doga (now Toei Animation) and Mushi Production were originally in Oizumi and Fujimidai respectively, many other studios were also established in the area along Seibu Ikebukuro line and in its neighborhood in Nerima. In terms of Suginami, many are concentrated in Shimoigusa, logi and Kamigusa, the area along the Seibu Shinjuku line, and in Koenji, Asagaya and Ogi-kubo, the area along JR Chuo line. This is because the Seibu Shinjuku line is close to the studios along the Seibu Ikebukuro line, also Tokyo Movie Shinsha (now TOMs Entertainment) was in Minami Asagaya close to JR Chuo line in 1970's. Comparing the distribution map in 2001 and that in 2016, the number of the studios increased remarkably both in Suginami (from 70 to 128) and Nakano (from 14 to 30). This is because the convenience value of those two areas increased since TOMs Entertainment and Toei Animation moved the headquarters to Nakano in 2012 and in 2013 respectively.



Anime Production in Local Cities

While anime studios are overly concentrated in Tokyo, some local studios, such as Kyoto Animation (in Uji city, Kyoto) and P.A. WORKS (in Nanto city, Toyama), are doing well constantly. Those studios take advantages of local cities where they can focus solely on animation production despite a lack of convenience. Actually there are more cases that animation studios with the headquarters in Tokyo have branch studios outside Tokyo. One example is Asahi Production Miyagi Shiraishi Studio established in Miyagi in 2010. The studio, specialized in digital production, engages in animation production working together with the main studio in Tokyo connected via the Internet. Another example is Trigger Fukuoka Studio established in 2016, planning to hire staff with a view to digital drawing. From now on, a lot more studios will show interest in establishing local studios specialized in digitalized production. On the other hand, there are some studios with training facilities. WHITE FOX Izu Studio, established in 2016, has a dormitory where new employees live together while receiving training as animators. We need to pay attention how such movement brings a change to the structure of current animation industry.



Based on the survey by the Association of Japanese Animations

The market size exceeded 2 trillion yen!

All the necessary information for today's animation market is in this report.

Anime Industry Report 2019

We, the Association of Japanese Animations, are engaged in research, survey, and analysis in connection with the Japanese animation industry. We have also published "Anime Industry Report" since 2009 in order to disseminate information about the industry to the world.

The survey for this report revealed that the market size reached 2 trillion 181.4 billion yen (100.9% of the previous year's), recording the most sales for six consecutive years despite the slight growth.

The overseas market reached 1000 billion yen for the first time, recording 1 trillion 9.2 billion yen (101.4% of the previous year's) while Internet (123.1% of the previous year's) and Live Entertainment (110.2% of the previous year's) showed constant growth.

We hope you feel the momentum of the animation industry and utilize the data for your business activities.

■Outline

【Title】	Anime Industry Report 2019
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【Price】	10,000 yen (tax excluded)
【Index】	

1. Overview of the Japanese animation industry in 2018

*Overall market trends and notable trends of the industry

2. Trends in respective media

*Animation distribution market (TV animation, theatrical animation, videogram, Internet distribution), secondary use (including merchandising), advertisement/promotion, music, and live entertainment

3. Trends in the overseas market

*Japanese animations in the global market

4. Special topic ※Current situation of digitalization in animation production

(Electronic Edition) Materials, All Animation Works Perfect Data *TV, Theatrical, and OVA

Chart: Trends in the Japanese Animation Market, Recent Movements of the Japanese Animation Industry and Market, Development of Japanese Animation in the Overseas Market, Distribution Map of Japanese Animation Studios

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Back issues (2009-2018) are also available on the site and in the stores above.

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