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Adapt or Die! The Social and Economic Dynamics of Japan's Animation Industry

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Abstract

This research explored and discussed about Japanese animation industry, past, present, and possibilities to a better future. While there is existing literature on Japanese animation, this research will focus on a case study that will discover the bright side of Japanese animation market, while addressing the existing problems within the animation industry or potential issues at present times. By illustrating the existing and potential issues as well as the bright side, the objective of this research is to help the Japanese animation industry to survive under the depressive economic environment. My research will identify reasons for low productivity of high quality anime, find what are the sociological factors that are blocking animation, and finally provide suggestions on the negative factors. In order to do so, this research includes quantitative research on animation industry's economic output and its basic cost in Japan, case study of animator's working condition and interviews with people who have experience of working in animation industry. Moreover, this research will examine additional factors that are blocking Japanese animation development, such as, lack of government laws and regulations that which protects audience from low quality toxic anime. It will also investigate policies that are not strong enough to protect small animation companies and their sustainability and survival, a and finally, the poor treatment. After carefully looking at the industry in the past and existing issues, this research will provide suggestions on how to carry and continue the Japanese animation legacy.

Key Words: Japan, Japanese animation, anime industry, globalization

Introduction

The animation industry is a major cultural industrial project with its one of a kind expressive force that has been pushing the Japanese domestic economy to a greater level, even drawing overseas investment. However, according to a number of professional and academic scholarly works and industry commentators, the immature production system is the leading reason for blocking animation industry's potential to flourish. Hence, this paper will discuss the glories and shadows of anime culture in Japan, glance at the history of anime, the stunning production and its success in present-day, and explore possibilities for developing anime in the future.

“Where there is light, there must be shadow, where there is shadow there must be light. There is no shadow without light and no light without shadow....”¹

---Murakami Haruki

Cool Japan and the heart of Japanese pop culture

Many people around the world consider Japanese animation industry is “the heart of Japanese pop culture.” This is the case because not only from its advanced animation, but it also includes secondary products like games and figures. From an economic perspective, with revenues of ¥1,826 billion (approximately \$17.15 billion) in 2015², and reached ¥2.01 trillion (\$17.7 billion) in 2016,³ the animation industry

¹ Haruki Murakami, 1Q84 (Shinjuku, Tokyo, Shinchosha, 2009), 121

² Chris Meharg, Anime Industry Report 2016, 2017, Goboiano, <http://goboiano.com/anime-industry-report-2016/>

³ Gavin J. Blair, Japan's Anime Industry Grows to Record \$17.7B, Boosted by 'Your Name' and Exports, 2017, <https://www.hollywoodreporter.com/news/japans-anime-industry-grows-record-177b-boosted-by-your-name-exports-1058463>

presents a significant contribution to the Japanese overall economy. While Japanese animation plays a crucial role in Japan's economy, it can be very influential around the world, to inspire productions, cartoons, and artistic people.

On an international level, *Naruto*-alone-contributes 62,014,070,000 pageview from Youku.com⁴ in China. This statistic does not include other great anime works such as *One Piece*, *Detective Conan* and *Pokémon*. A report claimed its importance of Japanese anime in China in 2016, "The popularity has gained the attention of investors including Chinese web giants Alibaba and Tencent, who have put billions of dollars in anime-streaming websites and domestic art studios. The companies are betting that consumers will be willing to pay higher subscription fees online, and domestic anime brands will eventually catch up with Japanese manga in plot and art quality. They are also adapting anime and comics into movies and television series to generate sales from advertising, tickets and peripheral products."⁵ As the Japanese anime industry expands beyond Japan and China, it can be viewed as a Japanese soft power strategy.

Japanese anime can be very influential as a cultural export and a kind of soft power. The animation industry uses its products as a tool to advertise various aspects of traditional and contemporary Japanese culture to both domestic and foreign audiences, consumers, and those simply curious. For example, Chinese cellphone

⁴ *Naruto*, soku.com, last access date, April 30th, 2018, http://www.soku.com/search_video/q_%E7%81%AB%E5%BD%B1%E5%BF%8D%E8%80%85?f=1&kb=04113000yv41000_

⁵ Yue Wang, China Is Obsessed with Japanese Anime, And Investors Are Paying Attention, May 25th, 2016, Forbes.com, <https://www.forbes.com/sites/ywang/2016/05/25/china-is-obsessed-with-japanese-anime-and-investors-are-paying-attention-2/#890639f2947f>

games started to use Japanese animation sketching methods to build characters and made a success. Two years ago, in looking at anime's global reach, Cao (2016) claimed how Japanese anime could influence Chinese cellphone game production. As such, Japanese anime has become a great influence in Chinese pop culture. *Yin Yang Shi*⁶ can be a perfect example of how the Japanese culture is influencing Chinese pop culture via Japanese animation sketching methods. The background of *Yin Yang Shi* tells about an exorcism / supernatural story that happened in Heian period in Japan (794 to 1185), which involves famous Japanese exorcist characters of 安倍晴明(Abe no Seime) and 源博雅(Minamoto no Hiromasa). In addition, the game was inspired by several Japanese anime such as 手塚治虫(Osamu Tezuka)'s work *Phoenix*, 椎桥寛(Shiibashi Hiroshi)'s work *Nura: Rise of the Yokai Clan* and so on.

Each year mega cities in China such as Shanghai and Guangzhou, anime fans gather together and hold China International Cartoon and Animation Festival. Each event attracts millions of attendees, viewers, and participants within few days and makes more than \$290 million on peripheral product about animation.⁷ A great percentage of attendees wear Japanese anime cosplays to the Expo location, which are mostly designed based on Japanese traditional clothing kimono. From such festivals, it is not hard to see the connection between Japanese anime and its foreign influence around the world. While all these are great contributions, the most important is the potential of promoting Japanese culture beyond Japan, China, Asia, but on a global

⁶ Yin Yang Shi, last access date, April 30th, 2018, <https://yys.163.com/>

⁷ Emily Cashen, Anime enjoys explosive popularity in China, August 22nd, 2017, [businessdestinations.com, https://www.businessdestinations.com/destinations/anime-enjoys-explosive-popularity-in-china/](https://www.businessdestinations.com/destinations/anime-enjoys-explosive-popularity-in-china/)

scale.

Domestically, Japanese anime, as a part of a Japanese culture (which also has been referred as “cool Japan”) influences people’s daily lives in Japan. Creative comic or animated works can be found everywhere in Japan. It can be a simple sign that tells women to be aware of perverts in a small alley, or it can be a simple comic to remind people about being polite and orderly in a public transportation. From these observations, on some level, the Japanese anime helps the pop culture to have a greater influence in the world by adding more color to the world. Moreover, the Japanese anime is no longer limited as an entertainment for teenagers, but also a tool in rigid subject life. For example, ANA (All Nippon Airline) has been serving customers with a few airplanes with Pokémon coating since 1998.⁸ That way, customers can enjoy Pokémon themed meal while taking the flight. This service gives a special meaning to an airplane and makes the airplane more alive, which also helps ANA airline to make more profits. Many Japanese customers refers Pokémon Jet as “Peace Jet”, even showed their respect to it when they heard the news that Pokémon Jet is about to retire.⁹ While Pokémon provided a service in the business sector, it also presents a place in the Japanese military too. The Japanese government also uses anime as a way to recruit soldiers and promote its own way of military. “In the past, there was a tradition in the U.S. military to paint pin-ups on aircrafts. Today, that

⁸ Brian Ashcraft, This Could Be the Last Pokémon Jet, May 1st, 2016, Kotaku.com, <https://kotaku.com/this-could-be-the-last-pokemon-jet-1774082712>

⁹ ありがとうピースジェット。(Thank you, Peace Jet.) ありがとうポケモンジェット。(Thank you, Pokémon Jet.), <https://kotaku.com/this-could-be-the-last-pokemon-jet-1774082712>

tradition lives on in Japan. But there's an important difference: they're not cheesecake pin-ups. They're anime girls."¹⁰ There are a few military helicopters painted with anime girls to advertising Japanese military in annual festival at the Japanese Self Defense Force's Kisarazu base in 2016,¹¹ and recruitment posters of Japan Self Defense Forces with anime girls can be found in many prefectures. In November 8th, 2014, National Defense Academy of Japan invited Fumikane Shimada, the designer of *Strike Witches* to design mascot girls for the 62nd anniversary festival. As the National Defense Academy of Japan requested, Fumikane Shimada created three mascot girls to represent Air Force (Amaha Ruri), Ground Force (Touka Fujisaki) and Maritime Force (Shion Minase) and gained good evaluation.¹²



Figure 1. Anime girls on helicopters, Japanese Self Defense Force's Kisarazu base annual festival in 2016.

Source: Aki Setsura, Yahoo ブログ Japan. https://blogs.yahoo.co.jp/aki_setura2003/30186831.html

¹⁰ Brian Ashcraft, The Japanese Military Recruits with Anime Girls, October 19th, 2016, Kotaku.com, <https://kotaku.com/the-japanese-military-recruits-with-anime-girls-5951730>

¹¹ Ibid.

¹² Mikikazu Komatsu, "Strike Witches" Director Designs Mascot Characters for National Defense Academy of Japan, October 24th, 2014, crunchyroll.com, <http://www.crunchyroll.com/anime-news/2014/10/24/strike-witches-director-designs-mascot-characters-for-national-defense-academy-of-japan>

Japanese Animation Industry is at Stake

Japanese anime has become an essential part of the Japanese society. It contributes to the Japanese economic development, shows the progress of a society, at the meantime, it spreads the “Cool Japan” culture through the world. While all these are significant factors, after providing this background information about the Japanese animation and its development over time, social and economic dynamics are in need and with the support of the Japanese government, the industry, the Japanese anime, the “Cool Japan” culture can continue to flourish, develop, and survive. According to journalist G. Blair, “Despite recent successes of Makoto Shinkai's *Your Name*, all is not well in the land of anime: TV series continue to lose money on their domestic broadcasts, while low wages for junior artists are causing a dearth of animators entering the industry. As Japan's population continues to fall, anime needs to take its success in the global market to the next level.”¹³ There are number of ways the government can show and demonstrate support in Japanese anime industry as it is a crucial part of the Japan’s overall economic development.

First, the Japanese government needs to have stricter laws to strike pirate companies and websites, to make sure every penny made could feed the studio and its staff. At the same time, the quality of anime cannot be guaranteed. Anime with sexual scenes (including animated pornography which also refers to “hentai anime”), expose children to obscure and adultery scenes. These extremely violent scenes can be found

¹³ Gavin Blair, Filmart: Can Japan Make Anime Great Again? March 13th, 2017, hollywoodreporter.com, <https://www.hollywoodreporter.com/news/can-japan-make-anime-great-again-985491>

easily at late night pay channels as well as online websites.

Another issue with the anime industry is the animation studios have to invest more in their animators because most of them are young animators and are poor. Besides these aspects, the animation studios have to attract foreign animators to join the Japanese animation studios and productions to avoid the shortage of animator. Japanese animation studios also need a much better working schedule incase *karoshi* (refers to someone who overworks to death, usually caused by heart attack and stroke due to intensive working condition) happens among animators. For example, in 2017, one of the best Japanese animators, Mizuno Kazunori, was the director of Bleach and Naruto, passed away due to *karoshi*. Better work environment will prevent future unfortunate incidents like that of Mr. Kazunori. While *karoshi* is one of the difficulties in Japanese anime industry, there are other pressures too.

Animators under great pressure

Japanese animators are facing several serious problems. First, although being an animator is a full-time job, the income could be very low at first. It takes a few years to get a raise. According to the Japan Animation Creators Association (JAniCA), a survey from 759 animators shows an average income of a year of being an animator is roughly 3.3283 million yen (about US\$27,689) in 2013.¹⁴ “As for newly hired animators, the wage starts from ¥770 (\$6.75) an hour in 2017. If a person works at

¹⁴ Jennifer Sherman, Study: Animators Earned US\$28,000 on Average in Japan in 2013, May 15th, 2015, <https://www.animenewsnetwork.com/news/2015-05-15/study-animators-earned-usd28000-on-average-in-japan-in-2013/.87762>

convenience store such as 7 Eleven or Lawson, the wage can be ¥920 (\$8) per hour, and ¥1150 (\$10) per hour if you take a night shift. Work as a newly hired animator gets paid even less than a convenience store cashier who does not need much skill and education background. If an animator works 8 hours a day and 260 days a year, the salary would be the equivalent of \$14,040”.¹⁵ It is not hard to imagine young animators who live in a cheap apartment with a small room with terrible living conditions in the first few years. Especially those animators who are working in small animation studios are facing more depressive funding situation than big animation companies. Animation industry is highly competitive and young nameless animation studios cannot guarantee its survival among famous animation studios, and animators lose their job once the studio goes bankrupts.

Second, Japanese animators usually have very little time to finish their work. This overtime, and 12 hours a day working is not rare. According to the Japan Animation Creators Association, “1.3% of respondents said they worked on average 8-10 hours per day, 31.2% said they work 10-12 hours per day, 16% said they work 8 hours or fewer, 11.0% said they work 12-14 hours per day, 6.3% said they work 14-16 hours per day, and 2.6% said they work 16 hours or more a day.”¹⁶ Furthermore, overtime working as an animator will not get paid by the studio; the pay roll is pre-arranged. The intense working schedule causes Japanese animators to have less chance to engage with other people, which could further cause “hikikomori” or “social

¹⁵ Brian Ashcraft, Make Anime in Japan, Get A Shitty Salary, 2017, <https://www.kotaku.com.au/2017/11/make-anime-in-japan-get-a-shitty-salary/>

¹⁶ Ibid.

withdrawal syndrome”¹⁷. A young animator who cannot cooperate and finish his part of a job will be considered as a liability to the whole production team. Extremely long hours of intensive work and low wage is one of the harsh but real reasons for young animators to fail at family building, social lives, and many other social activities.¹⁸

Third and finally, social hierarchy in Japanese working place is common, where a young animator could be invited to drinking parties (*nomikai*) that he does not desire to go to and is then criticized by his supervisor or senior co-worker (*senpai*) because of absence. Young animators usually have very intense work schedules, and *nomikai* with no doubt could be a luxury activity for young animators to attend. Moreover, since hierarchy is a corporate culture in Japan, young animators are obligated to accept the work that a senior co-worker assigned, which means there will be extra work beyond the schedule for young animators. There are possibilities that an animator could die of overwork. It seems to be commonplace to overwork in Japan, according to Edwin Lane’s report, “Nearly a quarter of Japanese companies have employees working more than 80 hours overtime a month, often unpaid, a recent survey found. And 12% have employees breaking the 100 hours a month mark.”¹⁹

The high pressure / low income working status needs to be stopped, and the government should have better solutions such as protective labor laws.

When recruiting animators becomes difficult domestically, many Japanese

¹⁷ Hikikomori(引き籠もり) a term the Japanese Health, Labor and Welfare Ministry uses to define those who haven't left their homes or interacted with others for at least six months.

<https://www.cnn.com/2016/09/11/asia/japanese-millennials-hikikomori-social-recluse/index.html>

¹⁸ Brian Ashcraft, An Insider’s Look at Working in the Anime Business, Kotaku, June 23rd, 2017

<https://kotaku.com/an-insider-s-look-at-working-in-the-anime-business-1796312543>

¹⁹ Edwin Lane, young Japanese working themselves to death, 2017,

<http://www.bbc.com/news/business-39981997>

animation studios start to attract foreign animators as new members. However, there are limitations of being an animator as a foreigner. For example, the first thing that a foreign animator needs to learn would be Japanese, basic conversation skills are required when a foreign animator joins the team. Animation studio will not offer a job to someone who has no ability of communicating with production staff in Japanese, because it is very rare to find production staff who speaks English.²⁰ Also, to fully understand *honne* (one's true opinion) and *tatemae* (one's opinion in public) while engaging with other team members in the studio could be very challenging as a foreign animator. And lastly, a foreign animator must have the strength and endurance to step into Japanese animation industry in the first few years under low wages and long hours to gain knowledge and experience. According to an interview with BuzzFeed in 2015, an American animator Henry Thurlow claimed his animator experience in Tokyo for six years as, "When I was working as an animator in New York, I could afford an apartment, buy stuff and had time to 'live a life,'" he said. "Now (in Japan) everything about my life is utterly horrible, (but) the artist in me is completely satisfied."²¹ Animator life could be hard, but work as a fresh animator in Japan could be harder. Beside the language and culture customs, the better educated, the better income an animator could get in Japan. Therefore, a foreign animator not only needs to be capable in Japanese and Japanese cultural customs, a better education

²⁰ Brian Ashcraft, An Insider's Look at Working in the Anime Business, Kotaku, June 23rd, 2017 <https://kotaku.com/an-insider-s-look-at-working-in-the-anime-business-1796312543>

²¹ Roland Kelts, Foreign anime artists still face a long haul, December 24th, 2017, Japan Times, <https://www.japantimes.co.jp/culture/2017/12/24/general/foreign-anime-artists-still-face-long-haul/#.WvE3VsgvxPY>

background is required to compete with local animators.

However, it would be too one-sided to say that Japanese animator is not a fitting career for foreigners. Foreign animators have different views of drawing and sketching skills, so it would be beneficial to both the foreign animator and the studio to produce better anime. The Japanese animation industry should not underestimate the overseas market when producing a new episode of an anime. For instance, “*Stand by Me Doraemon* was no slouch at home, clocking up \$70 million last year before landing \$3.2 million in Italy, \$3 million in Indonesia, \$2.7 million in South Korea and \$1.2 million in Thailand. It was the \$5 million-plus, record-breaking take in the small Hong Kong market though that was a harbinger of its performance on the mainland.”²² All this makes a foreign animator more valuable to be invited to a Japanese animation studio if s/he is clearly aware of what foreign audiences are fond of.

Foreign animators join Japanese animation studio for not only living the anime dream. Being a Japanese animator gives foreign animators a chance to get to know Japanese anime and its social background better. Although the social hierarchy is strict in Japan, people are tolerant to foreigners so that senior co-workers and supervisors would not be too harsh to a foreign animator. Finally, western education background is acceptant in Japan, so that a better education background would definitely help a foreign animator find a suitable job in Japanese animation company.

²² Gavin J. Blair, Japan's Anime Industry Grows to Record \$17.7B, Boosted by 'Your Name' and Exports, 2017, <https://www.hollywoodreporter.com/news/japans-anime-industry-grows-record-177b-boosted-by-your-name-exports-1058463>

Since small animation studios cannot guarantee animators a life-long job under the high pressure of competitive animation market, the Japanese government officials should encourage animators to set up an animator labor union, so hardworking animators with talents could find another job with labor union's help. The government should be stricter on overtime work, and establish relevant laws to protect animator's legitimate rights. More than 8 hours working is not acceptable unless the animation company pays overtime fee. An animator requires to have great skills to produce anime, therefore, animators deserve more wage than \$20,000 a year. Animation company could provide a dormitory for animators if the wage cannot be negotiable. In order to solve animator shortage problem, it requires the cooperation between government and animation company, and better pay for animators. At the same time, the animation company should protect foreign animator's legitimate right and be less harsh on their language skills.

Laws and Auditing with R-18 Manga and Anime Products

As previously mentioned in the introduction, the quality of anime cannot be guaranteed. Anime with sexual scenes and extremely violent scenes are suffused in the gray zone. There are no strict laws and regulations to limit children from watching anime with sexual contents and violent connotations, however, there are only R-18 anime or animated games with strong sexual scenes. "*Hentai anime*"²³ can be reached

²³ Mark McLelland, A Short History of 'Hentai', intersections: gender, history and culture in the Asian context, 1-9, January 12th, 2006,

<http://ro.uow.edu.au/artspapers/734/>

"Hentai is a Sino-Japanese compound term widely used in modern Japanese to designate a person, action

online for free that any children are able to access and there are very few laws that protects children from anime with sexual scenes.

According to Act on Punishment of Activities Relating to Child Prostitution and Child Pornography, and the Protection of Children published in 1999, “The term “child pornography” as used in this Act means photographs, recording media containing electromagnetic records (any record which is produced by electronic, magnetic or any other means unrecognizable by natural perceptive functions and is used for data-processing by a computer; the same shall apply hereinafter) or any other medium which depicts the pose of a child, which falls under any of the following items, in a visible way”.²⁴ Does *hentai anime* with children being sexually abused become a violation of law even if the children are digital images? Even though it is hard to claim that “non-existent children” need to be protected by laws from pornography, there is no doubt that the existent children need to be protected from those products that might be harmful to them. In Japan, people can easily access pornographic books in many places, like convenient stores such as 7-Eleven. The trick is, staff in Japanese convenient stores usually does not check customer’s ID to verify their age, which means some simple cross dressing could help a teenager easily access

or state that is considered queer or perverse, particularly in a sexual sense. Unlike the English term 'queer', however, *hentai* does not have predominantly homosexual connotations but can be used to describe any sexual acts or motivations other than what might be termed 'normal' sexual relations. Indeed, the loanword *nōmaru* (normal) is sometimes used as an antonym for *hentai*. Apart from this general use of the term *hentai*, it can also be used to designate a specific genre of Japanese manga and animation that features extreme or perverse sexual content and it is in this sense that *hentai* has become well-known among western fans of Japanese popular culture.”

²⁴ Act on Punishment of Activities Relating to Child Prostitution and Child Pornography, and the Protection of Children, Act No. 52 of May 26, 1999, http://www.japaneselawtranslation.go.jp/law/detail_main/?printID=&ky=work&re=02&page=18&vm=03&id=100

those adult products. As Philip Kendall claimed in his article, “Pretty much every convenience store in Japan has a small section dedicated entirely to adult literature. The magazines are usually sealed, thus preventing “*tachiyomi*” (“stand and read”) and any under-age (20 years or younger) people from rifling through their pages.”²⁵ Kendall’s article was published in 2012, and he believed that there might be chances to pull adult magazines from convenience stores. However, by 2018, time has proved making money from middle-aged men weighs more than protecting children from adult magazines in convenient stores, because an “adult zone” still exists in most convenient stores nowadays.

As a matter of fact, there are public protests against selling adult magazines or any kind of adult products to children in Japan. However, “in the Japanese context, public protest against the proposed extension of a ban on sales (not production) of depictions of ‘non-existent youth’ was considerable. Rather than ‘protecting’ youth from ‘harmful’ contents, it was argued that the fantasy space provided by anime and manga was the ideal context for young people to encounter and explore difficult and confronting aspects of human behavior.”²⁶ These are very controversial arguments because protecting children from adult products seems to be a way of working against children being inspired by the “greatness” of those which has labeled as “R-18” products. Should Japanese government connive with convenience stores so that R-18

²⁵ Philip Kendall, some convenience stores may remove adult magazines from shelves, November 16th, 2012, Japan Today, <https://japantoday.com/category/national/some-convenience-stores-may-remove-adult-magazines-from-shelves>

²⁶ Mark J. McLelland, Thought policing or the protection of youth? Debate in Japan over the “Non-existent youth bill”, University of Wollongong, 2011, <http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1272&context=artspapers>

products become teenager's after-dinner dessert? The answer is absolutely no. It is better if the Japanese government is more careful and supervisory to the products that have strict age limit and put more effort on controlling R-18 product access channels. Moreover, stepping up censorship on content of R-18 products are essential; anime and manga with strong sexual connotation or teenager rape scenes need to be limited.

Websites with Pirated Anime

Websites with pirated anime products are popular among teenagers who do not have access to legitimate ways of watching those products or have less choice due to their budget. These websites usually steal or pirate official anime products by recording from TV channels directly or download from Internet without permission, and the quality is questionable. However, pirating websites are mostly free of charge for audiences. In exchange, some pirating websites embedded trojan virus in the advertisement or seeded with booby-trapped links, waiting for users to mis-click. Visiting pirating websites can be extremely harmful to user's personal information and property, most importantly, there has no benefit to those who spent years of concentrated efforts creating anime. According to Karsten Strauss's article on Forbes Entrepreneurs, "Loss of revenue is of concern to networks and film company masters because it is illegal, cutting into profits and virtually unstoppable. It may even be of concern to workers on the lower rungs of the entertainment industry who find their salaries the means of cutting overhead to make up for losses due to piracy."²⁷ As

²⁷ Karsten Strauss, TV and Film Piracy: Threatening an Industry? March 6th, 2013, Forbes.com, <https://www.forbes.com/sites/karstenstrauss/2013/03/06/tv-and-film-piracy-threatening-an->

Strauss claimed, pirated websites are hard to be stopped, and they are often covered with the skin of legal websites which makes them even harder to trace.

China is one of the countries that has been accused for pirating websites for more than ten years since the rise of Internet after 2005. Due to lack of transparency, copyright laws and regulations awareness, and a greedy economic environment, in January 31st, 2018, five Chinese people were arrested for translating and posting manga without the permission of Japan.²⁸ As the police reported, “The suspects admitted being members of certain translation groups, adding it was so their friends could understand the content. Police believe the group was aware that its activities were illegal.”²⁹ It has been a long way striking pirating websites all over the world, however, it is not easy to educate people on the legal consequences of piracy and copyrights and intellectual property of other people’s work.

In January of 2018 in China, “more than 2,000 websites have been shut down for using or distributing pirated content. The supervisory departments inspected 63,000 websites, shut down 2,554 sites and deleted 710,000 links involved in pirated contents.” As one of the countries that has the most pirating websites, Chinese government is on the move. Although striking down a pirating website is an effective remedy in modern times to some extent, it is more important to popularize education of copyright laws and piracy regulations to enhance the cooperation between animation companies and legitimate distribution channels. As an example, Chinese

industry/#668aa0d463e8

²⁸ The Asahi Shinbun, Five Chinese arrested for translating, posting manga, February 1st, 2018, <http://www.asahi.com/ajw/articles/AJ201802010051.html>

²⁹ Ibid.

Internet giant Tencent put \$30.5 million on Bilibili³⁰ (a Chinese video sharing website which is also famous for Japanese anime streaming, which has partnership with several Tokyo animation studios) for a 15% stake. The same is true in the U.S., “TV Tokyo tied up with popular San Francisco-based animation-sharing site Crunchyroll in January 2009, offering some of TV Tokyo’s popular titles in advertisement-free, high-quality format with subtitles for a monthly fee of \$6.95.”³¹ By the development of Internet, selling anime DVD in bookstore or online shopping sites such as Amazon to expand anime business is getting harder, so video sharing website became essential. It is a matter of time that Japanese animation companies put more focus on other types of investment. For example, they can develop overseas fan clubs and give permission of selling official peripheral product in animation festivals. They can also sign contracts with overseas anime sharing websites to share the right of broadcasting official high-quality anime.

Overseas Manga and Anime Investments

Japanese animation company mainly invests business on anime distributor and manga publishing companies like Crunchyroll and Viz Media in U.S., and their main income from publishing companies relies on English translated manga books. In an

³⁰ Yue Wang, China Is Obsessed with Japanese Anime, And Investors Are Paying Attention, May 25th, 2016, Forbes.com, <https://www.forbes.com/sites/ywang/2016/05/25/china-is-obsessed-with-japanese-anime-and-investors-are-paying-attention-2/#890639f2947f>

³¹ Alex Martin, Future of ‘anime’ industry in doubt Money, success elude; outsourcing, piracy abound, March 4th, 2009, Japan Times, <https://www.japantimes.co.jp/news/2009/03/04/national/future-of-anime-industry-in-doubt/#.WvGCTMgvxPY>

interview with a Senior Manager of Viz Media, Mr. D,³² assume each manga book's suggested retail price is \$19.99. A company like Viz Media has to provide a half price discount to bookstores that they authorized to sell, therefore, the revenue goes down to \$9.99. The cost of manufacture can be as high as \$2 to \$3, and the revenue further goes down to \$5 to \$6 before tax, about 30% to 40% goes back to their parent animation company in Japan. Ultimately, Viz Media gets about \$3.5 to \$4, and their parent animation company gets the rest \$1.5 to \$2 for each comic book they sold.³³ Even though, Japanese parenting animation company could get some profit each year by cooperating with oversea manga publishing companies, by the development of Kindle and iPad, investment from printing books does not seem to be a great path to go in the future.

Simple Economic Model to Multielement Economic Model Transformation

The main purpose of producing anime is to make money for an animation studio, however, Japanese animation studio still has a great potential market which needs to be discovered due to its simplicity of operation. To some extent, Japanese animation studios could learn from the way American animation and comic studios (Disney and Marvel) operate. For example, they could learn from theme parks (even theme towns), the Olympic Games of 2020, and the most recent VR technology.

With the existence of Disney and Universal Studios theme parks in many

³² Mr. D is a senior manager of Viz Media in San Francisco, who has been working as a member of Viz Media for over seven years. Pseudonym needs to be used in order to protect Mr. D's privacy.

³³ Mr. D (senior manager of Viz Media) in discussion with You Pan, April 14th, 2018.

countries, Disney and Marvel gained a great deal of net profit (Marvel signed a contract with Universal Studios to allow Universal Studios theme park uses Marvel heroes as attractions). According to the parent company of Universal Studios Japan, Comcast Corp. reported in 2016 that “Operating cash flow rose 62.4 % from the previous year to \$706 million. Without the acquisition of Universal Studios Japan, the increase was 17.1 %. Overall, Comcast's consolidated revenue was up 14.2 % from the previous year to \$21.3 billion. Earnings per share were 92 cents, up from 80 cents the previous year.”³⁴ In 2016, Universal Studios Japan broke a new record of attracting 14.6 million visitors which kept me thinking of why Japanese animation studios do not have their own theme park. On April 25th, 2016, it was announced that Studio Ghibli Theme Park³⁵ will open in Nagoya, in 2022. It could be a new potential market to Japanese animation industry and would definitely bring giant profit to Japanese animation studios in order to further produce high quality animation products. Besides the theme park, Universal Studios also promoting their movie and TV series via theme restaurant, for example, Bubba Gump Shrimp Company Restaurant and Market was inspired by the film *Forrest Gump* produced in 1994, and it has become a chain restaurant that operated worldwide.³⁶ Japanese anime fans are definitely having very high expectation on the birth of *Naruto* and *One Piece* official theme restaurant in Japan (*Naruto* and *One Piece* studios have not yet committed that

³⁴ Sandra Pedicini, Universal theme parks' revenue, profit increase, October 26th, 2016, [orlandosentinel.com, http://www.orlandosentinel.com/business/tourism/os-comcast-earnings-20161026-story.html](http://www.orlandosentinel.com/business/tourism/os-comcast-earnings-20161026-story.html)

³⁵ Studio Ghibli Theme Park is aa theme park with attractions that are inspired by Hayao Miyazaki's anime works, such as *Howl's Moving Castle* and so on.

³⁶ Bubba Gump Shrimp Co., Food is the Hero! June 2nd, 2014, [archive.org, https://web.archive.org/web/20140602162050/http://www.bubbagump.com/company/](http://www.bubbagump.com/company/)

they have plans for theme restaurants), or even worldwide, and maybe one day it could finally come true.

The Olympic Games that will be held in Japan in 2020 has become big news. The Japanese government has created a project called the World Kimono Project (which also refers to be called as Imagine One World Kimono Project) that designs traditional Japanese clothing kimono for 196 countries that expected to participate. As Japan Times claimed, Japanese government sees “the 2020 Tokyo Olympic and Paralympic Games as an opportunity to spread the wonders of Japan’s master craftsmanship across the country and overseas”³⁷. While promoting traditional culture with kimono, it can also be a great chance to promote pop culture with the form of animation. A well-made animated welcome show in the Olympic park could set off a visual feast to all audiences, and its original way of expressing technology and culture could possibly lead the Olympic games to a higher heat degree. The Japanese government announced that Astro Boy, Sailor Moon, Shin-chan, Luffy (One Piece), Naruto, Jibanyan (Yōkai Watch), Goku (Dragon Ball Super), Cure Miracle and Cure Magical (Maho Girls Precure!) are going to be ambassador of Tokyo Olympics 2020³⁸, but no further information about how these anime ambassadors play a part in the Olympics. Due to the development of Virtual Reality and Artificial Intelligence (AI), it is possible that 3D animated ambassadors will be utilized on a multi-use platform. For

³⁷ Ji Ji, World kimono project aimed to revitalize crafts has three years to go, August 6th, 2017, Japan Times, <https://www.japantimes.co.jp/life/2017/08/06/lifestyle/world-kimono-project-aimed-revitalize-crafts-three-years-go/#.WvH1P8gvxPY>

³⁸ Meg Murphy, 2020 Tokyo Olympics introduces its official ambassadors in new video, anime fans rejoice, February 2nd, 2017, soranews24.com, <https://soranews24.com/2017/02/02/2020-tokyo-olympics-introduces-its-official-ambassadors-in-new-video-anime-fans-rejoice/>

example, an AI animated ambassador on the screen could be responsible for as a tour guide, which is more capable of speaking multiple languages and longer working hours and could definitely decrease the pressure of field staffs.

Conclusion

In the above analysis and discussion, the animation industry as “the heart of Japanese pop culture” is leading a dramatic growth of Japanese economy. It is a one of a kind way to steadily absorb foreign resource to perfect its development, which further gains attention from world Internet giants such as Alibaba, Tencent, and Netflix. Domestically in Japan, Japanese anime is no longer just a tool as a money maker. Japanese anime directors and animators have proved to the world that anime deserves to be called as nourishment of mind. With deep impression to anime, Japanese are using unique ways to express their ideas, creativities, and positive attitude. On an international level, Japanese anime as a soft power can be spread to the Asia-Pacific and beyond, even to the Americas. Japanese anime is Japan’s cultural asset; it reflects the creative minds of talented youth. Imperceptibly, Japanese anime has changed many people’s lives and led people from all over the world to add more color to their lives, to the world, and to the universe. The contributions also promote Japanese traditional culture around the globe.

That being said, although the Japanese anime has become an essential part of the Japanese society, the Japanese animation industry is at stake. Social and economic dynamics are in need of governmental support if they are to survive increased

competition in the future, and the contradiction between production and sales is intensifying.

Modern animators are under great pressure. Animators are not well paid, so that a newly hired animator gets paid less than a convenience store cashier, and yet being an animator needs much more practice and skills than being cashier. Animators have intense work schedules, and work overtime, which is their normal work hours. However, the living conditions of animators are terrible. With such intensive workload and low wage, it causes a high possibility of mental disease which can even lead to suicide and *karoshi*. Without solving these existing problems, the animation sector will experience shortage of creative minds and it will take a longtime to fix these moral injuries, which are crucial factors to a country's overall development.

Moreover, the quality of anime cannot be guaranteed, as we see in anime with sexual contents and extremely violent scenes are suffused in the gray zone. On such serious issues, the Japanese government must be watchful, monitor, and in some case censor such contents and establish a stricter age limit and comply with policies to control R-18 channels and their products. The Japanese government could also help the piracy issue in Japan and elsewhere. Stripping down pirating websites has a long way to go, and needs the cooperation between nations, and more effort from the governments. Signing contract with oversea anime sharing websites to share the right of broadcasting official high-quality anime could become a mainstream to crack down on piracy. Other than protecting Japanese animation market, to use the power of technology wisely, to expand its worldwide market positively is essential. Japanese

anime is a ray of light in the darkness during a worldwide economic downturn.

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