

## The Study of Relationship Between Animation Production and Market

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**Abstract:** Animation as a form of entertainment has grown well over the millennium of history. It went from what was considered a form of experimental artistic endeavor to one of the largest entertainment industries in modern culture. For such a large industry to sustain itself, a system in which several parties co-exist mutually is put into practice. Such practice is more evident in TV series production rather than feature-length production where issues such as production budget and merchandising are at large in order to keep the production studios and projects afloat. The Japanese anime industry is a huge, if not the biggest example of such topic as projects often involve several collaborators and sponsors like the recording companies. Thus, this research will be focusing on the relationship that exists between the production studios and the market that sustains in the world of animation industry.

**Key words:** Animation, production, experimental, Japanese anime, production studios, animation industry

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### INTRODUCTION

The illusion of motion through a sequence of images, animation is a form of art with a dynamic flair in portraying a narrative flow. As the art itself has evolved over the centuries, so does its impact on the modern culture. From experimental to TV series and feature films, animation caters to various needs for a form of entertainment and studies of philosophies and cultures in visual narrative.

Nowadays, animation has a huge industry revolved around to cater the ever-growing demands for contents. While most studios on the Western side of the industry are well-funded through contracts by channels, Japanese studios on the other hand are dependent on contracts by various parties from manga and novel publishers to toy makers. Ever since the 70's, studios such as Sunrise (formerly known as Nippon Sunrise) are contracted by Bandai and Takara (currently known as Takara-Tomy) to produce several anime to market their toys such as the popular long-running Gundam franchise and Brave series in the 90's (McLeod, 2008). Sunrise has also, collaborated with ASC II Media Works (A Japanese Publisher) and Lantis (A Japanese Music Publisher) on a multimedia project revolving around a fictional schoolgirl idol group.

This creates a synergy between several parties on the production committee. While such studios get their budgets from the contracted projects they may also, get additional profits through dealing of shares from merchandise such as DVD/BD and figurine sales.

### Literature review

**Production committee:** Animation production is in many ways, a complex process with a number of factors affecting the project itself. Compounded by demands on the market from various companies to fans of popular series, the production itself is a cycle of intricate, complex and costly process between several parties (Michelsen, 2009).

Usually, a budget allocated to a studio varies depending on the production committee if the project involved is an adaptation from a different material such as manga and light novels. On some cases, it is a whole new project by the way of collaboration between several parties as with cases such as the Love Live franchise.

Some studios, like Kyoto Animation have a unique situation where they also function as a publisher themselves. Some of Kyoto Animation's projects were adaptations from novels that they had published themselves. Majority of animations on Japanese anime air right now are animated adaptations from manga and light novels. They are mostly functioning as in a broad term an infomercial for the sale of original source materials. Such adaptations rarely get any more than a one cour or a 13 episode season run, unless they end up really popular and drive the sale of the original source materials further. Furthermore, anime that air during late night time slots effectively function as such to both adaptation works and original anime, to drive potential sales for DVD and BD on the market.

Anime production may not reach the same kind of financial burden as found in most Western TV production, it is as costly and labour intensive as it gets.

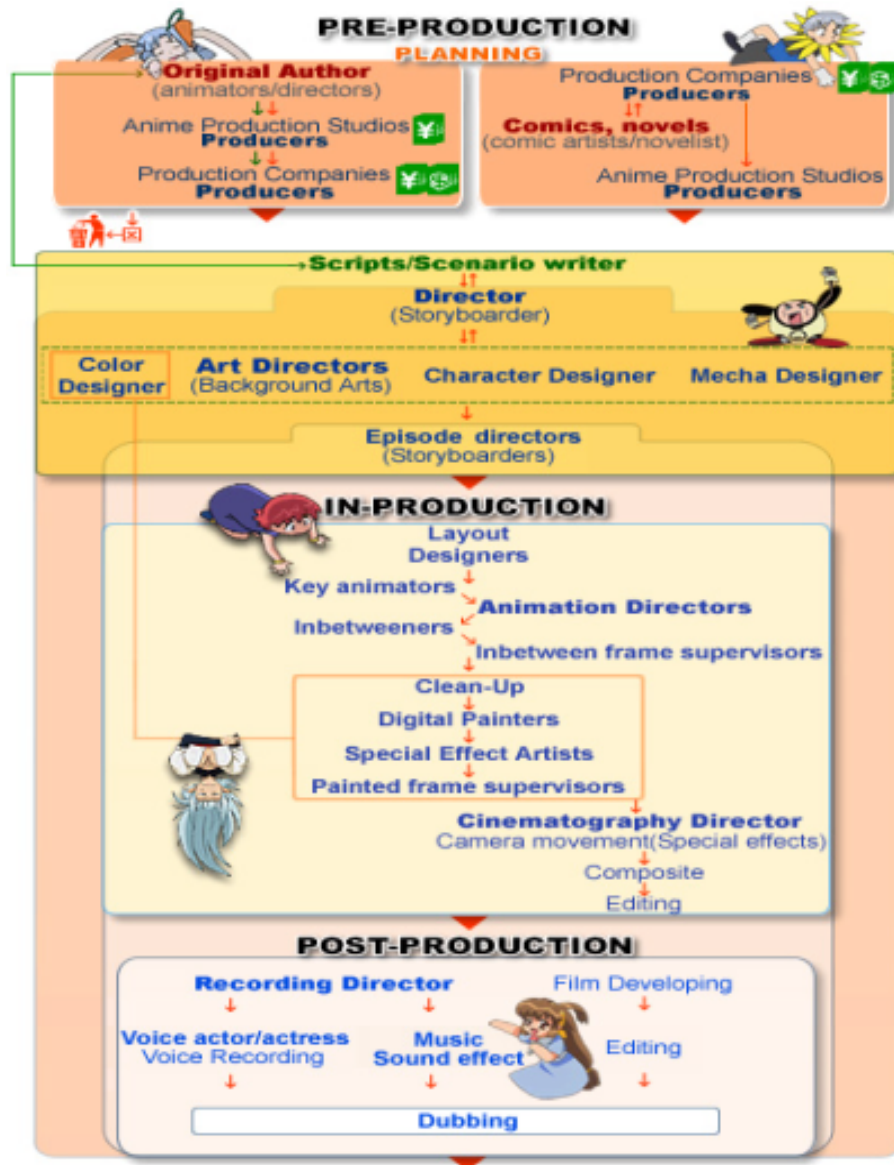


Fig. 1: A translated production from the defunct AIC English homepage

A one cour series would cost around 250 million yen or 2 million dollars, according to CG creator Sakaki Masamune.

As noted by Justin Sevakis of Anime News Network in his study *The Anime Economy*, the stakes are huge for every company involved. Once an idea for a project is pitched, a production committee or (Seisaku Inkai) is brought up as producer pitches the project to various parties to invest into the project which in turn gives them a certain amount of saying in what goes for that project. Such parties range from publishers, recording companies to toy makers. TV broadcasters usually have a seat when

it comes to late night slot project. Studios, however, rarely have any saying in a production committee (Fig. 1-4).

Though, among the members of said committee, the original author or (Gensakusha) has more saying in making major decisions over the project as covered under Japanese law.

The investors do not necessarily pitch in to directly affect the anime but certain aspects that are more in line with their interests. A recording company such as Flying Dog might invest into the project to push out a new release for some of its artists under its label. Companies like Bandai would pitch in some investments for the



Fig. 2: Anime Blu-ray Disc weekly sales chart, taken from Oricon



Fig. 3: Production Committee meeting as depicted in Shirobako, an anime about anime production

license to release products under some of its toy lines basing off said serie's characters or robots. Even companies like McDonald often pitch in on children

oriented series for Sunday morning block such as Precure and would routinely release toys around those series for their Happy Meal menu (Michelsen, 2009).



Fig. 4: Sponsor credit shown at the start of the episode in Go! Princess Precure

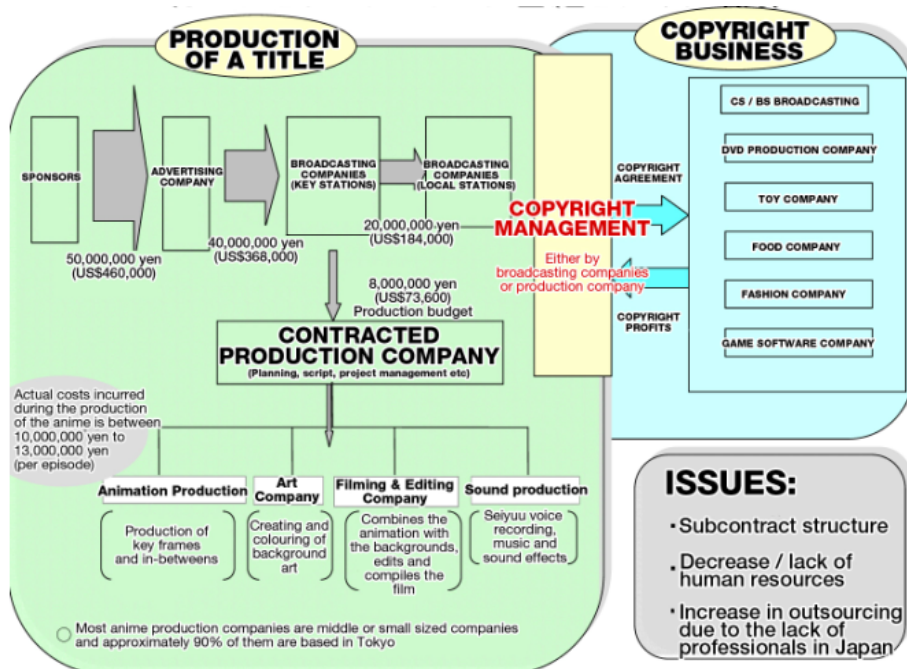


Fig. 5: Chart on depicting budget is allocated use in animation production

**MATERIALS AND METHODS**

**Budget and expense on production:** While the overall budget pooled through investment from production committee is often in a seemingly large sum, the actual budget for the production for most of the time is roughly half and at times, less than the overall investment (Fig. 5). Whatever is left for the production is further split down

the pipeline. The actual cost incurred during the production is often more than the amount of budget allocated.

With an already small amount of budget to work with salaries are often small for some of the staff. Even more so when compared with different jobs from different fields of works. Animators often take the full brunt of this issue with their abysmally small salaries and many of them are

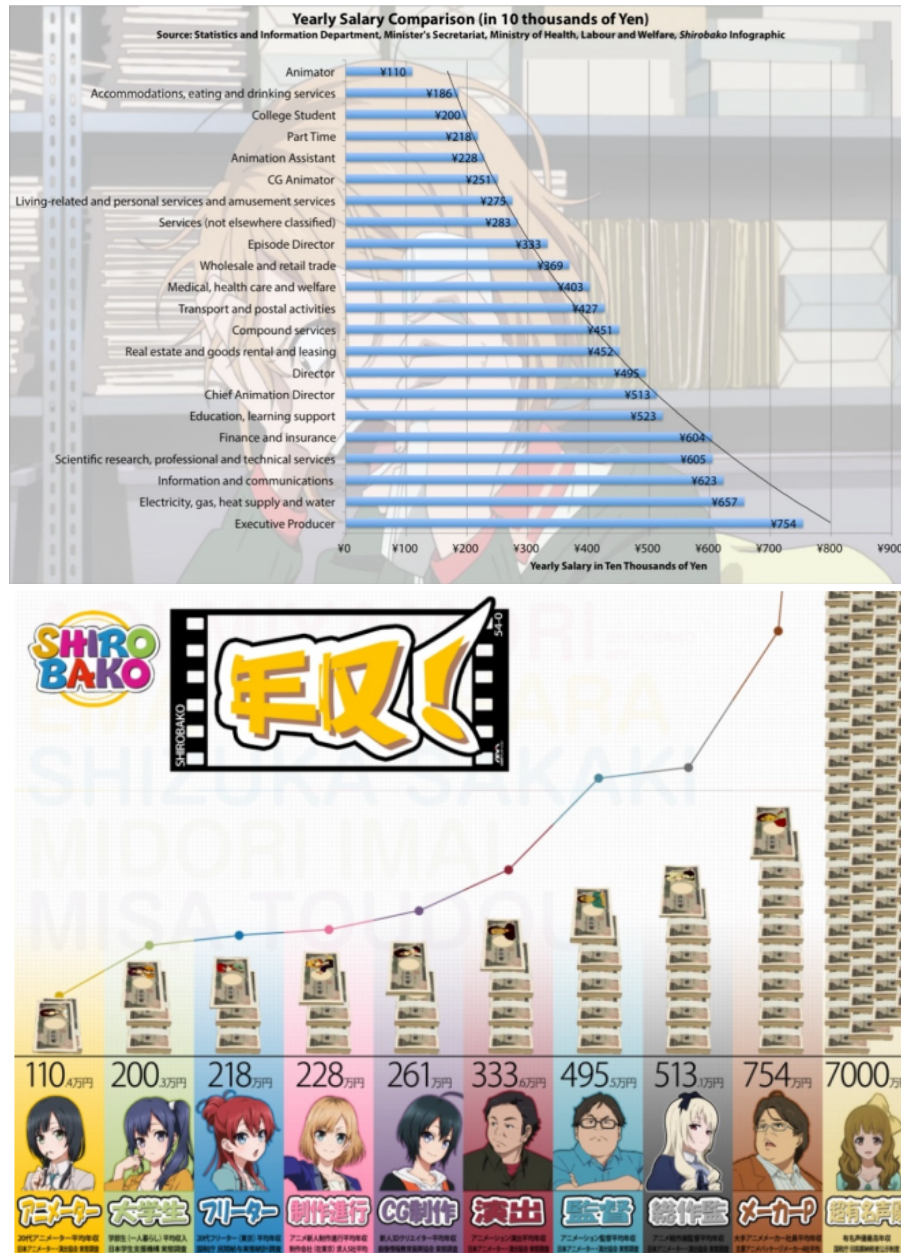


Fig. 6: Infograph on production wage and comparison

depending on the number of cuts/scenes they draw for a particular episode. In light of such issue, college students who are doing part time jobs are noted to have higher pay than animators. A point to be noted in this case is the high living cost as a huge number of animation studios are based in Tokyo. Coupled with this more often than not an animator can barely make a monthly cut from the salary alone. The lack of professional staff members, the already small production budget and tight production schedule lead to the studio to outsourcing some of the works to

different studios, a practice that is also done by production in the West as well. For most of the time, a lot of works are sourced to overseas studios with popular ones being South Korea and China as a cheap place to hire for these works. The outsourced works are often in between animations for these episodes while the key animations are still mostly being done in house (Fig. 6). As written by Ian Condry in his book “The Soul of Anime”, 90% of the frames used in Japanese animation are drawn overseas, although the work of design and storytelling is more often done in Japan.

**RESULTS AND DISCUSSION**

**The production animation pipeline:** As depicted above (Fig. 7-9), a chart is drafted on method for the study of relationship between animation production and market. The draft is adapted from the one used by the Art Tokyo Association for a research survey on Japanese Art Industry Market. As the topic is somewhat on industrial scale, many of the data for such study is collected through quantitative research. By this, the data taken are from various studies and surveys done on relevant

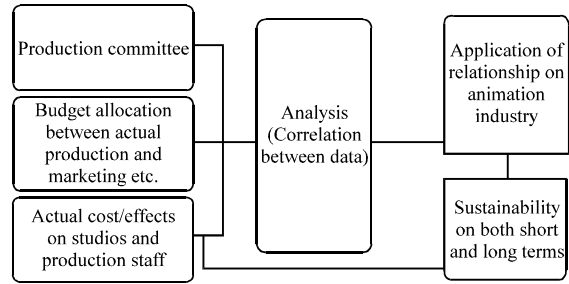


Fig. 7: Methodology of the research



Fig. 8: Fictional depiction of a production committee

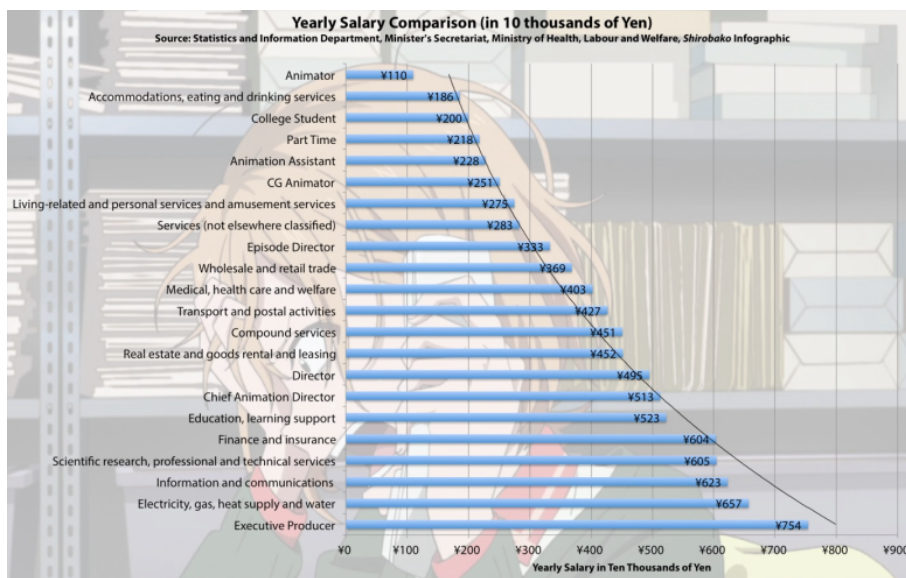


Fig. 9: Annual salary comparison chart from Japanese anime infographic

subjects, one such example is the annual reports on Japanese Animation Industry by The Association of Japanese Animations which are available in both Japanese and English. At its elemental level, the relationship between the market and the production is often seen and understood in a more simple view, perhaps similar to how a consumer sees the business end with a manufacturer. According to Muthalib (2013) that backing this up is the fact that is more studies being done annually on its relevant market by both governmental and non governmental organizations including Japanese Anime. The market itself has been expanding well over the decades on both local and international levels (Norazmy, 2009).

**Production workforce:** While the producer is what could be considered as the starting point of a project, the driving force to get the cogs moving in a project is the collaboration between several different parties from various parts of the industries, collectively known as “Production Committee” or (Seisaku Iinkai). To understand how big a project is one has to understand how such committee works in the whole scheme. A production committee can make-or-break a project and dictates how far and wide a project can be expanded. According to Thomas and Johnston (1981), the concept and the art of production committee works can give oneself a glimpse of how the direction a project might take. Through this committee, a budget for the production is pooled through in layman’s term, investors from various parties which give them a certain amount of leverage in decision making for the project. This concept itself is almost similar to how stocks work in a company with shareholders. The difference being that the investors are from various companies that negotiate for the rights to market their own line of products basing off the project.

**Budget allocation between actual production and marketing:** One of the ways to estimate how a project would fare is the amount of budget pooled from the investments by the production committee and in some cases, sponsors. A point worth noting is that sponsors don’t necessarily have any power in making decision for the project direction. Why is this important in the long run for this study? While the amount of budget pooled from the investors and sponsors might be huge but the actual budget allocation after the initial pooling will be largely different. For most of the time, the budget allocated for the production will be roughly half or in some cases less than the total amount of the budget pooled. The allocated

budget might seem huge but one has to remember that the average production cost of an episode itself is an already costly business, further constrained by a short production schedule. Studios are largely dependent on the initial production budget and for most of the time only profiting from DVD and Blu-Ray sales. The production budget gets further divided when the studios have to outsource many of the works to other production house in order to keep up with the production schedule. By dissecting this part of the production, one should be able to understand how the budget allocation works and to some extent, debunk some of the myths regarding studios having huge budget whenever a particular cut in an episode is well animated (Norazmy, 2009).

**Actual costs/effects on studios and production staff:** Understanding the budget allocation towards the production means understanding what effect it has on the studios and production staff themselves. Nowadays casual viewers have a rough idea on how animation production works, albeit a more romanticized view through depiction in fictions. One such example in recent years is *Shirobako* which depicts a somewhat down-to-earth office drama on animation production, apart from the occasional cartoony hijinks. Production staff are affected by this especially, the animators as their wages are some of the lowest amongst the jobs nationwide. Coupled with huge workload and high monthly expense, particularly those working at studios in Tokyo, the payoffs are largely underwhelming. This also contributes to recent decline in the number of professional staff in the industry (Shuttleworth, 2008).

This in turn, affects the studios as well as they are lacking more trained animators in the field. As of recent years, various efforts have been made to ease them of the burden. One such effort is the funding for animator dormitory. The geographical aspect of the area the studios are basing in also ties in with the cost in running and maintaining the studios, particular those in Tokyo area as the living and maintenance costs are higher in urban areas (McLeod, 2008).

## CONCLUSION

Studios outside of Tokyo such as Kyoto Animation and P.A. Works as written by The Association of Japanese Animations in their 2015 Summer Report, although, they lack business convenience they work in an environment where they can concentrate on their works (Anonymous, 2013).

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