

# Japanese Animation as an Industry

By Kubo Masakazu

Awareness of Japanese animation as an industry may be said to have begun in the autumn of 1998. The spark was undoubtedly the development in North America of *Pokémon*, the English title of *Pocket Monsters*. As the first Japanese animated film to reach 68 countries on five continents, *Pokémon* marked a major turning point. Of course, previous films such as *Dragon Ball* and *Bishojo Senshi Sailor Moon* were major hits, but they never received attention from major overseas media such as *Time* magazine nor did they achieve the status of a major boom. Following *Pokémon*, other animated works such as *Digimon (Digital Monsters)* and *Yu-Gi-Oh (King of Games)* traveled overseas as well, proving that the high potential of Japanese animation was not limited to *Pokémon*.

In North America, popular TV programs aimed at children cluster in the three hours from 8:00 to 11:00 on Saturday mornings, in what might be called "kids' prime time." Four major channels are engaged in fierce competition during that time slot: (1) WB Kids, Warner Brothers terrestrial children's channel, (2) Fox Family, an affiliate of Disney (Saturday morning programming is determined by 4Kids Entertainment [cable TV]), (3) Cartoon Network, like WB Kids an affiliate of AOL Time Warner (cable), and (4) Nickelodeon, an affiliate of the Viacom group (cable). (Tables 1, 2) In my personal view, the relative influence of the channels on children is the order given above. During the three-hour period, with certain seasonal fluctuations, the share occupied by Japanese-produced programming is roughly 40%. Indeed, Japanese-produced animated programs have a proven formula for success in the North American market.

However, the media did not present major commentary on the infiltration of Japan-produced animation into

American culture. This was likely because for an extended period, North American movie critics had taken a critical view of animation in general, viewing it as "kids-stuff" and treated the genre as such, regardless of whether the works were produced in America or Japan. If a Japanese animation turned out to be popular, it was because of the toys and games related to those films, and not because of the works themselves, critics reasoned. Further, critics probably saw these hits as transitory phenomena. The great box-office failure of *Mononoke Hime (Princess Mononoke)*, Studio Ghibli), which in Japan was thought to be highly artistic, further perpetrated that view. With the appearance of *Toy Story* and *Monsters Inc.* (Disney · Pixar), three-dimensional digital animation was taken as the exception to that viewpoint, but Japanese animation was unable to change the view itself. That Japanese animated films have not been nominated for the newly-established animation category of the Academy Awards shows this fact (although it might be argued that a certain amount of political maneuvering is necessary to win an Oscar.)

However, in the new century, Japanese animation is beginning to challenge the long-held opinions of movie critics. *Jin-Roh (The Wolf Brigade)*, Production IG), released in June 2000 in Japan, was warmly received by fans in North America showing that even in North America depth and quality of Japanese animated films is becoming recognized. Perhaps Japanese animation is coming closer to taking an Oscar. Word has it that *Sen to Chihiro no Kamikakushi (Spirited Away)*, Studio Ghibli, released in Japan in 2001), which broke box-office records at home, will be released in North America in September. Preliminary North American critics'

reviews are still tough, but if it is successful, it may make considerable strides toward improving the position of Japanese animation. Let's hope so.

Meanwhile, Japanese animation has already established a firm position in Europe. Prior to the popularity of *Pokémon* in North America, Japanese animation had become an essential part of children's programming in Europe. Despite the fact that there are considerably fewer channels in Europe than in either North America or Japan, Japanese animated programs have become a European programming staple. Moreover, many programs being broadcast first appeared over 20 years ago and are no longer rebroadcast in Japan, even in syndication. Particularly in France, Italy and Germany, Japanese-produced animated programs are popular. Recently, *Spirited Away* took a prize at the Berlin International Film Festival and this became a major news item in Japan. In France as well, together with anti-Hollywood sentiment, there seems to be a significant appreciation of Japanese animation culture.

The annual MIP-TV (*Marché International des Programmes de Télévision*) was held at Cannes, France, this March. At the gathering I was asked, "Why do you suppose that Japanese animated films are so well-received abroad?" I replied, "There are a number of reasons, but the main one is that Japan has its own unique 'manga (comics)' culture." A few years earlier, in response to an almost identical question, I suggested that "Japanese animation is closely tied to toys and games." I believe that the link between manga and animation has had a powerful influence on the potential of Japanese animation. It is no exaggeration to say that without manga, Japanese animation, which including overseas sales has a total market of ¥2 trillion a year,



would simply not exist. What are the reasons behind this? To find the answer it is necessary to look at the history of animation in Japan.

The founding year of Japanese animation was probably 1963 with the commencement of four popular programs: *Tetsuwan Atom* (*Astro Boy*), *Tetsujin 28-go* (*Gigantor*), *8 Man* (*8th Man*) and *Okami Shonen Ken* (*Ken the Wolf Boy*). In 1965 there appeared *Super Jetter Mirai kara Kita Shonen* (*Super Jetter, the Boy from the Future*), *Uchu Shonen Soran* (*Soran the Space Boy*), *Obake no Q-taro* (*Q-taro the Ghost*) and *Jungle Taitei* (*Jungle Emperor*). Other hits appeared in the years following. Indeed, animated film programs achieved wide popularity from the very outset.

One characteristic of the good old days of Japanese animation is the process through which a popular manga became a popular animation. This

means that animation of popular manga series led to a slew of popular animated television programs. A short review of the history of manga will be helpful here. Japanese manga culture blossomed a few years earlier than animation culture. Four years before the advent of *Astro Boy*, *Weekly Shonen Magazine* (Kodansha, Ltd.) and *Weekly Shonen Sunday* (Shogakukan, Inc.) were founded. With the creation of two weekly manga magazines – nonexistent in Europe and North America – Japan's unique manga culture made a major advance. The central figure in this was the late Tezuka Osamu, whose *Astro Boy* and *Jungle Emperor* had clearly different methods of expression and contents from typical four-box cartoons like *Peanuts*, which had been the normal style to date. Using a method like that used in Hollywood movies, the boxes were boldly divided up and stories were expressed through action in

the pictures. At the time, black-and-white television was just coming into general use; nonetheless, manga became highly popular and manga magazine circulation rose steadily. In addition, many talented disciples were greatly influenced by Tezuka, and become popular in their own right. Among them was the late "Fujiko F. Fujio" (Fujimoto Hiroshi), who for a quarter of a century produced the highly popular *Doraemon* series, and Chiba Tetsuya (creator of *Ashita no Joe* [*Tomorrow's Joe*]), who created such a social phenomenon that when one of his characters died, the character was given an actual funeral. There was also the late Ishinomori Shotaro, whose *Himitsu Sentai Goranger* (*Secret Task Force Goranger*) formed the basis for the *Power Rangers* series that

was so popular abroad, and Akatsuka Fujio, creator of *Himitsu no Akko-chan* (*Secret Akko-chan*), an animated series for girls which was also popular overseas. Friendly rivalry among such talented artists led to the creation of many high-quality manga, which were made into animated films. That the films themselves were also popular goes without saying.

Even today *Weekly Shonen Magazine* and *Weekly Shonen Sunday*, together with *Weekly Shonen Champion* and *Weekly Shonen Jump*, which appeared later, boast a circulation of 10 million copies a week. Some 40 years after the appearance of the weekly magazines, manga culture has come into its own. For 40 years, manga have been transformed into animated films. In Japan today, there are approximately 70 animated film programs (including satellite broadcasting) each week, and of these some 60% are based on manga. Analysis of viewer ratings indicates that 13 of the top 15 animated programs are based on manga. Just as it was 40 years ago, it is impossible to discuss Japan-made animation without mentioning manga culture contribution.

Japanese-made animated properties have over a long period of time (1) been produced continuously on a weekly basis, (2) been extremely interesting and popular, (3) been based on original works from a wide variety of genres which are (4) easy to procure on a regular basis. Further, since it has been possible to make animated films from highly popular manga with large circulation, (5) it was simple to keep the risk of failure to a minimum. Furthermore, the manga creators were (6) rarely seriously opposed to having their works turned into film, so it became a natural progression for popular manga to be made into films. Moreover, manga-based animation were virtually guaranteed high viewer ratings. As works, many had high potential to begin with. As a result of these six factors, the virtual inseparability of manga and animated films has prevailed for the past four decades. This distinguishing feature of Japan's animation history accounts for a unique evolution differ-

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Pokémon has been successful in 68 countries



Table 1: Features of the four U.S. channels

	KIDS WB!	FOX FAMILY	CARTOON NETWORK	NICKELODEON
Areas outside the United States	World-wide development possible	World-wide development possible	Weak outside North America	Potential in Europe
Level of interest in merchandise	Specialty stores; wide interest	Strong interest; strong market support	Low interest in toys and other products	Awareness of high quality programs
Interest in Japanese works	After Pokémon interest has increased	Digimon currently broadcast; tie up with Bandai Co.	Animation slot: daily 3-5 pm, Toonami Channel	No experience broadcasting Japanese works
Other factors	Sensitive to violent scenes	Saban relationship	Same as WB; current rapid growth	Viacom Group

Source: USA Broadcast Marketplace Q4 2000

ent from that of the West.

There is another advantage to basing animation on manga. In addition to the high potential of the original itself, working from manga lends itself to the shortening of the production process.

Normally the creation of animated films follows the order of (1) original work, (2) script, (3) storyboards, (4) production of visuals, (5) production of cels (sheets of clear plastic) and (6) filming. By making use of manga as the original work, however, steps (1) through (3) are completed by the manga artist. That is, normally step (1) is a work that is written, and in step (2) that work is recreated in scenario form for the film, and in step (3) that scenario is made into storyboards that will make it easier to produce moving images. Since manga is a medium that incorporates these three processes, using the manga as the original work allows a reduction in labor, actual production costs and time required. Further, because the necessary artistic set-up and backgrounds are already provided in the manga, the total savings are incalculable. In other words, the steps through storyboards are already completed, resulting in a direct reduction of costs, and the fully developed world view facilitates communication among everyone involved right from

the outset, since everyone knows exactly what important story elements look like. Advantages gained by using manga in producing animation are beyond the comprehension of animation producers in other countries. Unless these companies employ manga, that unique element of Japanese culture, they will not succeed in imitating this process.

To sum up the points made so far: First, from the very beginning of Japan's animation history, superior animated films have been produced based on superior manga originals. Second, Japan has weekly manga magazines, filled with highly competitive manga. Consequently, animation production companies have never had serious difficulties in finding excellent original works to use. Third, when a manga is used as the basis for an animated film, it prolongs the popularity of the manga, and because the production process from start through storyboard and a world view creation is already completed, costs are considerably reduced when engaging in the actual production of the animation.

Given this, it would appear that the advance of Japan-made animation will continue for some time to come. Within Japan's current wintry economic malaise, the animation industry

might be called a breath of springtime. But is the future of Japan's animation industry really so bright? That would not appear to be the case. A look at world history shows that no nation ever stays on top for long. What, then, should Japan do? Several issues are already beginning to surface, and one of the most important is the formation of a system of international financing, such as investment funds.

From the 1960s through the 1980s in Japan, there were only some 30 animated programs on the air per week, and in general for animation production companies it was a period of happiness. Japan's commercial television broadcasters provided comparatively generous production funding and were not particularly greedy about insisting on rights. Moreover, because the various television channels deliberately scheduled animated television programs around one another, it was easy to obtain high viewer ratings.

With Japanese animation programs making favorable incursions overseas, in the 1990s the number of programs on Japanese television grew to about 50 per week and by 2002 has risen to approximately 70 programs (including satellite channels) per week.

At this juncture, the issue boils down to fundamental production issues such as the procurement of production financing. Procuring a certain number of original works from the manga industry is the easy part; obtaining production staff and production financing is by no means an easy task.

The first issue to consider is the problem of acquiring staff members. If it is impossible to assemble a production team in Japan, animation production companies order production from Asian



Table 2: North American children-oriented network situation

	KIDS WB!	FOX FAMILY	CARTOON NETWORK	NICKELODEON
Percentage of North American coverage	97% Terrestrial broadcast	97% Terrestrial broadcast	69% Cable	69% Cable
Representative program	Pokémon (Yu-Gi-Oh)	Digimon Dragon Ball	Gundam	Rug Rats
Saturday morning ratings	#2 (4.2) #1 (5.0)	#3 (3.5) #3 (4.2)	#4 (2.3) #4 (2.1)	#1 (4.3) #2 (4.5)
	Upper figure (boys 2-11 years)		Lower figure (boys 6-11 years)	
Trends	Aimed at active boys	Large number of boys liking toys	Possibility of programs for fans	Aimed at young children, upwardly mobile

Source: USA Broadcast Marketplace Q4 2000

countries such as South Korea or China through Hong Kong. As a result, in many cases this means a decline in film image quality. Even the ending credits of *Spirited Away*, which earned ¥30 billion in Japan alone, featured the names of Korean companies and individuals. It is said that without Korean production companies, the film would never have been completed. For a movie with sufficient production funding, it may be possible to work with counterparts in various Asian nations and avoid a decline in quality, but with a television series, where funding is not ample, quality becomes a major problem.

It is, however, not just a matter of quality. One often hears of cases where a deadline is rapidly approaching and there is concern as to whether the cel images will be completed in time. With no other option left, the domestic production company then tries to compensate by using digital effects to compensate for the poorly produced cels. Partially for that reason, during the past year digital animation has increased significantly. The simple work of applying color to cels, like the production of automobiles, would seem to flow naturally to China, where labor costs are low. That process is already underway, and because the number of

skilled workers in China is low, when production funds decline, so does the quality of the work done. In effect, if quality is not taken into consideration, it can be said that Japan manages to broadcast 70 animated programs per week without fail. But in terms of quality, there are wide qualitative differences among the programs. Japan-produced animation today, as a result of this phenomenal rate of expansion, is headed toward a serious crisis.

Considering the costs of production, some people will see the future as even more gloomy. Because Japanese animation is closely tied with toys and games, it is not unusual for the toy manufacturers and game companies to carry the production costs. However, given the present declining birthrate, as the number of animated programs increases, the capacity of these companies to bear the cost of all these programs will decrease. Consequently, there will be animated programs for which production costs cannot be raised. In general, it will mean that two types of programs will result: those which can cover production costs and those which cannot. But the likelihood is that actual circumstances will be even more severe. If a certain animated program, due to financial difficulties begins to lessen the toy manufacturer's

financial burden, the price mechanisms of animation production would suddenly collapse and the winds of cost-cutting will blow throughout the entire animation industry. In the automotive industry, it is possible to overcome this kind of difficulty by using uniform parts, but that does not work in animation. Inevitably quality will be affected.

There is probably only one strategy. Until overseas animation facilities

achieve the consistent quality demanded by the industry, it will be necessary to reduce the number of animation programs by about 10, and simultaneously it will be essential to create a system of obtaining production funds from sources other than the toy and game industries. In this day and age, when Japan's banks and securities firms are hardly in stable health, it is essential for Japan's animation industry to consider Hollywood-type financing, using international funds to back costs. If funding is ample, the problem of procuring production staff will be alleviated, so the very first thing to be considered is the issue of production expenses. It is essential to find some solutions to this issue of funding while Japan-produced animation is doing so well in overseas markets.

Once production funding is procured from other countries, animation will naturally develop further in those markets as well. Moreover, it is likely that as a condition for providing funding, the overseas finance source will require that production companies in its own country be used. In a different sense from the above, it will also become essential for Japanese production companies to create a network with production companies in other countries. Their very survival depends on their



ability to work with production facilities in other countries.

Korea has already made the promotion of movies and animated films a matter of national policy, and is also actively collaborating with North American companies. In terms of live-action filming, Japan may already be a step behind Korea. In animation, however, because of manga culture, Japan is still a step ahead. Having said that, however, if Korean filmmakers who have been successful in live-action filming take up animation production, Japan's lead could very easily disappear. In brief, anything can happen.

Let us now take a larger look the international animation environment in the years to come. In the near future, which Asian nation – Japan, Korea or China – will achieve success in the world of animation? Will it be Japan with its manga culture? Will it be

Korea with its national policy of development? Or will it be China with its devoted workshops?

The answer, I believe, lies in the Hollywood production studios and the U.S. market. The country which can dominate the greatest market – America – will be the winner. The person who creates work that is warmly received in the American market will likely walk away with the prize. This may lead to properties blatantly created with the United States market in mind, and there will be more than a few who will resist doing this. For those who find this unpalatable, then perhaps we should rephrase the situation, and instead suggest aiming for success in the country that has the greatest number of ethnic groups, the greatest number of religions and the greatest number of cultures. It is fair to argue that if one can succeed there, then one holds a ticket to the whole world.

It is also true that the United States has the strictest restrictions on broadcast content. Consequently, Japan and others in the animation race must pay close attention to the Federal Communications Commission (FCC). Standards regarding scenes of violence are becoming stricter each year, and the FCC issues those directives.

The producers of Japanese animation seriously lack awareness of FCC standards. It is worth noting that in *E.T. The Extra-Terrestrial* The 20th Anniversary, in the scene where policemen are chasing the children, George Lucas used digital technology to change the policemen's guns to portable microphones. On the record, it is said that Lucas made the change

of his own accord, but it is far more likely that he did so out of an awareness of FCC codes concerning movies that are shown in theaters and broadcast on television. That shows just how influential the commission is. Fully comprehending the FCC's standards and working to pass them may be the shortcut to creating a successor to *Pokémon*.

*Pokémon* was successful in America because it linked the characters to children's play. It was also the first Asian property to challenge Mickey Mouse. However, despite the fact that in its fourth year of broadcast in North America it is still one of the top three in terms of viewer ratings, it may be that all we have done to date is to "qualify" as a contender. The movie version of *Harry Potter* has become a major hit, and there are a large number of competitors for a post-*Pokémon* hit.

It is extremely difficult to ride the crest of a major boom, and to come close to Mickey Mouse status. Recently I have come to feel that the effort involved in maintaining a boom is far more stressful and less profitable than the work of creating the boom in the first place. This is compounded by the fact that Americans are far more fickle than any other people in the world. And if someone were to tell you that it would be 50 years before you would know whether you had successfully caught up with Mickey Mouse, would you be willing to start the race at all? One can only hope that America will be the victor some 50 years hence. Part of me hopes that no one ever does catch up to Mickey. **UJI**

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