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A Comparison Study of the Animation Industries between China and Japan

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***Abstract*—**Taking Japanese and Chinese animation industry as research objects with a detailed analysis and comparison of the industrial models and status quo in two countries, this study fully reveals the development mechanism and internal and external situations of the industry. It is believed that the Japanese animation industry's continuous pursuit of low-cost production models, virtuous recycling mechanism, and active expansion of overseas markets are valuable experiences; In the process of learning from Japan, China's animation industry has gradually developed and expanded. It is becoming an important part to promote the development of cultural industry. the accelerated development of animation IP has become one of its characteristics.The targeted and forward-looking suggestions and conclusions proposed in this study provide not only an insight into the animation industry, but also inspirations for development in the animation industry around the world through analysis of experiences and shortcomings.

***Keywords*—**Animation industry, China, Japan, business mode.

I. Introduction

AS a beloved form of entertainment by teenagers in Asia and the world, animation is not only an effective tool for cultural exchanges and dissemination among countries, but also a powerful means to enhance the soft power of countries. It has become an important part of the cultural industry, and has increasingly become the focus of attention and development of various countries.

Known as the "major nation for animation", Japan is the world's largest creator and exporter of anime, with more than 60% of the anime worldwide coming from Japan. Its animation industry relies on the internal development mechanism and growing external environment. It integrated culture, art, commerce, industry, technology, and innovation, and has created significant value through effective communication and marketing as Japan's pillar industry [1]. Furthermore, through the dissemination of animation overseas, Japan has achieved its strategic goals of cultural output and national image building [2]. However, it also faces new challenges such as a slow market growth, new technology shocks, depletion of professionals, rising production costs, and declining birthrate.

Chinese animation in the early years has distinct national characteristics in artistic content, but the industry started relatively late. With increase in government support and in China's per capita disposable income, China's animation industry has grown rapidly in recent years, and has achieved considerable progress and breakthroughs in terms of market size and product quality. Meanwhile, the accelerated development of animation IP and the promotion and application of 5G technology have also become new opportunities for further development.

This study takes the Japanese a Chinese animation industry as the research objects and conducts a detailed comparative analysis from perspective of the industrial model, status quo of the two countries, and the opportunities and challenges the industry faces to put forward suggestions in the face of current situation. By exploring the experiences and shortcomings of the animation industry in the two countries, it provides reference and inspiration for the development of the animation industry in various countries of the world.

II. Animation Industry in Japan

A. Business Operation Model of Japanese Animation Industry

The animation industry is an industry based on animation creativity and copyright protection, with comics, animations, games, and derivatives as forms of expression and the development and utilization of copyright running through the development, circulation, and sales of animation products [3]. The core of the Japanese animation industry includes creation and publication of manga; animation production and screening; development and utilization of games; and animation-related products and derivatives. The four sectors are closely connected and mutually beneficial, creating a virtuous cycle and industrial chain, in which agencies responsible for content planning, production, distribution, and marketing work in cooperation with specific responsibilities, forming an effective operating mechanism and a mature business model, so that cultural enterprises, products and consumers are closely connected. This mechanism realizes the common pursuit of business, practicality and value.

Among them, the creation and publishing of comics is the upstream industry, and is the basis for animation works, game development, and the creation and acquisition of derivative products. Manga in Japan are dominated by editors of press and are created by manga artists and studios based on market demand. The development and production of animation is more complicated than comics, as its production and screening

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involve animation production companies, television stations, movie distribution companies, and audio and video companies. Currently the animation industry in Japan generally established a producing committee, all parties prepared funds, divide labor and cooperate, and finally distribute the income according to the corresponding capital contribution ratio to jointly bear the risk of investment. Games are mostly based on animation works and booming of the game industry has provided new paths for the development of the animation market. The game industry features home consoles, personal computer games, and mobile games. Game console manufacturers produce game console hardware, and game development companies develop software. As the downstream industry of animation industry, derivatives are a secondary utilization of copyright of animation, manga and games, which not only increase the income and profit of animation products but also expand its influence.

The development of animation-related products and derivatives is linked to a huge industrial chain, which includes manufacturing companies, IT companies, advertising companies, retail stores, toy manufacturers, event planners, etc. From the above, it can be seen that careful content planning, multiple channels for operational distribution, flexible media combinations, complete production processes, and mature commercial operations have created a profitable model of the Japanese animation industry's virtuous circle of profitability, which has continued to expand the scale of the industry. [4].

B. Statues Quo of Japanese Animation Industry

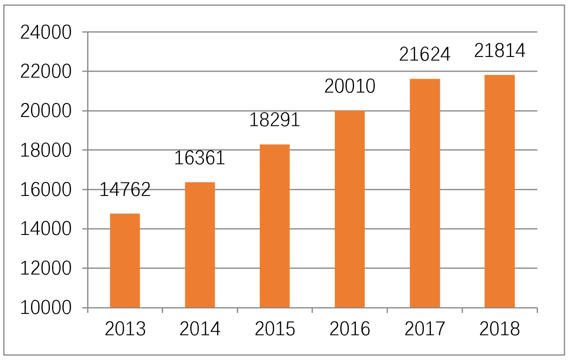

Fig. 1 Japan Animation Industry Market (Generalized) Scale [5] (100 million yen)

According to data from the Japan Animation Association, as shown in Fig. 1, the market size of the Japanese animation industry (generalized) increased by 0.9% in 2018 compared to 2017, reaching a record high of 2.1814 trillion yen. The market has been growing for 9 consecutive years [5].

From the statistics from Table I, TV animation, animated films, network animation, music, overseas revenue, game consoles, live events and other fields have shown an increase compared to the previous year. Among them, the revenue from live events showed the fastest growth of 23.1%, mainly due to the increasing variety of events related to animation in recent years. Animation exhibitions, offline animation restaurants and others have provided new impetus for the development of live events. The increase in the scale of live events also reflects the current transition of Japanese animation consumers from "material consumption" to "experience consumption". Besides, audio and video products and derivatives are showing a slowdown.

TABLE I
JAPAN ANIMATION INDUSTRY MARKET (GENERALIZED) SCALE [5] (UNIT: 100 MILLION YEN)

Project	2013	2014	2015	2016	2017	2018
TV animation	1020	1107	1072	1059	1069	1144
Animated movie	470	417	477	663	410	426
Audio and video products	1153	1021	928	788	765	587
Web animation	340	408	437	478	540	595
derivatives	5985	6552	5794	5627	5232	5003
Music	296	292	325	369	344	358
Overseas Revenue	2823	3265	5833	7676	9948	0092
Game console	2427	2981	2941	2818	2687	2835
Live evnet	248	318	484	532	629	774
Total	14762	16361	18291	20010	21624	1814

Derivatives revenue has been decreasing since 2015 for 4 consecutive years and reaches a record low for the last decade. This is due to the increasing consumption of "digital" goods as the Japanese consumer market has gradually transitioned from the consumption of "physical" goods to the that of "digital" goods. Audio and video products slowed the fastest decreasing for 5 consecutive years from 2014, and revenue in 2018 was about half of that in 2013. Table I also showed that income from online animation is inversely proportional with movie productions. It has been increasing year by year since 2013 and the total revenue of 2018 is twice that in 2013. This is related to the gradual shift of consumers' access to anime works from video and audio products to the Internet. In recent years, the growing trend of the Japanese animation market is directly proportional to changes in the size of overseas markets, and overseas revenue has become the main driver of overall market growth.

Compared with 2017, the overseas revenue in 2018 increased, accounting for 46% of the total revenue, but the growth rate was significantly slower than before, mainly due to the sharp decline in sales revenue to the Chinese market since 2018, which is not only related to China's stricter overseas policies and the increased support of the Chinese government for domestic animation, but also to the continuous improvement of the production level of Chinese enterprises, and the reduction in the number of imported foreign animation works. Although the growth rate slowed down in 2018, based on the continuous advancement of the global media 5G strategy, the Japanese animation overseas market is still expecting a growth. However, there are still problems in the Japanese animation industry. For example, the lack of animation talents, especially in artists, has forced companies to adopt measures to increase personnel training, continuously improve the working environment and improve equipment investment and production efficiency. However, this also led to the higher cost of animation production, and thus the difficulty of business operations. In addition, in recent years, due to social factors such as the declining childbirth in Japan, the animation market has suffered from the decline in the viewing rate of TV animation and the downturn in the commodity market. These problems have also directly impaired growth of the Japanese domestic animation market.

III. Chinese Animation Industry

A. Business Model of Chinese Animation Industry

In recent years, the Chinese government has been vigorously developing the cultural industry. In 2012, the National Animation Industry Development Plan during the 12th Five-Year Plan Period clarified the basic ideas and main goals of the development of China's animation industry during the period. The Plan for Doubling Cultural Industry Growth During the 12th Five-Year Plan Period was also released in the same year, listing the animation industry as one of 11 key industries. In 2017, in the "13th Five-Year Plan of the Ministry of Culture's Cultural Development and Reform Plan" the Chinese government emphasized the promotion of the marketization, internationalization, and professional development of key cultural industry exhibitions such as the China International Animation Game Expo; supporting the production of original animation to promote domestic animation brands. Since 2013, China's animation industry has been improving thanks to favorable national policies and has become an important force to promote the development of the cultural industry.

However, in China's animation industry, there are neither large-scale professional animation companies like Pixar and Disney in the United States, who possess capital and professional talents, nor the production committee model in which enterprises in different sectors cooperate and share risks as in Japan. Story and production come mainly from producer companies or creators, and authorize online platforms, television stations and theaters for publishing and charge them for copyright fees. Terminals then charge users for subscription, advertisers to them for commercial costs and downstream companies pay licensing fees to content providers or channel distributors to develop and sell derivatives. Generally speaking, although there is already an initial form of business model, China's animation industry has not yet formed a mature industrial chain and is still exploring.

In recent years, due to the support of national policies and the success of China's animation film box office, capital has gradually poured into the industry, leading it to a rapid growth period. Currently active investors in the market are mainly platform companies, film and television companies, and cultural companies. Among them, platforms like Bilibili and Tencent, as part of the distribution channel of animation works, have multiple layouts and are providing strategic investments to companies with IP development or animation production capabilities. Chinese companies like Olympic Entertainment are building a complete industry chain which combines content research and development, film and television production and IP development, in order to maximize profitability. However, most of Chinese animation companies currently choose joint cooperation and merge with one of the enterprises in the industry chain, use their respective resources and comparative advantages to jointly develop animation IP. Generally speaking, Chinese animation companies are relatively weak in terms of competitiveness and profitability, despite the fact that they have learned from top global companies to accelerate the development of animation IP and generate revenue through various channels.

In Japan, the combination of animation and manga, game entertainment software, and derivative industries has formed the ACG industry. Whereas in China, though the game industry is developing rapidly, it has not yet formed a complete industrial chain with the development of manga, animation and derivatives. Most game companies develop their own games, and make money through paid games, advertising, and the development of a small number of peripheral products through client games, web games, and mobile games. Although a few companies developed games imitating the Japanese model and achieved market success, in general, China's game industry has not yet deeply participated in the animation industry chain, and has not helped each other with comics and animations to form a synergy.

B. Status Quo of Chinese Animation Industry

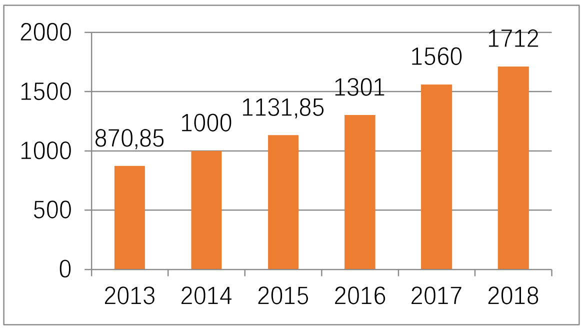

Fig. 2 Chinese Animation Industry Scale [6] (100 million yuan)

Driven by multiple policies, capital, technology and consumer groups, the output value of China's animation industry continues to grow rapidly. As shown in Figure 2, total value of China's animation industry reached 171.2 billion yuan in 2018, an increase of 11.46% compared with 2017. The output mainly comes from the upstream content market and the downstream derivatives market. Among them, user payments and advertising revenue are direct and stable sources of the content market, while the downstream derivatives market is the main source of output value of the animation industry. The 2018 China animation industry research report shows that China's huge consumer market holds nearly 350 million [6]. Among them, the number of online animation users reached 219 million, and online animation has become a bright spot and driving force for the development of the industry. Judging from the categories of animations on video websites in 2018, animations for children accounted for 66%, teenage, 10%; adult, 17%; and animations for all-age accounted for 7%. Children's animations still takes up a major part in the industry.

Although China's animation industry is developing rapidly and sees huge potential and opportunities in the market, there are still many challenges. First, animation in China feature wide variety but not high quality. Most works emphasis on characters rather than the plot, and despite the fact that original works are picking up, most successful model still rely on imitation of foreign animation, and lack of widely accepted images. Second, animation mainly focus on one group, especially on children educating, rather than on adults. Third, education and personnel training are severely disconnected from the industry, and there is no appropriate mechanism for selecting and training talents. Fourth, there exists a lack of influential comics magazines. Paper comics are not the main source of creativity and stories for animation or games, and there is a lack of a virtuous cycle mechanism for the transformation of high-quality comics into animation and game products. Fifth, the market for animation products is not segmented well. Japan has a strict work grading system, and comics magazines are divided into women, adults, and adolescents, etc. Whereas currently comics magazines in China are mainly aimed at young people. Most of the television animations focuses on children's education. The targets of anime websites are mostly adolescents and adults. The positioning of anime products is very single [7]. Sixth, China's derivative industry has not been fully developed, and in particular, live events have not received enough attention. Events can not only strengthen the spread of animation images, increase industrial income, but also promote the sales of peripheral goods and local tourism. Seventh, due to insufficient and partial copyright protection in China, the emergence of a large number of pirated broadcast channels and derivatives

have seriously damaged the interests and enthusiasm of IP development and original animations. Eighth, animation companies have not paid enough attention to the development of Asian-centric overseas markets. More attention needs to be paid to differences in culture and values so as to seek resonance under common feelings through animation works.

On the other hand, the Chinese animation market has its unique advantages and opportunities. Traditionally, it features culture and art films. Excellent traditional culture can nurutre rich materials for comics, animation and games. Moreover, China's cultural and entertainment market has huge potential. As Chinese born in the 1980s and 1990s who grew up with American and Japanese animation have entered the society, China now welcomes a new generation for the animation market. The long-time foundry experience enables Chinese animation creators to master and apply new technologies such as CG faster. The maturity of 5G network technology and the advancement and innovation of cloud computing and other technologies will also become an important force to promote the sustainable development of China's animation industry in the future.

IV. Conclusion

Under the support of the Japanese government, its animation has become a pillar industry in Japan with obvious advantages in terms of theme, expression, production technology, market size and worldwide influence. The Japanese animation industry continues to pursue low-cost production models and virtuous circle mechanisms and continues to seek commercial and animation types and actively expand its overseas markets, which provides valuable experience for the development of the animation industry in China and other countries in the world

Meanwhile, China's animation industry is still developing with a weak overall foundation and unclear business model. The actual production capacity, operating income and profitability of the market are of average. However, with the diversification of market demand, strong support of central and local government policies and the continuous follow-up of capital, the accelerated development of high-quality IP resources in the Chinese animation industry will become an important link for maintaining industrial users. IP-based industrial layout will strongly promote the development of the industry [8]. Compared with other countries who have seen relatively mature development, China's animation industry has huge prospects and market potential.

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