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Configuring Appropriate Support: The Problematic Internationalization Strategy of the Japanese Manga and Anime Industry

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Chapter 1. Introduction

The trend of globalization has profoundly affected the lives of people today. Among the many issues of globalization, culture has attracted significant attention. 'Cultural globalization', however, has always been accompanied by the shadow of hegemonic:[1] The discussions related to cultural globalization are often about communication technologies, multinational corporations, markets or cultural goods. 'Culture' is not just about communication or goods but the practice of human life. Although there is an urgency to include more non-western discourses on culture, there are few in-depth discussions and examples about how culture, communication, and commodities outside the Western culture have been globalized so far.

Creative industries have also been subject to much debate since the early 2000s.[2] A creative index and a city's 'creative capital' have been emphasized when talking about the competitiveness of creative industries in a country.[3] Since these businesses are often smaller scale, relatively lower cost, and create less pollution than manufacturing industries, they can be developed in almost every country no matter whether it is considered developed or developing.[4] In an era of globalization, these dynamic businesses can also spark new developments, create more job opportunities, and stimulate economic.

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[1] Kōichi Iwabuchi and Dawson Books, *Recentering Globalization: Popular Culture and Japanese Transnationalism. (*Durham, N.C;London; Duke University Press, 2002.)

[2] Mary McNamara, "Japanimation Goes Pop in Cartoon Series." *Multichannel News 25*, no. 44 (2004): 14.

[3] Richard Florida created the "Creativity Index" to measure the overall regional economic potential which combines the 3Ts: Talent, Technology, and Tolerance. The indexes which effect the 3Ts includes "the tolerance" to the minority populations, the foreign-born, and the gay/lesbian (and bisexual/queer as well) population, "the Tech-pole index" that refers to the high-tech class, the patents per capita for technology and creative class occupational share, and the educational attainment that "the talents" can get. In the European Union, these three indexes were divided into nine sub-items in the report "Europe in the Creative Age" (EU, 2004).

[4] Bonita Kolb, *Marketing Strategy for the Creative and Cultural Industries,* (London: Routledge, 2016.)

The Japanese Manga and Anime industry had its origins in the local Japanese context of Japan. Most of the studies about this industry have focused on its sociological, psychological, and cultural aspects, such as those by Allison and Cooper-Chen.[56] Those that emphasize the history of the industry's development, such as Mihara, are relatively scarce.[7] The Japanese Manga and Anime industries comprise a complex industry system which has many interrelated and interdependent subsystems, including the cultural content and derivative products industries.[8] To gain an international competitive advantage in the industry has always exceeded the capabilities and resources of any single company. It has required all aspects of the industrial system to work together to maximize value through collaborative innovations and resource integration. In the current-day era of the knowledge economy, the scope and speed of digital technology and media have changed faster than ever before. As a creative industry rich in intellectual property, Japanese Manga and Anime have broken through the traditional value chain system through dynamic diversification and networking.[9]

Japanese Manga and Anime have been become very popular now not only in the neighboring countries of Asia but also in other areas such as the Americas, Europe, and Middle-East. Since Japan became a developed country, most of its GDP is dependent on tertiary (service) industrial sectors.[10] Cultural creative industries have

[5] Anne Allison and Gary Cross. *Millennial Monsters: Japanese Toys and the Global Imagination*. (CA, University of California Press, 2006.)

[6] Anne Cooper-Chen, "Cartoon Planet: The Cross-Cultural Acceptance of Japanese Animation." *Asian Journal of Communication 22*, no. 1 (2012): 44-57.

[7] Ryotaro Mihara, "Involution: A Perspective for Understanding Japanese Animation's Domestic Business in a Global Context." *Japan Forum* (2018): 1-24.

[8] Tomomi Yamaguchi, "The Soul of Anime: Collaborative Creativity and Japan's Media Success Story by Ian Condry: Experimental Futures Series. Durham: Duke University Press, 2013." *American Anthropologist 116*, no. 3 (2014): 675-676.

[9] Ibid.

[10] "METI Ministry Of Economy, Trade, And Industry". 2019. *Meti.Go.Jp,* accessed Jan. 23. 2019. http://www.meti.go.jp/english/

become the third biggest industry in Japan in the current day.[11] 60 percent of Manga (comics) and cartoon (animations) in the world came from Japan in 2016.[12]

1.1 Purpose

Since Japan is not a hegemon like the United States and Japanese culture is quite different from the mainstream Western culture, they must have some different marketing strategies compared to animation firms based in the United States, such as Disney, Pixar, or Marvel. The motivation of this study is to explore how a country can export its culture successfully if they do not possess a globally dominant culture or language. There are a lot of books, essays, and articles exploring the cultural phenomena of Japanese Manga and Anime, but they have been rarely studied from a business history perspective. In this thesis, the historical background of the industry will be explored and analyzed using the Uppsala model.[13] Also, the strategies involved in the industry's internationalization processes will be analyzed.

For many creative industries, the intellectual property question seems simple: to protect the authors, creators, and copyright owners. The only thing they need to be concerned about is 'to what extent should they be protected?' Instead, for Manga and Anime, the issue of copyright protection is more complicated because fans play an important role in the processes of dissemination and internationalization in the industry. The ongoing debate found during the search for sources is the pros and

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[11] Ibid.

[12] "The Association Of Japanese Animation". 2019. *The Association Of Japanese Animation,* accessed Jan. 20, 2019. http://aja.gr.jp/

[13] Jan-Erik Vahlne, Jan Johanson, Humanistisk-samhällsvetenskapliga vetenskapsområdet, Uppsala universitet, Företagsekonomiska institutionen, and Samhällsvetenskapliga fakulteten. "The Uppsala Model on Evolution of the Multinational Business Enterprise - from Internalization to Coordination of Networks." *International Marketing Review 30*, no. 3 (2013): 189-210.

cons of fan groups, especially fansubbing. Almost all of the secondary creation and derivative works made by fans, especially the so-called "Doujinshi", have all been part of underground economies related to Manga and Anime. Although they promote Manga and Anime, their actions also violate the copyright. However, Japanese creator and publishers usually tolerate these violations and do not take legal actions. This thesis investigates the question of this strategy's utility for Japanese firms – is it simply a tradition or an internationalization strategy? The diversity of response to the intellectual property question could support the idea that creative industries manifest differently in different countries.

Due to the under-researched nature of copyright and intellectual property in this industry, the study aims to fill the gap in the existing literature of business history, business and management studies. The particular art form of Japanese Manga and Anime might not be replicated in other countries, but their model of internationalization may be a valuable reference or an inspiration for the study of other creative industries in the future.

1.2 Research Question

This study focuses on the internationalization process of Japanese Manga and Anime industry. Hence, the research questions will include the history of industry and its marketing strategies. The main question of this thesis will be:

How did the Japanese Manga and Anime industry internationalize?

According to the main topic, the historical background, and the characteristic of creative industries, this thesis asked several sub-questions:

Sub-question A:

How did the Manga and Anime industry develop before it internationalized?

Sub-question B:

When, how and why did it internationalize?

Sub-question C:

What was the role of the Japanese government during the internationalization process?

Sub-question D:

What role did the fans, readers, and audiences play during the internationalization process?

The first question seeks to understand the background of how the industry developed since the industry already has a huge domestic market. Some historical development will be reviewed. As a study in the historical perspective, it is important for this thesis to ask "when", "why", "what", "who", and "how" the industry developed about those issues is very important. In this part, the following questions will also be answered under the sub-question: Sub-question A answers the questions, When and where did this industry begin to develop? What is their business model? And who made the profit?

The second question is about the timing and process of internationalization, including the reasons for starting. What did firms do to make the process successful?

Why did they have to do it? Were there strategies driven by questions of supply or demand? Who were the agents in this process? Who did the marketing? Was it the publishing companies, the animation companies, or the TV companies? To find the answer, the economic background of the Japanese market is presented. The bubble economy and the decline of the domestic market in Japan are very important dynamic factors that forced the industry seeking internationalization.[14] On the other hand, the development of technology and of the internet, rapid communication, and mass media also helped the process of internationalization. Not only Manga and Anime but also the other creative industries had to consider these factors. Therefore, the progress of internationalization and these factors are also discussed within the context of globalization.

The third question studies the role of the public sector in helping this industry internationalize. To uncover the answers, this section discusses the role of government, laws, and policy in developing the Manga and Anime industry: what did the government do? Which cultural or marketing policy helped this industry internationalize?

The fourth sub-question relates to the role of the fans, readers, and audiences in the internationalization process. The fans, manias, or the so-called "Otaku" are a unique group of fans, whose engagement with the products inspires more people to buy those creations. They are not just readers and audiences but also a group of creative consumers who are identified with the product. These people around the world did the fansub (short for fan-subtitled) voluntarily.[15] This thesis explores the questions of what is fansub, why and how the fans behave how they did, and what are their

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[14] The bubble economy here refers to the Japanese asset price bubble happened from 1986 to 1991. After the bursting of the bubble economy, Japan experienced the so-called Lost Decade.
[15] The definition of fansub will be introduced in detail in 1.6.3.

contributions to the development of the industry. The relationship between fansub, piracy, and copyright is also discussed.

1.3 Conceptual Framework

In this thesis, the model of internationalization which is used is the Uppsala Model, one of the best-known models of how companies set about the process of internationalization and globalization. This model was proposed by Johanson and Vahlne from the Uppsala University of Sweden in 1977.[16] It presents a sequential approach to explaining how firms gradually intensify their activities in international markets. The model assumes that a company lacks knowledge of the global market at the outset. Their lack of knowledge is detrimental to internationalization since they should establish themselves in the domestic market first, and then increase gradually commitment and resources to the target market.[17] Only once the firm has sufficient understanding of the conditions of the foreign market can the next stage of internationalization begin.

The key features of the Uppsala model include:

1. Companies first gain experience from their domestic market, before they move forward into the foreign/global markets.

2. Companies start their foreign businesses from those countries which are culturally and/ or geographically closer to their home, and then gradually expand to those countries which are culturally and geographically more distinct.

3. Companies start their foreign involvement usually through traditional exports

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[16] Vahlne & Jan Johanson, "The Uppsala Model", 189-210.
[17] Ibid.

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initially and more intensive and demanding operation modes later on (such as sales subsidiaries etc.) at both the company and target country level.

This model is quite suitable for analyzing the Japanese Manga and Anime industry because it was already very successful in the domestic market before internationalization. Also, it was not intended to open the foreign market at the very beginning. Instead of an international orientation, the first Manga and Anime producers were targeting their domestic market.

This model identifies four stages in the establishment chain:

- Stage 1 is the stage in which the company does not have regular activities of exporting.

- Stage 2 is stage in which the company starts to export to the target countries or markets via the agents or the independent representatives.

- Stage 3 is the stage in which they begin to establish the business unit or sales subsidiaries of the overseas market.

- Stage 4 is the stage in which the company starts to produce or manufacture in the overseas market.

The Uppsala Model has been revisited in the light of changes in business practices and theoretical advances in the past few decades. However, this model also has some limitations. First, the Uppsala model suggests an identical step-by-step process for internationalization of the company whose stages are intended to be repeated in each market. However, the market environment, the scale of the economies in question, and government regulations in each country or area are vastly different. Therefore the model does not consider that some analytical categories are

transferable while some of them are not.[18]

On the other hand, this model is for separate companies, but this thesis seeks to analyze an entire industry. Therefore, the analysis might not be compatible with the internationalization process in some ways. Despite these limitations, the Uppsala model is still a good choice to analyze Japanese Manga and Anime industry because the internationalization process of this industry is was an incremental process, moving from the domestic economy to the neighboring countries, and then to faraway areas.

1.4 The Research Method

This study will be based on qualitative research. The research method being used is mainly an extensive literature review and document analysis. To understand the history of the Manga and Anime industry, first, it needs to have a guiding question. The hypothesis of this thesis, therefore, is that the industry must have some special marketing strategies to help them become popular during their internationalization process.

The literature review documents important data and studies that explain the history of these two comic genres. First, the background of Manga and Anime is explored from literature about the history of the industry in books, journal papers, or databases. The literature is organized and analyzed in chronological order, around turning points in the history of Manga and Anime.

Sources and references are found in the library of Erasmus University, the website of University of Glasgow, and Google. The keywords used for searching include:

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[18] Blomstermo, Anders and Dharma Deo Sharma. *Learning in the Internationalisation Process of Firms.* Cheltenham: Edward Elgar Publishing Limited, 2003.

"Manga", "animation/Anime", "Japan/Japanese Manga", "comic", "Japan/Japanese animation", "Japanimation", "internationalization", "globalization", "cultural creative industry", "Japan cultural policy", and "Cool Japan".

Most of the sources used in this study are secondary sources, including the books, thesis and dissertations, journal articles, and scholarly papers. There are also some primary sources, such as newspapers, magazines, websites, and blog articles. The content and the influences of the "Cool Japan" policy mainly derive from sources of the Ministry of Economy, Trade, and Industry (METI). They are used as the original source of information about the topic, especially those events occurred near the current time and have not been written about in the popular press. In addition to the government references, some other sources include associations and institutions such as The Japanese Cartoonist Association (JCA)[19], The Association of Japanese Animation (AJA)[20], and Institute for Information and Communications Policy (IICP)[21]. Some recent actions taken by the companies and new data published are only available from their official websites, which the author has analyzed.[22] Tertiary publications such as dictionaries and encyclopedia are used for reference purposes.

1.5 Research Scope and Limitation of the Study

1.5.1 Research Scope

Japanese Manga has a long history of development, but the story before the 1970s will only be a short historical background in this thesis. Also, the time span of

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[19] "The Association Of Japanese Animation". 2019. *The Association Of Japanese Animation.* Accessed 20 Jan. 2019. http://aja.gr.jp/
[20] "The Japanese Cartoonist Association". 2019. *NihonMangakakyokai.Or.Jp.* Accessed 20 Jan. 2019. http://www.nihonMangakakyokai.or.jp/
[21] "Pubilication", Ministry of Internal Affairs and Communication, Japan, 2019, Accessed 20 Jan. 2019. http://www.soumu.go.jp/main_sosiki/joho_tsusin/eng/whitepaper.html
[22] The primary sources written in Japanese will be translated in this thesis.

adapting the Uppsala Model is mainly from the 1980s. As this thesis focuses only on firms' sales and marketing behaviors, the outsourcing of Anime production to nearby countries is not be discussed in this study.

1.5.2 Limitations of the Study

During the research, some obstacles were encountered:

(1) The language barrier: The literature from Japan used in this proposal is all provided by Prof. Miyata and Prof. Mihara of Meiji University (Tokyo, Japan) and written in English. However, there are still some industrial analyses and latest news which is written by the researchers of Japan in Japanese as well. Some of them were both interesting and useful; however, due to the author's language barrier, they need to be translated (with the Google translate) and take more time to read.

(2) Most of the works of literature reviewed in this study are about the phenomenon and influences of Japanese Manga and Anime in Asia countries and the United States. Most of them are written in the perspective of sociology or cultural studies so that the history of development is just a brief introduction but not the main part. There are not many monographs written about the history of the industry especially. This meant that some fragment pieces of evidence had to be found in many different sources. On the other hand, it was not very easy to find sources for non-Western history, especially some important events of this industry in Africa and Australia. There are some books and articles applying models or theories about marketing strategies of creative industries in such contexts. However, the typical

measurements of the impacts of creative industries are too broad to be applied to one single special industry.

1.6 Definition of Terms

Several proper nouns which are used in this study are defined below:

1.6.1 Manga

The term "Manga" is the word for "comic" in some countries. It means a medium that expresses ideas by images, text, and other visual information. In Japan, "Manga" is used referring to both comics and cartooning. The term "Manga" used outside Japan means the comics originally published in Japan. The word "cartoon" is used to refer to the motion pictures of TV series, and "animation" refers to the films or movies. However, in Japan, both cartoons and animation are called "Anime". Therefore, in the following content, the proper noun "Manga" will be used to refer to Japanese style comics and the term "Anime" is referring to the Japanese animation. In other countries of the world, comics and cartoons are two totally different industries. But in Japan, these two industries are highly related to each other, most of the Anime series are adapted from popular Manga.[23]

1.6.2 Anime

According to Britannica Academia, the definition of the term "Anime" refers to "a style of animation popular in Japanese films."[24] Early Anime films were intended primarily for the Japanese market and employed many cultural references unique to

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[23] Casey E. Brienza, "Books, Not Comics: Publishing Fields, Globalization, and Japanese Manga in the United States." *Publishing Research Quarterly 25*, no. 2 (2009): 101-117.
[24] "Anime|Japanese Animation", *Encyclopedia Britannica*, 2019, Accessed 24 Apr. 2019. https://www.britannica.com/art/Anime-Japanese-animation

Japan. "Manga" are "comics created in Japan or creators in the Japanese language, conforming to a style developed in Japan in the late 19th century."[25] For example, the large eyes of the Manga or Anime characters are commonly perceived in Japan as multifaceted "windows to the soul." Much of the genre in the cuteness style is aimed at children in other countries, but a lot of Anime films in Japan are marked by adult themes and subject matter.

▲ *Hello Kitty* is one of the most famous symbols of cuteness.

1.6.3 Fansub

Fansub is defined as a version of Manga, or films which have been translated and subtitled into different languages by fans of different countries and released by one of many fansubbing groups.[26] In contrast to the official licensed translations done by professionals, typically these are series which have not been licensed for release. Fansubs are unlikely to face legal action even though such reproduction is still technically illegal under international law.

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[25] Ibid.

[26] "Fansub", *Wikipedia*, 2019, Accessed Nov. 3, 2018. https://en.wikipedia.org/wiki/Fansub

1.7 The Position of Research

This research is intended to present an organized study of the historical internationalization process of the Japanese Manga and Anime industry and to find out the reasons behind the industry's international success. By exploring the development background of the industry and the cultural policies of the Japanese government, the effects of the industry's international marketing strategies can be determined, and the firms' processes of internationalization can be uncovered.

Japanese Manga and Anime is a new topic in business and management studies, not to mention business history. This study represents a rare discussion on the internationalization strategies of Japanese Manga and Anime firms. There are already plenty of articles judging or even criticizing the phenomena of the cultural globalization of Japanese Manga and Anime due to its success and popularity.[27] Most of the current studies about Japanese Manga and Anime have focused on the influences on the youth in Asian, America, Europe and other areas, but the reasons for their success in different markets remains unknown. While Japanese Manga and Anime continue to become more popular, the case demonstrates how the industry's growing fan groups can actually cause an economic dilemma. This study highlights the ongoing debate on both sides.

The conclusion of this thesis includes the findings of the historical background of internationalization of the Manga and Anime industry, the reasons and the way they started to export their products, and their international influences under globalization. This thesis also adapts the triangle mode of creative industries

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[27] Jason Bainbridge and Norris, Craig. 2010. *Hybrid Manga: Implications for the Global Knowledge Economy, Manga: An Anthology of Global and Cultural Perspectives*, Continuum, Toni Johnson-Woods (ed), New York, pp. 235-252.

development to see the effect under the interaction of the public sector, the private sector, and the non-governmental or non-profit sector. What makes this industry unique is that the third party is not another set of institutions, but a group of people gathered together, passionate about the same hobby.

This type of study belongs in the category of exploratory research, integrating the literature review, document analysis, and empirical study. Since the industry is relatively successful in the world, the result of this research can possibly be a strategic marketing recommendation for other creative industries with similar characteristics. Also, the outcome of this research can serve as a reference and suggestion in future investigations.

Chapter 2. The Historical Background of Manga and Anime Industry

Among the cultural and creative industries, Japanese Manga and Anime is a special case for its exceptionally long history. The origins of Manga and Anime date back long before the term "creative industry" was proposed in the United Kingdom in 1997.[1] This chapter explores the question, "How did the Manga and Anime industry develop domestically before it internationalized?"

Before Manga and Anime were exported to other countries, the industry had developed in response to events of Japanese society over a number of historical periods. The first part of this chapter reviews the background of the industry since the late 19th century. Over this time, Manga influenced Japanese popular culture for not only children and youth, but also in terms of the aesthetics, tastes, and lifestyles of the Japanese people. For this reason, Manga cultivated a significant domestic market. Modern Anime found the lasting success in the 1960s when the Anime master Osamu Tezuka, a leading figure in the modern Manga and Anime, established his own line of Mushi Productions. The dense, novelistic, Japanese-style comic books started to contribute greatly to the aesthetic of Anime.[2]

The business model, the talents training system, and the creative cluster of manga and anime firms are also presented. Their business models differed from Western comic and animation firms, which made them more competitive in terms of internationalization, but lowered the wage and profit margin benefits of these same firms. The thesis finds that in Japan, most firms that produce comics earn their

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[1] Gabriele Troilo, *Marketing in Creative Industries: Value, Experience and Creativity*. London: Macmillan Education, 2015.

[2] Kinko Ito, "*A History of Manga in the Context of Japanese Culture and Society.*" *The Journal of Popular Culture 38*, no. 3 (2005): 456-475.

revenues via advertisements. The national government provides specialist schools and colleges that cultivate talent in every sector of the industrial chain and provide much needed support for the industry, while the creative cluster in Tokyo also promotes the private sector development of the industry.

2.1 The Industrial History

Many countries think of Anime as a thing for children to watch, but there is no such prejudice in Japan. Japanese Anime has always included the adult market. From the results of its development, *Japanimation* covers all types and ages. This is the biggest difference between Japanese Anime and animations in other countries. Because of this ability to appeal to a diverse audience, Japanese Anime is always popular among different people in the world.

There is a long history in Japanese and Chinese cultures of telling stories with pictures and characters. The Japanese are very good at using this kind of expression. In Japanese Manga works, emotions are often expressed in specific ways such as sweat and tears. This symbol is called "Manpu".[3] In addition, Japan does not have a dominant religion so the concept of good and evil is diverse enough to support a variety of cultural symbols. A modern-day example of this is the "emoji," which originated from Japan but is now being used all over the world.[4]

The characteristics of the Manga and Anime industry should therefore be considered alongside the history of the culture in which it was developed. At the same time, the

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[3] Shuuzou Shota, (2017). 2017. "The Core Competitiveness Of Japanese Animation". Nihon Keizai Shinbun September (19th). Accessed Apr. 3, 2019.
https://zh.cn.nikkei.com/trend/cool-japan/23344-2017-09-19-08-16-45.html
[4] "Emoji" is written as 絵文字 in kanji or えもじ in hiragana.

changing trajectory of Japanese society also can be observed from the history of this industry.

2.1.1 Before World War II

The history of Manga can actually be traced back to the 12th century, in the Heian Period. The national treasure "Choujujiga" is recognized as the oldest Manga, and it personified animals such as rabbits, frogs, and monkeys.[5] Manga, the widely used term for Japanese comics, came into popular use around the mid-1700s, with the print artist Katsushika Hokusai's work - Hokusai Manga.[6] From 17th to 19th century, Ukiyo-e, the colored woodblock paintings of beautiful subjects, normal people's life, animals, and history stories were popularized and formed the basis for modern Manga. The historical background presented in this chapter, however, starts with modern comics since 1862, when the first Manga magazine *Japan Punch* was published in Yokohama.[7]

▲ Part of *Choujujiga*

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[5] Ito, "*A History of Manga",* 456-475.
[6] Wendy Siuyi Wong, "*Globalizing Manga: From Japan to Hong Kong and Beyond.*" *Mechademia 1*, no. 1 (2006): 23-45.
[7] Ito, "*A History of Manga",* 456-475.

The initial stage of Japanese animation can be traced to the beginning of the 20th century, when Japanese filmmakers introduced the latest technology of animation from the West to Japan and began to produce animation. In 1918, Japan produced the first short animated film which was adapted from the famous Japanese original tale of the same name, *Momotaro*.[8] From the 1920s to the 1940s, Japan continued to produce a number of short animated films and remained in operation during the Second World War. However, during World War II, the Manga industry was in recession due to Japan's participation in the war, the regulations of the Intelligence Agency, and paper shortages.[9]

2.1.2 After World War II until the 1980s

Manga

When the Second World War ended, Manga broke away from being an instrument of propaganda of imperialism and nationalism. It began to revive and resumed its pre-war prosperity. In 1947, Osamu Tezuka and Shichima Sakai's collaborative work *Shintakarajima* was published in Osaka.[10] It became an iconic work and was quickly popular in the domestic market.

Many Manga magazines were being published in the postwar period. The representative work, that influenced the history of modern Japanese Manga was *Astro Boy* of Tezuka Osamu. Since 1959, big publishing houses had published Manga magazines such as *Shonen Magazine Weekly* and *Shonen Sunday Weekly*.[11] The Olympic Games were held in Tokyo in 1964. The vogue themes of Manga can be

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[8] Yamaguchi, "The Soul of Anime", 256.
[9] Ibid.
[10] Ito, "*A History of Manga",* 456.
[11] Ibid.

found in 1960s advertisements of sports such as tennis, volleyball, gymnastics, or ice-skating. Characters flaunted their heroism. This reflected their demand for consolation and national confidence under the shadow of defeat in the war.[12]

▲ **One of the most famous sports Manga, *Aim for the Ace!***

On the other hand, when the economy took off in the 1960s, with more double-income families, pocket money for children also increased. Increased pocket money represented an increase in their purchasing power and freedom. The circulation of Manga weekly magazine jumped from 100,000 to 400,000 copies sold.[13] Readers who had previously rented copies from book rental stores instead began to purchase them, especially the weekly Manga magazines.

Anime

After the Second World War, animation production did not continue to develop due to lack of equipment and funds. In the 1950s, many Japanese cartoonists were

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[12] Lauren Barack, "*The Dateline: Japan: Mighty Manga Mags.*" Folio 32, no. 10 (2003): 23.
[13] Ito, "*A History of Manga",* 475.

inspired by the works of Osamu Tezuka. Until the establishment of Toei Animation CO., LTD. which was called "Nippon Animation Co., Ltd." in the beginning,[14] Anime started to develop by processes of technological modernization.[15] In 1956, Toei Animation began producing color animated films in the name of Toei Animation Co., Ltd., which is similar with style to Disney animation, including the use of music, figures, and animals assistance.[16] Toei Animation's work preserved this Disney-like style through the 1960s and 1970s. At the same time, the style of Toei Animation strengthened the author's own ideas among the characters.[17] In addition, the limitation of resources was developed as one of the most influential elements of Toei-style animation: the method of resource control is used to allow the animators to concentrate detail in the main story, while the other pictures are only roughly formed.[18] This kind of method was developed in TV animation series. With the rapid development of television in the 1960s, popular Mangas began to be adapted into films, beginning the period known as the Anime era.[19]

Although the production of Anime had started earlier, the first popular animations appeared in 1963. At this point in time, the comic master Tezuka Osamu established his own animation studio called Mushi Production Co., Ltd. in the early 1960s.[20][21] A series of animations adapted from the comic book *Astro Boy* was shown on the channel of Fuji TV on the New Year's Day.[22] *Astro Boy* was a pioneer in the TV series

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[14] Toei Animation CO., LTD. is 東映アニメーション株式会社 in Japanese and Nippon Animation Co., Ltd." is 日本アニメーション株式会社.

[15] Isobe, M., & Harakuchi, M., 2012. "The History of Japan TV Animation for 50 years." *Web Animation Magazine*. Accessed 3 Nov. 2018. http://Animestyle.jp/special/tv-Anime50th/

[16] Ibid.

[17] Ibid.

[18] Ibid.

[19] Clements, Jonathan. *Anime: A History*. London: Palgrave Macmillan on behalf of the British Film Institute, 2013.

[20] Isobe & Harakuchi, "The History of Japan".

[21] Mushi Production Co., Ltd. refers to 虫プロダクション.

[22] Astro Boy is written as 鉄腕アトム in Japanese.

of Anime and also the prototype of a Japanimation that broadcasted one episode per week, 30 minutes per episode. In order to adapt to the pace of weekly broadcasts, *Astro Boy* also changed the painting process: simplifying the process by limiting the number of animated movements, and reducing the number of frames per second. Not only in Japan but globally, *Astro Boy* has been recognized as the first TV animation of Japan with a main character, Atom, at the center.[23] *Astro Boy* successfully attracted the attention of other countries in the world. It achieved an average of 30% of the ratings in Japan.[24] Later, it was translated into English and sold worldwide and has successfully attracted the attention of countries around the world. Even the TV companies in the United States introduced *Astro Boy* in 1964 and adapted it into a U.S. version.[25] The success of *Astro Boy* enabled the development of Japanese animation abroad and led to the production of many new works in the 1960s.

▲ **The hero of *Astro Boy*: Atom**

From the 1960s to the early 1970s, Anime developed further: after abandoning the

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[23] Ibid.

[24] Ibid.

[25] Shuuzou Shota, 2017. "A Hundred Years Of Japanese Animation: The Golden Age Is Coming". *Nihon Keizai Shinbun* September (19th). Accessed Apr. 3, 2019.
https://zh.cn.nikkei.com/trend/cool-japan/23257-2017-09-19-08-16-25.html?start=1

route of following the Western methods, Anime writers began to create different themes for their stories. Osamu Tezuka started to make some animated films for adults, featuring both adult and artistic scenes.[26] At the same time, the Japanese movie market declined due to competition with the TV market. Toei Animation began to get rid of Disney-style animation at this moment and began to focus on TV animations.[27] In addition, because of the bankruptcy of Mushi Production, the related animation operators decided to their own way to establish Anime studios such as Madhouse and Sunrise.[28][29] For the above reasons, to be a TV animation supervisor became the target of more young animators and made them worked harder. It also made more experiment animations to be produced and brought to the animation market. A new type of animation, sci-fi animation, also began in the 1970s.[30] These animations reflected the progress of science fiction animation at that time from the superhero stories: Increasing more realistic space stories with illusory backgrounds, with intricate character relationships and ethical issues which are difficult to judge right or wrong.

In the late 1970s, primarily due to the success of *Star Wars*, more Animes with cosmos background appeared in the market. At this moment, a major event occurred: Japanese sub-culture supporters began to produce animation magazines (e.g. *Animage*, *Newtype*).[31][32] The emergence of these magazines is to respond to the unstoppable comic-Anime fanaticism in the 1970s. In addition, one of the problems

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[26] Isobe & Harakuchi, "The History of Japan".
[27] Ibid.
[28] Ibid. Sunrise is the production company of Gundam series. Toshiyuki Tomino, the director of "Mobile Suit Gundam", had also worked in Astro Boy's production company "MUSHI PRODUCTION".
[29] Madhouse refers to 株式会社マッドハウス and Sunrise is 株式会社サンライズ.
[30] Ibid.
[31] Frederik L. Schodt, *Manga! Manga!: The World of Japanese Comics.* (Tokyo, Japan: Kodansha International, 1997).
[32] The Japanese sub-culture supporters later referred to as OTAKU, おたく, or ヲタク.

of animation is how to lower the cost and save resources. The technology of perspective drawing developed in this period is one of the ways to save resources.[33] Among the many original works, this element lays a good foundation for the unique personal Anime style, especially in future animated advertisements.

2.1.3 From the 1980s to Present

In the 1980s, Anime became one of the mainstream TV programs in Japan, heralding the first golden age in the history of Anime.[34] The production volume of this period grew rapidly, and a complete formula like Japanese Manga has been developed. Also, sci-fi Anime started to have a profound influence outside of Japan: Some famous works such as *Science Ninja Team Gatchaman*,[35] *Space Cruisers* and *Star Blazers* have been played commercially in the U.S. and adapted into U.S. animation later on.[36] The most well-known, *Robotech* in 1985 was created from three sets of sci-fi Anime: *Macross*,[37] *Super Dimension Cavalry Southern Cross*,[38] and *Genesis Climber MOSPEADA*.[39][40] During this period, the Otaku in the US also started to form from a group of fans obsessed with this type of animation. Meanwhile, the production of *Gundam* series and the career of Takahashi Rumiko,[41] the queen of Manga, began in this era as well. In 1988, *Akira* set a record for the highest level of production cost in

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[33] Isobe & Harakuchi, "The History of Japan".
[34] Shota, "A Hundred Years".
[35] Translated from 科学忍者隊ガッチャマン.
[36] Casey Brienza, "Did Manga Conquer America? Implications for the Cultural Policy of 'Cool Japan'." *International Journal of Cultural Policy 20*, no. 4 (2014): 383-398.
[37] Translated from マクロス.
[38] Translated from 超時空騎団サザンクロス.
[39] Translated from 機甲創世記モスピーダ.
[40] Brienza, "Did Manga Conquer America?", 383-398.
[41] Translated from 高橋留美子.

a single episode.[42]

Anime ushered in the acceptance of the international animation market in the 1990s and 2000s. The animated movies *Akira* and *Ghost in the Shell* became internationally famous in 1995.[4344] Japan began to focus on animation export in order to save the declining domestic animation market in this period.[45] In the process, there was an animated *Neon Genesis Evangelion* that was highly criticized but also quite successful both at home and abroad.[4647] It was not only pulling up the momentum of Anime but also had a great impact on the TV animation industry. Before the coming of the millennium, there were many more experimental animations with robots and pilots, with special religious beliefs or temperament, and late night Anime series. On the other hand, TV animation series such as *Cowboy Bebop*, *Dragon Ball*, *Sailor Moon*, and *Pokémon* also drew the attention of the world, especially among Western animation fans.[48] Derivative products also sold well in Western countries.

▲ *Neon Genesis Evangelion*

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[42] Isobe & Harakuchi, "The History of Japan".
[43] *Ghost in the Shell* is translated from 攻殻機動隊.
[44] Clements, "*Anime: A History",* 203.
[45] Ibid.
[46] Ibid.
[47] *Neon Genesis Evangelion* is translated from 新世紀エヴァンゲリオン.
[48] Hyejin Yoon, Edward J. Malecki, Cartoon planet: worlds of production and global production networks in the animation industry, *Industrial and Corporate Change*, 19, No.1, (February 2010): 239–271.

In 2002, *Spirit Away*,[49] by the animation master Hayao Miyazaki won the Golden

Bear Award at International Filmfestspiele Berlin in Germany[50] and the Best

Animated Feature Film at the 76th Academy Awards.[51] *Ghost in the Shell 2*

INNOCENCE was also released at the Festival de Cannes in 2004.[52] As of this writing,

about 60% of the world's animation comes from Japan. The revenue of all the related

domestic industries accounts for 10% of Japan's GDP.[53]
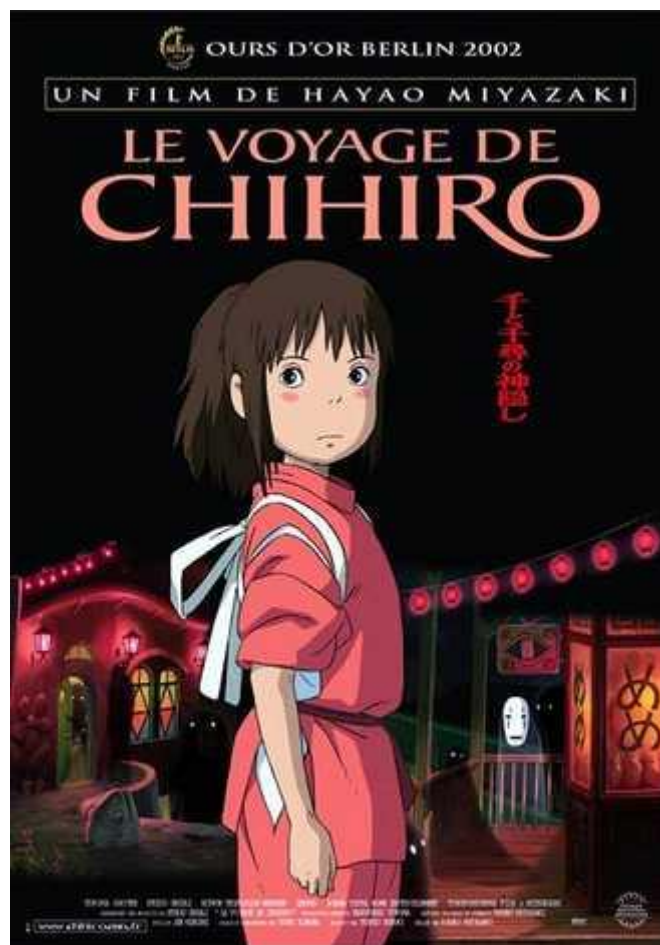
▲ Poster of *Spirited Away* in Berlin, 2002

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[49] Translated from 千と千尋の神隠し.
[50] Cooper-Chen, "Cartoon Planet": 44-57.
[51] Ibid.
[52] Ibid.
[53] UNCTAD.*Trade and Development Report 2016*[R].Switzerland: United Nations Conference on Trade and Development, 2016.

At the same time, the global expansion of media and communication channels not only brought about changes in content, but also in production methods, communication concepts, and audience acceptance. These changes fundamentally expanded the value chain of the Manga and Anime industry.[54] For example, when the Anime works were completed, it was necessary to promote them through various channels. These channels included not only traditional television or theaters but also exhibitions and film festivals, contests for animation works, some animation awards, and online platforms (such as Netflix). After the influences of Anime were spread out, enterprises begin to regain their value in different ways. In addition to directly charging the royalty for the media and gaining the profits from the box office of cinemas, the business of derivatives from the portrait authorization is also a huge niche. As an industry based on intellectual property, Manga and Anime have broken the traditional value chain system and show a trend of dynamical, diversified and networked growth.[55]

2.2 The Industrial Structure

The diversity and depth of Japanese Manga can be traced back to its original industrial structure. Nakano Haruyuki pointed out that the expansion of Japanese Manga and Anime industry was closely related to the post-war baby boom generation. If the industry is imagined as a ball, the baby boomer generation is the

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[54]   Jiwon Ahn, "Animated Subjects: On the Circulation of Japanese Animation as Global Cultural Products." *The Spectator* 22, no. 1 (2002): 10-22.
[55]   Shota, "A Hundred Years".

pulling force that expands the sphere outward.[56] ecause of the large number and high homogeneity of customers, these people had huge consumption capacity on the economic golden age of Japan. Manga magazines continued to emerge, leading to the market demassification. The fascinating connotation of Manga is based on the internal production mechanism of the publishing house and the system of commentary that has been in place for many years.

In most of the countries in the world, comic books and cartoons are two separated industries. As depicted in the history of Manga and Anime, in Japan, they are highly related, interacting, and overlapping with each other, especially in their stories. In Japan, most of the TV cartoon series have been adapted from popular Manga.[57] This is a very special feature of this industry. Also, Japan is the first country in the world raised the social status of Manga to the same level as novels and movies. It is impossible to recognize the great influence of Manga among Japanese society just by the statistical data. This industry is already the core media of a huge dream production machine. A popular Manga can be combined with not only Anime, but also be an important theme for albums, stationery, musicals, dramas, TV shows, movies, novels, and games.[58]

Essentially, the Manga (comics) and Anime (cartoons) industry, as a one of the creative industries, has great economic potential. Their profits include not only advertisements but also direct revenues from exhibitions, royalties, and a big market for related products. Since the 1990s, with the advent of the era of the knowledge economy, the Japanese Manga and Anime industry has experienced the effects of

[56] Haruyuki Nakano, 2004. *The Study Of Manga Industry*. (Tokyo: Chikumashobo.)
[57] Isobe & Harakuchi, The History of Japan".
[58] Schodt, "*Manga! Manga!*":19-21.

globalization. Against the background of economic globalization, digitalization, and media integration, the production patterns of the Manga and Anime industry also have undergone profound changes. For example, some of the Anime creations are adapted from the epic folk adventures, such as the *Princess Mononoke* film by Japanese masters Kenji Mizoguchi and Akira Kurosawa.[59] At the end of the 1990s and the turning point of the 21st century, Japanese Anime started to gain wider international popularity with TV series such as *Pokémon* and the films such as *Spirited Away*.[60] Those multinational animation companies such as Toei or Ghibli sought to allocate resources on a global scale for both vertical and horizontal integration, including global brands, transnational production, transnational operations, and cross-border sales.[61]

2.2.1 Choosing the Suitable Manga to be Animated

In Japan, it is not an easy task to to go from Manga to animation. Because of the theme, juvenile Manga is usually easier to be adapted into an Anime.[62] Because the content of the juvenile Manga is relatively popular, there are many fighting scenes. For the animator, a fight can often be done in 3 to 5 episodes, and the cost is not high; for the audience, the fighting scene in the Anime looks more stereoscopic and lively than Manga. Therefore, almost half of the juvenile Manga have been adapted into Anime. Some Manga has become popular after being animated because Anime has promoted the change of original Manga style.

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[59] *Pricess Mononoke* was presented by Ghibli Studio in 1997.
[60] Cooper-Chen, "Cartoon Planet": 44-57.
[61] Yamaguchi,"The Soul of Anime", 256.
[62] Clements, "*Anime: A History*", 48.

Compared with juvenile comics, the Manga adapted from girls' Anime is more likely to improve the story. During the animated process, the lines, backgrounds, and grids of the original Manga will be re-edited to make up for the weaknesses. Therefore, some male readers who do not want to read the girl Manga readers also began to watch the Anime of adaptation. One of the most representative cases is *Sailor Moon*, the original Manga, which has strong female character but whose Anime version attracted a large number of male fans.[63]

▲ *Sailor Moon*

2.2.2 Animating Manga

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[63] Jonathan Clements and Steve Kyte, *Schoolgirl Milky Crisis: Adventures in the Anime and Manga Trade*. (London: Titan Books, 2009.)

When a Manga has been serialized on a magazine for a while, has good evaluation from the readers, and can be seen to have a certain prospect, there will be an investor or Anime company starts to plan the animation project, to calculate the expected profit, and to discuss and negotiate with the copyright owner.[64]

When the cooperation is confirmed, the investors, the publisher, the Anime company, and the advertisers jointly set up a production committee for the work. The profits of the adapted Anime works are all owned by the production committee, and each member shares it by ratio. In this way, it reduces the risk of production of the animation company and ensures the income of the Manga magazine.[65]

For the original animation works, it will also follow the same way – before the animation process, the script is adapted into a Manga; when it was serialized for a while, which time the response from the readers is gauged. If the Mange generates a positive response, production will begin for the Anime edition.

The Japanese Anime industry pays great attention to reducing investment risks in animation production. In general, for TV animation, the average cost of each episode is about 12 million JPY. One series of normally 26 episodes costs about 310 million JPY.[66] It is not easy to regain this investment quickly, because the price of TV stations to purchase Anime is not high, and there are limited TV stations to choose from. However, if an animation company can produce one popular work per year, it can also be profitable from the derivative products. The cartoonist of the original Manga is the biggest beneficiary who can get at least 6% to 8% of royalties from the Anime income.[67]

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[64] Usually, it is the publishing house.
[65] Ibid.
[66] Yamaguchi,"The Soul of Anime", 256.
[67] Ibid.

2.2.3 Interaction between Manga and Anime

As far as Japan is concerned, from the first TV Anime *Astro Boy*, it has fostered the interaction between animation and comics. At the time, the Japanese TV entertainment program was scarce, and the appearance of *Astro Boy* just filled the gap and achieved a very high rating. Although *Astro Boy* is not necessarily the best or favorite work of its author, it has become a symbol of Tezuka. This benign circle between comics and animation is a state that many cartoonists dream of.

However, the cartoonists are not just reaping the benefits of their work. They still need to participate in the process of animating and writing their characters. When the Anime series is broadcast, normally the Manga hasn't finished. The story of Anime is generally a bit slower than the Manga plot. If the Manga serialization changes, such as being cut down by the magazine, the Anime can be limited by it.[68]

The adaptions of Manga are not only TV Animes but also OVA (Original Video Animation) and the movie version. OVA is relatively short with higher quality, it is suitable for the medium or short Manga with relatively fine pictures.[69] The movie version is generally to intercept a certain plot or to concentrate on one single story without the minor details and keep the main storyline.[70]

In order to attract the readers of original Manga and the audiences of TV Anime into the cinema, after a period of the broadcast of TV series, normally the movie version of about 90 minutes will be launched at a rate of every one or two years.[71] Most of the movie versions have the plot rewritten by the animation production team.

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[68] Yoon & Malecki, "Cartoon planet", 239-271.
[69] Ibid.
[70] Ibid.
[71] Yu-chun Lin, 2006. *The Value Chain Analysis of Japanese Animation Industry* (Master). National Cheng-Chi University.

Almost each of them is produced according to the standard of blockbuster so that the box office income is usually very impressive.[72]

In Japan, the general order of Manga adapted to Anime is Manga—TV series—OVA—the movie version,[73] but some adaptions have the movie version earlier than the TV series.
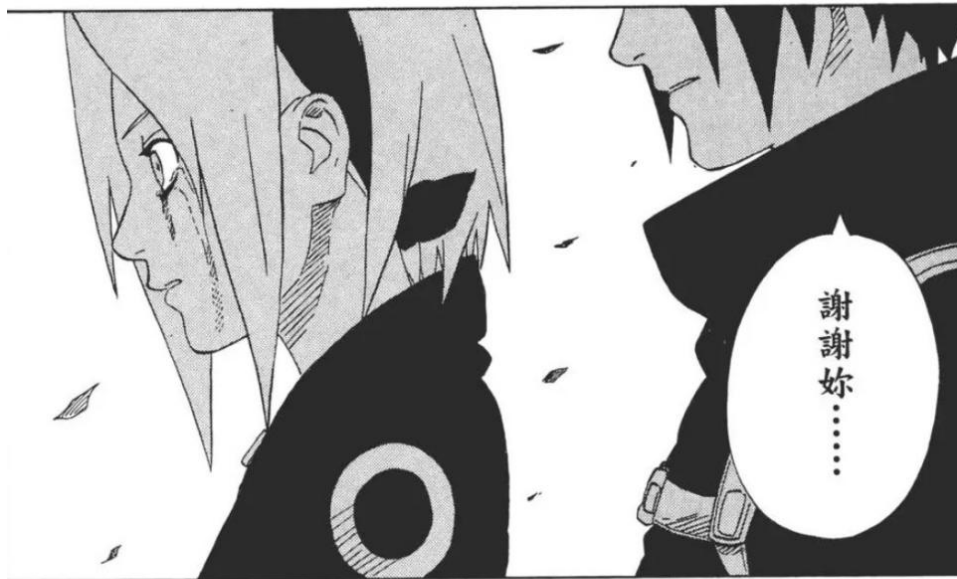
▲ **The famous Anime *Naruto* is adapted from Manga.**

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[72] Ibid.
[73] Ibid.

2.2.4 The Business Model of Japanese Anime

Japanese TV animation is essentially an advertisement that broadcasts different content every week. After World War II, televisions became gradually more popular. Since the 1960s, almost every household of Japan has had a TV and has rooted the concept of an "animated image" deeply in every citizen's heart. The income of a set of Anime is basically the broadcasting profits from TV stations,[74] followed by albums, video discs, the replica of original paintings, toys, and other derivatives.[75] With the investors paying, if the animation company can save production costs, they can earn money from the funds alone.[76]

The general mode of production is that the animation company sell the story to TV stations to earn the broadcast fee. Theoretically, as long as the budget is well controlled, it can break even only by the broadcast fee. But if they want to make more money, it is necessary to sell things like toys, DVDs, and other derivatives, or adapt the comic into games. Another tactic is to find an investor in the animation company to adapt the film. Once the funds have been received, it is easier to break even. Therefore, the animation company does not have to care as much about whether they earn money from sales of video discs.[77]

This is the model of large animation companies such as Toei and Sunrise, huge animation groups including the publishing house Kadokawa and the toy company Bandai. They are compound companies with rich capital and can produce many

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[74] Japan has national and local TV stations with the demands of Animes 24 hours a day and 365 days a year.
[75] Lin, "*The Value Chain Analysis*", 26-59.
[76] But still have to give back to investors of course.
[77] Lin, "*The Value Chain Analysis*", 26-59.

different kinds of creations. The Animes produced by big companies have well-developed publicity channels and complete product networks, and thus it is very efficient to make profits. If one animated disc sells poorly, it is easy to break even from other items since they produce so many Animes per year.

External investment is the model for small and medium-sized animation companies. Although the investors infuse capital into animation and then sell Animes to TV stations, they are essentially no different than advertising companies. In short, they attract audiences to watch Anime and then watch the advertisement. If it is prime time, it can be sold more dearly, but nightly TV stations usually will not pay a high broadcasting fee to the late-night programs. Also, the income is direct to the production committee, and the animation company can only share part of it. Therefore, the video discs are only directly related to the income of the animation company.[78] Theoretically, animation companies have to produce on a limited budget, but most of the investors are investing an amount of money in many low-cost Anime and a few in high-quality Anime, resulting in the lower budget available for each Anime.[79] The earnings potential of animation merchandise for small and medium-sized companies is relatively low, so they can only break even by selling videos. Even the famous "God of Manga", Osamu Tezuka, had once almost gone bankrupt in the early days of the establishment of Mushi Production, Inc.[80]

Among all of the Anime production companies, the companies with annual revenues of less than 100 million JPY accounted for 32.2%, followed by companies with annual revenues of between 100 million JPY to 300 million JPY, accounting for 28.2%.[81]

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[78] Ibid.
[79] Ibid.
[80] Tezuka later paid off the debt by selling Manga works.
[81] AJA, "The Association".

Small businesses with annual incomes below 300 million JPY accounted for the remaining 40% of the total number of animation companies. In terms of capital, more than half of the animation production companies have less than 10 million JPY in capital. Animation companies with less than 100 employees accounted for 94.5% of the industry.[82] Also, 33.7% of the animation production companies have fewer than 5 employees,[83] meaning that one in every three companies is a small business.

Something special is that some funders do not pursue financial returns but instead strive to fill the animations with positive meanings. DVD/BD sales revenue therefore not their ultimate goal.[84] The educational meaning of their creations is the only thing they care about. Due to their often high-quality products, they are positively evaluated but do not perform as well economically.

2.2.5 Crowdfunding Projects

When it comes to funding projects in the cultural content industry, the low costs of Manga promote the popularity of crowdfunding in this sector. In recent years, the trend of readers sponsoring cartoonists to complete the "sequel" and "final episode" has expanded in Japan. Under the voice of fans asking for a sequel, the creator agency *Creek & River* was the first organization to raise funds through crowdfunding.[85] Fans of unfinished works provided funds through popularized crowdfunding projects. The funded cartoonists welcomed this, since they do not

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[82] Ibid.

[83] Ibid.

[84] For example, the NHK TV animations.

[85] Kenta Kaetsu, 2018. "The New Mode Of Manga Publication: Let The Crowdfunding Make Up The Childood". *Nihon Keizai Shinbun* July (24th). Accessed 3 Apr. 2019.
https://zh.cn.nikkei.com/industry/tradingretail/31403-2018-07-24-05-00-10.html

have to care about the deadline of Manga magazines and editorial preferences and can draw their own works as they like.

With the expansion of Manga crowdfunding, the cartoonists draw whatever they really want to create as long as the readers are supporting them. Just as Kevin Kelly, the founder of the magazine *Wired* said, "A creator, such as an artist, musician, photographer, performer, cartoonist, designer, producer, writer…as long as any creator has 1,000 true fans, he can survive."[86] According to the statistics of the crowdfunding agency, CAMPFIRE, Manga crowdfunding began to expand in Japan since around 2016. Some popular works have raised more than 10 million JPY by using this strategy. Altogether, the projects established in the past two years totaled approximately 50 million JPY.[87] In the context of the downturn in the Manga market, many authors and publishers have noticed the funding strategy as a possibility for printing new publications.

2.3 The Training System

According to Michael Porter, skilled laborers are a "specialized factor" and the accessibility to and refinement of these is determining factors of the quality of a firm's competitive advantage.[88] In the labor sector of the Manga and Anime industry, the technical sub-systems include cartoonist assistants, doujinshi creators, students of Manga schools, and members of the school clubs. Without considering the huge number of industrial reserve labors and only counting Manga creators and

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[86] Ibid.

[87] Ibid.

[88] Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*. (London; New York, N.Y; The Free Press, 1985.)

cartoonists, the total number has still increased every year since 1995 according to the survey.[89] In terms of educational institutions, in addition to the increase in Manga special schools and college courses, there are also Anime schools such as Toei Anime Research Institute and the Yoyogi Anime Institute. In addition to the Anime Department, the college also has an Imaging Department, an Arts and Sciences Department (including the Seiyuu Actors Department),[90] and a Game Production and Publishing Department. The Anime school has about 500 students enrolled every year.[91]

There are two types of schools in Japan that offer courses in Manga and Anime: universities (undergraduate) and specialized schools (specialties).[92] The former includes Kyoto Seika University, Tokyo Polytechnic University, and Musashino Art University. Specialized schools include Nihon Kogakuin College, HAL College, and Tokyo Designer Gakuin College (TDG). The difference between them is that university education is more inclined to academic research. In addition to becoming a cartoonist after graduation, students also find editing and management jobs. Specialized schools often pay more attention to students' painting skills and the use of technologies.

The goal of those who major in Manga is to become cartoonists. The first thing they learn is the basis of Manga, including the lines, grids, and the movement of pictures. The second is Manga expression, which teaches content and painting skills. Students learn how to draw the materials such as cloth or glass, how the joints of the human body move, and how to be original. The third lesson is Manga practice on how to

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[89] "Dentsu Inc. Official Site". 2005. *Dentsu*, access on Mar. 17, 2019. http://www.dentsu.co.jp/.
[90] Seiyuu mean the voice actors of the animation.
[91] Nakano, "*The Study Of Manga*", 2004.
[92] Ibid.

complete works well and receive notoriety. As well as introducing the different audiences and styles of each Manga magazine, the courses also enhance the students' business sense of the works. The fourth lesson they undertake is about Manga script, including the rules and the techniques needed to create Manga, how to turn the ideas into stories, and to develop the thinking methods of creators, etc. The fifth lesson is usually an internship as an assistant for a cartoonist. After all, most of the newcomers start from assistant positions anyhow. They learn how to draw some backgrounds from photos into line drafts, and sketching skills. Their sixth lesson is the design of colored Manga, learning how to complete the A3-A4 colored single page and using a variety of painting materials to express and expand the world of their own works. The last lesson is the basis of "Comic studio Pro", to teach how to use the professional digital painting software.[93]

In contrast, Japanese Anime makes the films first, and then the voice cast (ie Seiyuu) dubs the dialogue and narration for the original film.[94] In addition to explaining the story, the audiences feel the mood, personality and soul of the characters through tones and modal communication, so this aspect is very important.[95] Therefore, there are also specialist schools to train the Seiyuu.

As Manga and Anime industry has entered a stable growth stage, related industries such as video games are also in the growth and maturity. Due to their advanced nature, the Japanese Manga and Anime industry still has a larger number of skilled laborers distributed among their specialized production factors, and has a relatively more complete educational infrastructure to their advantage.

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[93] Ibid.
[94] Cooper-Chen, *"Cartoon Planet"*, 44-57.
[95] Ibid.

2.3.1 The Issue of Low Salaries

According to a survey conducted by the Agency of Cultural Affairs, Japanese animators have an average annual income of 1.113 million JPY with average working hours of 11.3 hours per day, and 251.3 hours per month.[96] When converted to hourly wages, the average rate is only 370 JPY per hour, which is much lower than the legal minimum hourly wage of 888 JPY in Tokyo. Part of the reason for this is that Japanese animators are hired as "self-employed" workers and are entrusted by the Anime company to work even if they are not protected by the Labor Standard Laws.[97] When the taxable part of their income is removed, the actual income is even less. In terms of working conditions, 40 percent of animators do not get the physical examination that the company should provide regularly.[98] Such long-working-hours inevitably lead to some health issues.

Take the Anime company P.A.WORKS as an example. In the first year of their career, each assistant to the animators must produce 350 frames per month of the "In-Between" (INB) that connects every cut. In the second year, each of them must finish at least 500 frames per month. If those who cannot do this may not be able to remain in this industry because Anime companies are more concerned about meeting this constant need than they are about their employees. The firm's Director of Painting, Masayuki Yoshihara, said that every newcomer can accomplish the work as long as they work hard.[99] Normally, professional animators can complete a frame every 20 minutes. P.A.WORKS offers 220 to 240 JPY per frame of TV Anime. In

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[96] "The Job Offer Of A Japanese Animation Company". 2016. *Nownews* June (7th).
[97] Hideaki Anno, 2015. "The Average Income Of Young Animators Is Only 1.1 Million JPY". *NHK NEWS WEB*.
[98] NOWNews, "The Job Offer ", 2016.
[99] Ibid.

addition, tuition of on-the-job training and allowance for meals and accommodation is paid by the company. The goal of each animator is to accomplish 20 frames per day and 500 frames per month. In the beginning, 15 to 16 frames can be completed at least in one day on average. In regards to their low salary, P.A.WORKS also pointed out that the salary actually has met the employees' living expenses or no one would choose this profession.[100]

According to statistics, the total revenue earned in all Anime markets in 2013 was 1,491.3 billion JPY, but only 172.5 billion JPY (about 11.5% of the total) became the profits of Anime companies.[101] The rest was earned by advertising agencies and investment companies, including publishers and TV stations. At present, the production of TV Anime series, especially the mainstream late-night Anime, is still dependent on the sale of BD/DVDs to break even.[102] With the prevalence of piracy in the Internet era, recovering a firm's investment is even more challenging.[103]

2.4 The Creative Cluster of the Industry in Tokyo

A distinctive feature of creative enterprises is that they tend to perform better in clusters than isolated firms do, especially when they are in a location which has a strong local resources that help them thrive.[104] The most well-known definition of a business cluster was developed by Michael Porter in his book *The Competitive*

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[100] Ibid.

[101] Anno, "The Average Income".

[102] Ibid

[103] There was also a news in 2018 pointed out that the average income of Anime production company is back to 800 million every year, about 70% of the peak period. However, it does not equal to the salary level of animators.

[104] Mark Esposito, "The Japanese Anime and Manga Cluster Can such an established cluster still rescue Japan's economy?" *Researchgate.* (2011). Accessed Dec. 6, 2018. https://www.researchgate.net/publication/237009744_The_Japanese_Anime_and_Manga_Cluster_C an_such_an_established_cluster_still_rescue_Japan's_economy

Advantage of Nations. He defines clusters as "…geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) on particular fields that compete but also co-operate."[105]

As for creative industries, the UK's Department for Culture, Media, and Sport noted that "…dividends from creative clusters can be enormous in terms of civic image, training, and engagement in the economy as well as purely economic terms."[106] A creative cluster is more than an industrial park. Creative clusters are places to live as well as to work, and they are the places where cultural products are made and consumed. They feed on diversity and change so that they thrive in busy and multi-cultural urban settings that have their own local distinctiveness but are also linked to the world. Tokyo is such a city.

There are at least four kinds of spatial entities described in creative clusters, and Japanese Manga and Anime industry belongs to the regional creative cluster as Michael Porter has defined. Not like the planned creative park, it is a sector-specific cluster of the creative scope that accumulated naturally in Tokyo with a "friendly rivalry" relationship with each other.[107] It also fosters the strategic alliance between Manga and Anime as well. Their success is dictated not only by the external costs but also by the human talents and the social and cultural environment where they are located.[108]

[105] Porter , *Competitive Advantage,* 23.
[106] Gabriele Troilo, *Marketing in Creative Industries: Value, Experience and Creativity*. (London: Macmillan Education, 2015.)
[107] Mihara, "Involution"*,* 1-24.
[108] Esposito, "The Japanese Anime", 6.

Esposito has mentioned several reasons to study the Japanese Anime cluster.[109] First, Manga, Anime, and their products have not only captured a great amount of market share in the domestic market of Japan but also contributed to international trade significantly by their industrial exporting. Second, Manga and Anime are useful for spreading Japanese culture worldwide. Third, the industry is now facing a crossroads, a change from the traditional to the modern and electronic forms, due to the advancement of technology. The research of the Manga and Anime as a cluster is also innovative because Manga and Anime both have been studied separately in the past.[110]

For Anime production studios in Japan, Suginami and the nearby areas Nerima and Mitaka City form an important gathering place for the Anime industry in the world. As of 2018, there were more than 600 animation production companies in Japan, with 542 in Tokyo (nearly 90%), the most of which are 138 in the Suginami district and 103 in the Nerima district. There, the firms continue growing.[111] As the biggest and oldest cluster, many works, including *The Girl of the Alps*, *Lupin III*, *Nausicaä of the Valley of the Wind*, and *Mobile Suit Gundam* were all produced in Suginami. The first animation museum operated by AJA is also located here.[112] However, while Suginami Anime has usually been more historical, Nerima has been much more aggressive in their development.

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[109] Esposito, "The Japanese Anime", 5.
[110] Ibid.
[111] AJA, "The Japanese Anime".
[112] Ibid.

▲ *Mobile Suits: Gundam Wing*

In the Nerima area, there are 103 animation-related companies including some big and famous ones such as Toei Animation and Mushi Production Co., Ltd.[113] Nerima was the birthplace of the first colored Anime "White Snake" and is the origin of Japanese color animation. In addition, the world's first weekly TV Anime series *Astro Boy* released in 1963 and Japan's first long-term full-colored TV Anime series *Little Lion King* in 1965 were both produced in this district.[114] Also, there are many well-known Anime practitioners, especially those who came from Toei Animation, such as Hayao Miyazaki, Isao Takahata, and Mamoru Hosoda, who developed their careers there.

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[113] Ibid.
[114] Esposito, "The Japanese Anime", 7.

▲ **The Distribution of Anime Production Companies in Japan (Source: AJA)**

Since 2002, "Nerima Animation Festival" was held at the Oizumi Academy Station and promoted the Anime together with the local shopping malls and the NPOs.[115][116] In 2004, 50 companies in this district, including Mushi Production and Toei Animation, established the Nerima Animation Association with plans to revitalize the Anime industry.

It is also convenient to commute from the Nerima District to the areas of the publishing clusters[117]. At the same time, the neighborhood has the advantage of being close to art supply stores and away from bustling streets. Therefore, many cartoonists such as Tezuka Osamu are gathered here. In addition to the above reasons, when a newcomer cartoonist goes to Tokyo, it is the first choice for them

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[115] "Nerima Animation Festival is translated from 練馬アニメフェスティバル.
[116] Ibid.
[117] Such as Hitotsubashi of Chiyoda District, Kanda-jimbōchō, and Otowa of Bunkyō District.

because of the cheaper rent in the district. Also, there is a Tokiwa Oizumi Salon, known for the Female Cartoonists in Nerima, many famous female cartoonists such as Moto Hagio and Takemiya Keiko, are gathered here.[118]

In 2006, the Tokyo Metropolitan Government proposed the "Tokyo Cultural Revitalization Guidelines Draft,"[119] which aimed to build Tokyo into "a city with a creative culture." The "Creative Tokyo" venture proposed by METI[120] was meant to cultivate the creative environment of the city through a series of activities. In the legal system, Tokyo strengthened its urban public cultural construction and historical and cultural heritage protection as well.

Since 2006, the Nerima District has developed and implemented these animation industry support programs, and has vigorously carried out various activities to support the Manga and Anime industry and other public cultural services.[121] Therefore, Nerima artists are able to compete with the Suginami District, which houses the forerunners of the Japan Anime industry. The projects promote the output of works and investigates cultural policies in countries that are promising to grow the animation market. The Nerima Animation Association, which is supported by 52 companies in the region, organizes the "Tokyo International Animation Fair"(TAF) and "Festival International du Film d'Animation d'Annecy" in Annecy, France with local cartoonists.[122] At the same time, firms rent abandoned schools and unused public facilities to build Anime studios at low prices, developing facilities that can be shared (e.g. recording and editing studios); hold contests for training Manga

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[118] Esposito, "The Japanese Anime", 10.
[119] Tokyo Metropolitan Government. 2006. "*Tokyo Cultural Revitalization Guidelines (Draft)*". Tokyo.
[120] METI, 2019
[121] Nerima Animation Association. 2008. "The Supportive Plan Of Implement The Manga And Anime Policy In Nerima". (Tokyo: Nerima Animation Association.)
[122] Esposito, "The Japanese Anime", 10.

and Anime technicians, cartoonists, and animators; and build specialized training schools. In order to increase the local people's awareness and support of the industry in the district, the Nerima Anime Monument was set up in front of Oizumi Academy Station.[123] These relevant cultural development plans and measures have effectively promoted the development of public cultural facilities, cultural services, and cultural industries in Tokyo.

Conclusion

Japanese Manga has a unique and special history, which was merged with that of Anime after the two world wars. With the progression of technology, Manga and Anime also became an indispensable part of Japanese people's life. The close relationship between Manga and Anime is a distinct characteristic of Japanese cultural industries. Target consumers are not just children but all ages and groups, a strategy which makes their creations diversified and expands their audiences.

Also, their low-cost business model, the entire training system, and the cluster in Tokyo that has been in place for many years all helped the industry to get great success in the domestic market before becoming internationalized. However, although the industry is very popular and competitive around the world, the low salary phenomena caused by the business model also led to some challenges, such as the outsourcing of production to developing economies.

The historical background provided a basis of internationalization. In the following chapters, the reason for going to internationalization and what the industrial background brought to the internationalization process will be introduced.

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[123] Nerima Animation Association, "The Supportive Plan".

Chapter 3. Internationalization of the Industry

In this chapter, the process of industrial internationalization will be studied: including when, how and why did it internationalize? Before the "Cool Japan" policy adopted in 2010, Japanese Manga and Anime industry have been exporting for a long time. However, it did not really have an integrated strategy. Therefore, the history of internationalization will be analyzed according to different markets in Asia, North and Latin America, and Europe, each area showed a different historical development. The analysis in this part will apply the Uppsala Internationalization Model to explain how the companies gradually intensified their activities in foreign markets.

In this study, the perspective will be business history. Since *Astro Boy* became the first famous Anime in the United States, Manga and Anime's internationalized not only in other Asian countries but also in other regions.[1] Take the latest movie *Alita: Battle Angel* as an example, its original Manga was published in North America (including the U.S. and Canada) and the United Kingdom by Viz Media, a company that mostly shareholding by the Japanese publishers "Hitotsubashi group" which owns several different Manga publishing companies such as Shueisha, Shogakukan, Hakusensha...etc.[2] However, they do not have an overseas company in Latin America and Australia, even the Europe company was not found before 2005. Therefore, how to manage and communicate with different distributors in those regions is an important subject.

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[1] Casey Brienza, "Did Manga Conquer America? Implications for the Cultural Policy of 'Cool Japan'." *International Journal of Cultural Policy 20*, no. 4 (2014): 383-398.
[2] "The Best in Manga, Anime & Global Entertainment", *VIZ,* 2019, Accessed 29 Apr. 2019, https://www.viz.com

▲ *Alita: Battle Angel*, the movie versus the original Manga and Anime

On the other hand, the sociocultural anthropologist, Mihara, uses field study as the research method that interviewed many professionals in this industry.[3] Surprisingly, there is a counterintuitive gap in the prevalent assumption surrounding the industry. Anime is assumed to be a global commercial success. However, it has weak sales performance in overseas markets actually. It was found that the popularity and reputation of Anime might not be transferred to the sales profits.[4] Also, the study proposed a suggestion for the future of Japanese Anime sector that to allow the internet conglomerates of Europe, American, and Chinese to intervene and take over, turn the Japanese Anime sector into one of their subcontractors, use the channel to exploit the industry's creativity.[5]

3.1 The Reason of Internationalization

The development of Manga and Anime is also the outcome of absorbing and transforming American style. It was influenced by news comics from the U.S. before WWII. Even after the war, Disney animation is still an object of emulation and

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[3] Mihara, "Involution", 1-24.
[4] Ibid.
[5] Ibid.

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attempt. For instance, the so-called "God of Manga", Osamu Tezuka, had repeated in public the influence from Disney, Hollywood movies, and Superman comics on his creation.[6] Hideki Otsuka (2005) also pointed out that the concept of "role" from Disney and Hollywood at about the 1920-30s laid the foundation for current Japanese Manga.[7] However, with the use of the term "Manga" which specifically refers to Japanese-style comics became increasingly popular and the expansion of Manga in the world as aforementioned, it can be known that though the internationalization of Manga is by regions, it is truly globalized now.

The reasons for the decline in Manga sales include the prosperity of Mangakisa (Manga tea shop) and Shinkoshoten (the second-hand bookstores), the shrinking consumption of young group caused by low fertility rate, the aging of the baby boom generation, the oversupply of Manga magazines published in the 1990s, and some best-selling Manga came to an end, etc.[8] The impact of low fertility rate and aging is particularly great. After the so-called "second baby boom", 1971 to 1974, the birth rate has been decreasing year by year since 1975. Although the decline was moderated and became steady since 1992, the overall trend is still going down with an average of 1.29 babies per woman until 2004. As mentioned before, the Japanese Manga market can be imagined as a swelling ball, with the growth of baby boomers as the force of pull and the successive generations as the new consuming groups. In the mid-1990s, the baby boom generation started to retire led to the change in the purchase channel and the reading time and space without a commute, the change in financial ability after retirement, and the Manga creations for the elderly were still under groped. In addition to the lack of new consumers brought about by the low

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[6] Clements, "*Anime: A History*", 13.
[7] Ibid.
[8] Schodt, "*Manga! Manga!*", 97.

fertility rate, the focus of the market lies on juvenile and youth Manga in recent years and ignored the development of children's Manga also led to the weakening of the new consuming ability.[9]

In the discussion of imperialism, Paul Lafargue pointed out that the production scale based on Trust is so huge that the loss caused by stop producing is far more than the overproduction and the purpose of production is sustained production. The outcome of serious overproduction has prompted these countries to move towards expansionism and develop the new markets.[10] In order to maintain the production scale, Japan must open up new markets. Also, the output of large-scale production can make constant capital cheaper and has the effect of increasing the profit margin because it increases the surplus value and thereby reduces the constant capital.[11] For the Japanese Manga industry, the sluggish market has become a driving force for export. And the export is still based on the existed works, as the secondary use, it can create additional profits without increasing the fixed cost. In response to the shrinking domestic market, the Manga publishing houses have actively expanded overseas markets since the 1990s.

3.2 The Fever and Influence of Manga and Anime in Asia

The internationalization of the Japanese Manga and Anime industry can be divided into Asia (especially East Asia), America, and Europe according to time and path: the former is preceded by Manga without multinational companies and has no

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[9] Nakano, "*The Study of Manga Industry*".
[10] Lafarge, 1892; cited by Jianxing Ma et al., 1993: 20.
[11] Ibid.

initiative[12]; the latter is preceded by Anime and has multinational companies. Manga entered other countries with cute cartoon characters and then creating a new colonial space by the soft power. The expansion of Manga and Anime was once considered premeditated: attempting to convey Japanese culture and ideas to other countries through those works. However, back to the historical context, Manga and Anime were first introduced through the piracy at the early stage.[13]

According to Uppsala Model, the export of Japanese Manga and Anime to Asia countries belongs to the stage 1: when the company does not have regular activities of exporting. After WWII, Japan is the fastest country to recover the economy among East Asia. The economic expansion of Japan has brought fear to its neighbors, mainly because of the great suffering Japan has inflicted on other Asian countries during World War II. Unlike the Germans, Japan persisted reluctance to face up to its wartime responsibilities. The government has never sincerely or formally acknowledged and apologized for its wartime brutalities and atrocities.[14] Because of this unsettled past, both Taiwan and Korea banned major Japanese cultural products for decades[15], therefore, Hong Kong became the earliest outlet of the global flow of Manga from Japan.[16]

Because Japan did not have any copyright agreement with the neighbor countries, foreign publishing houses can publish the unauthorized Manga at very low cost and make profits since around the 1950-60s. It was South Korea, Taiwan, Hong Kong in

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[12] Simliar to "Empire by Invitation" (Lundestad, 1986)
[13] "Piracy" means that the translated version was published without authorization but not illegal because the two countries did not sign a copyright agreement, and the publisher could obtain the right to translate.
[14] Leo Ching, "Imaginings in the Empires of the Sun: Japanese Mass Culture in Asia," *boundary* 2, 21 (Spring 1994): 205.
[15] Harumi Befu, "Globalization Theory from the Bottom Up: Japans Contribution," Japanese Studies 23 (2003): 19.
[16] Wong, *"Globalizing Manga"*, 23-45.

the beginning and then moving forward to China and other South-east Asia countries.[17] Due to the closeness of culture and distance[18], it is also easy for the readers to accept. At the same time, the pirated Manga usually changed the names of the characters into the local names without using the original Japanese names[19] to make it "culturally odorless".[20]

Another important character in the export strategy of Japanese cultural industries is the belief that other Asian countries can learn from Japan's knowledge of an indigenous foreign popular culture.[21] Through the consumption of imported cultural goods, people are exposed to positive traits of the trading partner, and thus consumers have stronger affinity with the export country. Therefore, promoting the trade of modern cultural goods is effective in increasing mutual understanding between trading partners can reducing political tension between them.[22]

The industry entered Stage 2 in the 1980s: the publishing houses started to authorize Mangas in the Asian market, Animes also started to broadcast on TV. But Stage 3 in Asia came relatively late (after 2000) because most Asian countries already have distributors for many years.[23] Now Japanese Manga is looking for a new leap of a stage in Asia. Since 2011, the sales revenue of Japanese magazines including Manga magazines has fallen below 1 trillion JYP.[24] Against the background of the shrinking domestic market, advantageous companies such as the famous Anime company

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[17] Ibid.
[18] Taiwan and South Korea are both Japan's colony before WWII.
[19] For example, when published in Taiwan, their names are all translated into Chinese names.
[20] Wong, *"Globalizing Manga"*, 23-45.
[21] Iwabuchi & Books, *"Recentering Globalization".*
[22] Yamamura & Shin, 2016.
[23] Chang, Yu-li. "'Glocalization' of Television: Programming Strategies of Global Television Broadcasters in Asia." *Asian Journal of Communication 13*, no. 1 (2003): 1-36.
[24] Kentarou Beta, 2012. "The Japanese Publishing Industry Needs To Outreach". *Nihon Keizai Shinbun* February (1st). Accessed Apr. 13, 2019.
https://zh.cn.nikkei.com/trend/cool-japan/1316-20120201.html

Tezuka Productions and the long-established publishing house Kodansha have stepped up their efforts to open up markets in developing countries such as China and India.[25]

On the other hand, more and more Japanese TV stations and publishers have begun to work with local companies of other Asian countries to produce and play Animes locally. For example, Mainichi Broadcasting System (MBS) will be in Thailand and Kodansha will begin in India to expand the business.[26] Compared with the shrinking domestic market, the population and economy of developing countries are still growing. With the high demand for Japanese Manga and Anime, the market is expected to grow. Animation companies hope to expand into the new markets by producing low-cost Animes to meet local demands.

From the market scale of the Anime industry, the income proportion of TV Animes and DVD sales is just a small part. In Japan, about 600 billion JPY, which is equivalent to about half of the market size, comes from secondary use such as sales of derivative products.[27] Compared with the time-consuming and laborious work itself, the derivative products have higher profits. One of the reasons why TV TOKYO is handing over the production to Chinese companies is to sell Animes and toys in China, entrusting local production companies will make it easier to get government approval.[28]

At the same time, some old Anime images have loosened up copyright management when developing the overseas market. For instance, *Chibi Maruko Chan* with the

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[25] Ibid.

[26] Ibid.

[27] Ken Sakakibarashi and Nuki Hadano, 2013. "The Outsourcing Of Japanese Animations". *Nihon Keizai Shinbun* March (27th). Accessed Apr. 21, 2019.
https://zh.cn.nikkei.com/industry/management-strategy/5150-20130327.html?start=1

[28] Ibid.

original background in the 1970s allowed the change of hair colors and styles when promoting in Hong Kong.[29]

▲ *"Chibi Maruko Chan"* **in Hong Kong**

Only in India has Manga and Anime reached Stage 4, the company starts to produce or manufacture in the overseas market. *Ninja Hattori Kun* is a famous amine produced in the 1980s[30]. In 2013, the Japanese TV Asahi Corporation cooperated with the Indian production company to make a resell version targeting to the local audiences.[31]
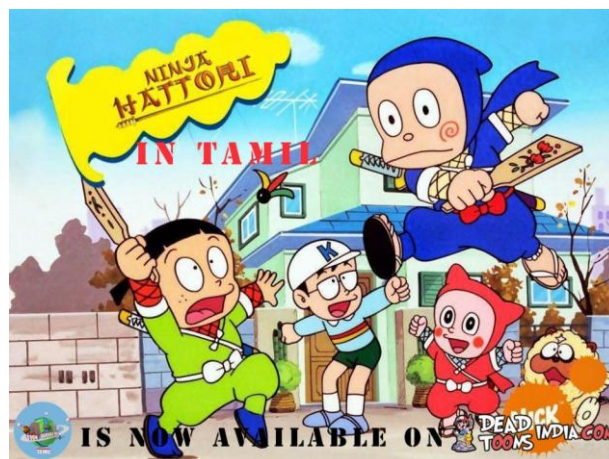
▲ *Ninja Hattori Kun* **in India**

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[29] Wong, *"Globalizing Manga"*, 23-45.
[30] The author of the original Manga is also Fujio Fujiko, the author of Doraemon.
[31] Tianxiang He, "What can we Learn from Japanese Anime Industries? the Differences between Domestic and Overseas Copyright Protection Strategies Towards Fan Activities." *The American Journal of Comparative Law 62*, no. 4 (2014): 1009-1041.

3.3 The Boom in the North and Latin America

Japanese Anime and Manga in North America is from Stage 2 "the company starts to export to the target countries or markets via the agents or the independent representatives" to Stage 3 "when they begin to establish the business unit or sales subsidiaries of the overseas market".

In Europe and the United States, although Manga and Anime are very popular, compared to Japanese see Anime as a secondary creation of Manga, Europeans and Americans are more likely to know these works through TV Animes. Why do they know Manga through Anime? In the mid-1960s, when Osamu Tezuka established his own Anime production company, he quoted his views on the transnational characteristics of animations: the advantage of animation is that it can reduce the barriers of reading text by voiceover, including language barriers and habitual expressions; although it still has cultural barriers of decoding information, the approachability is higher than Manga.[32] In addition, another consideration is derived from the budget. Due to the high production costs and limited advertising sponsorship, unlike Manga that satisfies with domestic demand, Anime is more necessary to seek to expand the new market to regaining the profits. In the United States, Animes with Japanese pronunciation and English subtitles were broadcast on local TV stations in the 1980s. Later, under the circulation of authorized videotapes and pirated videotapes, Anime audiences and the groups of Anime fans gradually appeared. In addition to the Anime-related products directly imported from Japan

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[32] Tezuka, 1961 ; cited from Clements, "*Anime: A History*", 97.

through American comic book stores, the fansub Animes produced by fans are also circulated underground.[33]

The first Anime introduced to the U.S. is *Astro Boy*: the ratings were good. But the traditional animation fans, such as the historian Stefan Kanfer criticized Japanese Anime as "cheap cartoon".[34] When *Akira* launched in the U.S. in 1988, it shocked the reviewer and audiences, the first distributor ADV also raised at this moment.[35] Until 2005, ADV already has its own TV station and marketing channels, 90% of its turnover came from the sales of DVD.[36]

▲ Akira

The ways of Japanese Manga sold to the United States market include licensing to local publishers and setting up subsidiaries. In 1986, Shogakukan established "Viz Communications, Inc." in the United States, this is the first Japanese-owned

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[33] Alplus, 2001: 142, 150; Leonard, 2004: 45.
[34] Ahn, "*Animated Subjects*", 10-22.
[35] Ibid.
[36] Clements, "*Anime: A History*", 97.

publishing house in the U.S.[37] At that time, the U.S. comic market was almost monopolized by Marvel and DC, 80 percent of the sales channels were comic book stores while the other 20 percent were newsstands and bookstores. The main buyers were niche collectors then. Due to the differences of the number of pages, reading direction, translation barriers, and design styles, Viz developed a single work in the form of a magazine by cooperating with the local publishing house catering to the form of the U.S. comics.[38] They not only changed the reading direction but also reduced the number of pages to adapt to the local reading habit.

At the same time, the department of general books was also set up in the United States branch, in addition to spreading the risks with diversification, the distribution channel for bookstores was also established.[39] The above mentioned that the main channel of selling U.S. comics is the comic book stores, but because of the royalty-free (RF) and the buy out system, the wholesale price is only 40% of the retail price so that the profit was even more exploited in the economic depression. In 1992, Viz published a single volume Manga in the form of Graphic Novels in a Japanese specification called "Kikuban"[40]. Another key point in this period is to link Mangas, Anime, and games (the so-called ACGs). By linking with the well-known Animes and games in the United States, Mangas are promoted as related products.[41]

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[37] Casey E. Brienza, "Books, Not Comics: Publishing Fields, Globalization, and Japanese Manga in the United States." *Publishing Research Quarterly 25*, no. 2 (2009): 101-117.
[38] Ibid.
[39] Glenn Masuchika and Gail Boldt, "Japanese Manga in Translation and American Graphic Novels: A Preliminary Examination of the Collections in 44 Academic Libraries." *The Journal of Academic Librarianship 36*, no. 6 (2010): 511-517.
[40] Size of 21.8 x 15.2 cm, 250 pages each.
[41] Mary McNamara, "Japanimation Goes Pop in Cartoon Series." *Multichannel News 25*, no. 44 (2004): 14.

▲ **Manga magazine *Shonen Jump Weely* English version**

Since the Europeans and Americans knew Japanese TV Animes precedes Manga, Japanese publishers also use Animes adapted from Manga as a stepping stone to promote. The market of Manga grew rapidly at the beginning of the 21st century at an unprecedented rate in the publishing industry in the United States. In the 1980s, the market started almost from zero. Most of the comic books were sold in specialty stores in the U.S. before, but since the turn of the century, Manga started to be placed at the set of shelves labeled "Graphic Novels."[42] Since the sales revenue

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[42] Brienza, "*Books, Not Comics*", 101-117.

reached a hundred million in 2002, it has continued growth every year. In 2005, sales of Manga in North America reached US$175 million.[43] In the North American book sales survey conducted by The Book Standard, the weekly top three of Comics & Graphic Novels between July to September 2006 were mostly Japanese translation Mangas, which shows that there is a certain degree of penetration.[44]

However, Eichi Ootsuka pointed out that the cultural honor of Japanese Anime such as *Spirit Away* does not correlate to the earning.[45] Compare to other Hollywood animations that were also selected animation films of Academy Award for Best Animated Feature Film, its box-office receipts are dismal. At the same time, although *Pokémon The First Movie：Mewtwo Strikes Back* (1998) is the best-selling Japanese movie in the U.S. in the history, the box office performance is only in the 395 places of the total ranking list.[46] On the contrary, Hollywood movies are highly rating in Japan. For instance, the 2004 domestic box office income of Japan had 79 billion from Japanese movies and 132 billion from Hollywood movies.[47]It proves that the development of Japanese Anime films in the U.S. and Hollywood movies in Japan are unbalanced. However, only from the performance of box office cannot reflect the development of Anime in the U.S. exactly. The Japanese Anime mostly spread via TV, OVA, video, DVD, and cable TV. Compare to Anime movies, those are more closely related to Manga.

[43] Seiji Horibuchi, 2006: 6-7; cited from Brienza, "*Books, Not Comics*", 209.
[44] Masuchika & Boldt, "Japanese Manga in Translation and American Graphic Novels", 511-517.
[45] Eichi Ootsuka, 2005. *The New Reality Of Comic*. 1st ed. Tokyo: Kadokawa. Pp. 201-204.
[46] "Movie Box Office Results By Year, 1980-Present - Box Office Mojo". 2019. *Boxofficemojo.Com.* https://www.boxofficemojo.com/yearly/
[47] Oichi Ootsuka, " *The New Reality Of Comic*", 201-204.

	Spirit Away	Ice Age	Treasure Planet	Lilo & Stitch	Spirit: Stallion of the Cimarron
Dealer	Disney	Fox	Disney	Disney	Dreamworks
Run time	2hr4	1hr21	1hr35	1hr25	1hr22
Cinema	151	3345	3227	3222	3362
Box office[48]	6	176	38	146	73
Production costs	2 billion (JPY)	59	140	80	80
Promotion expense	N/A	35	40	40	35

▲ **Selected animation films of Academy Award for Best Animated Feature Film[49]**

In Latin American, there are already many Japanese Immigrants before Manga and Anime entered the market. Take Brazil, one of the biggest markets in South American as the example: Before the 1990s there were some trial marketing of Manga in Brazil, the first one, *Lone Wolf and Cub*, was published in 1988. The Brazilian youth Manga market started in the mid-1990s when *Ranma ½* published.[50] There are two contributors in Brazil: Conrad since 1999 and Japan-Brazil

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[48] The units of box office, production costs, and promotion expense are all million USD.
[49] Data from: Box Office Mojo, until 2003/03/22
[50] Guilherme Domingues, 2010. "Relembrando a aventura de Ranma ½ pela Animangá"

Communication (JBC) since 2003.[51] In the beginning, Brazilian Manga was about half the size of the original version, but now almost all of them released in the original format.

Anime is extremely popular in Latin America, an important reason is because of the language: Some of the best-known Anime was dubbed in Spanish even before they were dubbed in English, such as *Dragon Ball*, for example, was dubbed two years earlier than in the U.S., *Saint Seiya* was even dubbed a decade earlier.[52] Some Animes were never even broadcasted in the United States that were broadcasted in Latin America.[53] The one significant example is *Doraemon*, it was seen too Japanese that wouldn't be successful in the Western market, but *Doraemon* is a cultural phenomenon in Latin America now.[54] Same with *Saint Seiya* and *Captain Tsubasa*: the later never aired in the U.S., but in Latin America, it is so popular that the famous football players such as Messi have named it as one of their inspirations.[55]

On the other hand, Cosplay also blew up in Latin America, in many countries such as Argentina, Peru, and Bolivia has these fans' events. Another case was in 2018, a lot of Mexican cities are planning on playing the last episode of *Dragon Ball Super* in the town squares.[56] There are also places called FrikiPlaza in most major cities selling video games, comics and a lot of Anime merchandises.[57]

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[51] Ibid.
[52] Giannalberto Bendazzi, 2015. *Animation: A World History: Volume II: The Birth of a Style - The Three Markets*
[53] Ibid.
[54] Ibid.
[55] Ibid.
[56] Brian Ashcraft, 2018. "Massive Crowds Gather To Watch Dragon Ball Super Together". *KOTAKU* March (19th).
[57] But the copyright owner, Toei Animation, announced later that they never licensed those public broadcasting.

3.4 When Europe meets Japanese Anime

Japanese Anime and Manga in Europe is also from Stage 2 to Stage 3. The development model is Europe is to get popularity from Anime first, and then Japanese companies started to establish subsidiaries or cooperate with local publishers to operate the market.[58]

Non-English-speaking European countries, such as France, Germany, Spain, the Netherlands, and Italy, have their own comics cultures and history and are relatively open to outside cultural influences. Shinichi Kiyotani pointed out that the development of Japanese Animes in Europe can be divided into three regions according to the language:[59] the first zone is the French circle, including France, Belgium, and Switzerland; the second zone is the Latin circle of Italy, Spain, and Greece; the third zone is the Germanic circle which includes the United Kingdom, Germany, and Northern Europe. In the 1980s, as European state-owned TV stations gradually privatized, Japanese Anime was able to enter the Europe market in large numbers.[60] In France, when the state-owned television stations privatized in the 1980s, the opening of the market prompted the TV operators to favor the purchase of Japanese Animes with cheaper prices and good quality;[61] Italy has also welcomed the introduction of the deformed robot Animes, there were a total of 180 Animes input between 1979 and 1982.[62] Some Anime works such as *UFO Robo Grendizer* were very popular in France and Italy in the late 1970s.[63]

[58] Sekiguchi Shun and Takahiro Akita. 2005. Asia Manga Submit. 1st ed. Tokyo: Kodomo No Miraisha.
[59] Cited from Chong-wei Chen, ”*The Globalization and Fans' Culture",* 13-14.
[60] Shinichi Kiyotani, 2006. "Manga And Anime In France". Blog. *Kiyotani Shinichi Official Blog.* https://kiyotani.at.webry.info/200606/article_12.html
[61] Ibid.
[62] Ibid.
[63] Satoru Nihei and Toshi Tsunashima, 2019. "Japanese Manga And Anime Industry Draw Support

The Mangas in the first zone are mainly in the form of single books while the second zone is mostly in the form of magazines, and Mangas entered into the third zone represented by the United Kingdom is usually after being welcomed in the West Bank of the United States.[64] In addition to the comics stores and comics publishers set up by manias, Japanese publishers also operate in these regions through alliances: Whether it is a new company established by a joint venture of Japanese publishers or an alliance with the European and American local publishing houses. A multinational base was set up after 2000 to publish Mangas and magazines in the local languages.[65]

In the early 1990s, because of the sluggish U.S. comic market, the promotion to Europe began to develop. On the one hand, the variety of books has been increased; on the other hand, it diversified operations and attempted to develop bookstore channels through the classification of the graphic novels. The Mangas published by Viz in the United States was first published in Europe via parallel importation and then cooperated with the Italian publishing house in the spring of 1990. The Manga industry has started another phase starting from those countries that are already familiar with the popular Japanese TV Anime series in Europe, which were broadcasted in Italy and France in the 1980s. If the first step in these two Manga markets is cautious, the progress of the industry in the past few years has been dazzling. Since 2005, contemporary Anime series became a highly aggressive competition which raged once between TV channels. In 2011, there were 40% of the comics published in France were Manga.[66] In 2013, 41 publishers of the comic books

From US And China To Evolve". *Nihon Keizai Shinbun* January (21st). Accessed Apr. 23 2019. https://zh.cn.nikkei.com/politicsaeconomy/politicsasociety/34717-2019-03-14-10-54-05.html
[64] Ahn, "Animated Subjects", 10-22.
[65] "VIZ | About VIZ". 2019. *Viz.Com*. Accessed Apr. 24 2019, https://www.viz.com/company-about
[66] Jérôme Cognet, 2012. "Logo ACBD". Otakia » *Tests Et Articles De Livres, Objets, Séries Et Produits Dérivés.* Retrived from Wikipedia and translated from Google translation.

and other Asian comics in France, Japanese Manga represented around 40% of new comics releases and surpassed Franco-Belgian comics for the first time in the country.[67]

In Italy, since the late 1970s, Animes broadcast on private channels and took great popularity.[68] Unfortunately, many of those were censored on some channels so that Animes were not taken seriously. Until the publishing of *Akira* in the late 1980s, it took the interest of the elder readers to pick up other Manga in the same vein.[69] The high acceptance of Mangas with violence and nudity also contributed to this development.[70] In fact, Italy imported the most Japanese Animes.[71] Italy has at least seven major Italian-version Manga distributors,[72] while Spain has at least two Spanish Manga distributors. Spain, just like France, television had a great influence on the popularity of Japanese Manga, especially when Dragon Ball and Saint Saiya appearing in the early 1990s. These mass imports influenced Anime popularity in South American, Arabic and German markets.[73]

Germany also has German version Manga distributors, such as Tokyopop Germany, established in 2004, and Carlsen Comics, which introduced *Dragon Ball* to Germany in 1997.[74] Unlike its European neighbors, Germany never had a vibrant domestic comic production.[75] A volume of licensed Manga was first published by small

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[67] Rich Johnston. 2014. "French Comics In 2013 – It's Not All Asterix. But Quite A Bit Is". bleedingcool.com.
[68] Marco Pellitteri, 2014. "The Italian Anime boom: The outstanding success of Japanese animation in Italy, 1978–1984". *Journal of Italian Cinema & Media Studies.* 2 (3): 363–381.
[69] Ibid.
[70] Toni Johnson-Woods, "*Manga: An Anthology of Global and Cultural Perspectives*". (USA, Bloomsbury Publishing USA, 2010)
[71] Pellitteri, "The Italian Anime boom", 363–381.
[72] Wikipedia, list of Manga distributors, http://en.wikipedia.org/wiki/List_of_ Manga_distributors
[73] Giannalberto Bendazzi, 2015. *Animation: A World History: Volume II: The Birth of a Style - The Three Markets*. CRC Press.
[74] Schodt, *"Manga! Manga!", 197.*
[75] Toni Johnson-Woods, *Manga: An Anthology of Global and Cultural Perspectives*. (A&C Black, 2010).

presses in Germany in the 1980s. Paul Malone attributes the wider distribution of Manga in the late 1990s to the emerging commercial TV stations showing dubbed Animes and led to the popularity of Manga as well.[76] Manga began to surpass other comics in 2000.[77] In the following years, with a few other series such as Appleseed, the "Manga movement" speed up when *Dragon Ball* published in 1996. In 2007, Manga occupied approximately 70–75% of all comics published in Germany.[78]

Mangas are popular in Europe as Anime-related products. In addition to selling the Japanese version Manga that is directly imported, they also have the English version Manga parallel imported from the United States and the authorized Italian version.[79] Even a newly opened-up Eastern Europe country like Poland has the most current popular Manga titles available in Polish through the international licensing system.[80]

3.5 Moving Forward

Due to the cultural considerations, Manga and Anime in Africa have reached Stage 4 of the model, the company starts to produce or manufacture in the overseas market.

Tezuka Productions will launch the remake of *Astro Boy* for the market of emerging countries. First, a tentative work produced in conjunction with local TV stations was

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[76] Paul M. Malone, "Bravo". In Levi, Antonia; McHarry, Mark; Pagliassotti, Dru (eds.). Boys' Love Manga: Essays on the Sexual Ambiguity and Cross-Cultural Fandom of the Genre. (McFarland & Company, 2010) , 23–24.
[77] Jennifer Fishbein, 2008. "Changing Of The Comic Guard: Europe's Manga Mania - SPIEGEL ONLINE - International". *SPIEGEL ONLINE.*
[78] Jason Bainbridge and Norris Craig, 2010. *Hybrid Manga: Implications for the Global Knowledge Economy, Manga: An Anthology of Global and Cultural Perspectives*, Continuum, (New York, Toni Johnson-Woods), 235-252.
[79] Seiji Horibuchi, 2006: 99-102.
[80] Wong, *"Globalizing Manga"*, 23-45.

broadcasted in Nigeria since March 2014.[81] In the context of the low fertility rate, Japanese Anime has weak growth in exports to developed countries. Therefore, exports will be expanded to Africa to be the center for which has a growing population.

▲ *Astro Boy* **Africa Version**

According to statistics from the AJA, the export volume of Japanese Anime production companies peaked at 31.3 billion JPY in 2005 and has been decreasing since then.[82] In 2012, it was only 14.4 billion JPY.[83] The losses caused by piracy, the aging population, and declining fertility rates of developed countries have had a major impact on the industry. In this context, the Anime company aimed at the Africa market, where Japanese Anime has not yet popularized compared to Europe, America, and Asia. This is also the first time that Japanese Anime co-produced with the emerging market. With the largest population of 170 million in Africa, Nigeria is going to be the base of this market in the future.

In 2013, the copyright revenue of Japanese cultural products including animation images reached 197.3 billion JPY and increased 2.4 times of a decade ago.[84] However,

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[81] "Astro Boy African Version". 2014. *Nihon Keizai Shinbun* March (13th). Accessed Apr. 3, 2019. https://zh.cn.nikkei.com/trend/cool-japan/8429-20140313.html

[82] Ibid.

[83] Ibid.

[84] Nobuko Kawashima, Hye-Kyung Lee, and ProQuest (Firm). *'Cool Japan' and Creative Industries: An Evaluation of Economic Policies for Popular Culture Industries in Japan*. Singapore: Springer Singapore, 2018.

Japan has royalties paid to overseas companies such as Disney in the U.S. reached

819.3 billion JPY, and the copyright deficit was more than 600 billion JPY.[85] Japanese

companies are facing the issue of how to promote overseas.

When the Japanese Manga and Anime industry is booming in the world, the

attractiveness as an investment target is also increasing. According to "The Report of

Japanese Anime Industry 2018" released in Tokyo in early December 2018, the

revenue of the Japanese Anime industry crossed the 2 trillion JPY mark for the first

time in 2017.[86] According to the report published by AJA, the revenue of the Anime

industry in a broad sense (except for TV and movie revenues, derivative products,

music, and live events are also included) has reached 21.527 billion JPY in 2017.[87]

Compared to the number of 2002 when this report was first launched, the amount

has almost doubled.

New motive power is the buyers from huge markets such as the U.S. and China. In

the United States, Netflix and Amazon are buying animes from Japan and

collaborating with Japanese production companies to produce the original

animations.[88] Because Disney is going to start online video service in the second half

of 2019, in order to strengthen the competitiveness, Netflix would like to include the

Japanese Animes into the products and turn the focus to the overseas markets such

as Europe and Asia.[89] Also, Netflix has begun to reproduce the popular Anime *Saint*

Seiya in South America. Until the end of 2018, there were already five Japanese

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[85] Ibid.
[86] The Association Of Japanese Animations, "The Report On Japanese Animation Industry 2018".
[87] Ibid.
[88] Shinohara, Hibeki. 2019. "Netflix Is Going To Produce Original Animations In Japan". *Nihon Keizai Shinbun* March (12th). Accessed Apr. 23, 2019.
https://zh.cn.nikkei.com/industry/tradingretail/34678-2019-03-12-11-27-02.html
[89] Ibid.

production companies cooperating with Netflix.[90]

Even China started to purchase licensed animations since about 2013: The video websites "bilibili" and "Youku Tudou" under Alibaba Group are both buying Japanese Animes at pretty high prices. The motivation is the change of circulation channels: Animes can only be broadcast in TV stations, Cable TV, or DVD. But with the emerging of the online video platforms, the demand for Anime as the content is expanding.

Conclusion

Since the advent of *Astro Boy* in the early 1960s, Japanese animation has been popular overseas for a long time. However, the export of Japanese animation is not because of the exporting country but introduced by other countries.[91] Natsume Fusanosuke also pointed out that the Japanese Anime industry's ignorance of copyright has made it difficult to parry when infringed by foreign countries.[92] In addition to the profit being divided by the circulation operators in Europe and the United States, the lists of producers are often replaced by local producers.

The reason why Japanese Manga and Anime can spread around the world, "diversity" must be one of the important factors. The multiple themes, styles, and various types of characters make the stories more rich and colorful. In most of Manga and Anime, the main characters are not always representing justice and victory while the negative characters are not really bastards or scoundrels as well. The authors usually do not judge the plot but leave it for the audiences. In other words, they are not taking the audiences as children to teach but only creating to express their own

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[90] Ibid.
[91] Chen, "*The Globalization and Fans' Culture*", 33.
[92] Natsume, 2001; cited from Chen, "*The Globalization and Fans' Culture*", 34.

ideas.
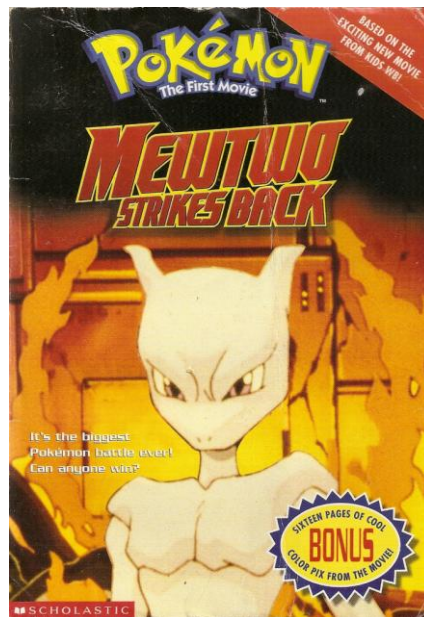
▲ **Pokemon:** *Mewtwo Strikes Back*

As an incremental process, Uppsala Model is basically suitable for this industry. However, it was originally designed to analyze a single company but a whole industry. The internationalization of Manga and Anime industry is affected by not only the industry but also the government policy and creative consumers. On the other hand, as a creative industry, cultural products are different from traditional manufacturers. The idea and creations of Manga and Anime are still in the domestic market, overseas production is limited to only copy, print, sales, and marketing.

Chapter 4. The characteristic of government and policy

Except for the marketing means of private companies, the policy from the government is also a necessary part of this study. The review of economic policies for popular culture industries in Japan is related to the Japanese cultural policy. "Cool Japan" is a well-known cross-departmental policy agenda for the Japanese government to promote the prominence cultural soft power over the last decade.[1] Although the government has been reticent about cultural policy (especially to East and Southeast Asia) in post-war decades, people began to pay attention to the international popularity of Japanese popular cultures such as Manga and Anime recently. Therefore, with the target to bring cash in, the policies aim at the global market and create what is named 'Cool Japan' phenomenon.[2] This chapter will talk about 'Cool Japan' and cultural content industries of Japan: To find out what was the role of the Japanese government during the internationalization process?

4.1 The Cultural Policy of Japan

As early as 1926, the Japanese Ministry of Education, Science, and Culture and the Ministry of Military Affairs have begun to promote the Manga and Anime culture and strive to make it a part of people's life.[3] Cultural affairs were originally under the jurisdiction of the local government; in 1968, the Agency of Cultural Affairs was

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[1] Cool Japan is written as クールジャパン and read as "Kūru Japan" in Japanese.
[2] Daliot-Bul, "Japan Brand Strategy", 247-266.
[3] Nobuko Kawashima, Hye-Kyung Lee, and SpringerLink (Online service). *Asian Cultural Flows: Cultural Policies, Creative Industries, and Media Consumers.* Singapore: Springer Singapore, 2018.

established under the Ministry of Education, Science, and Culture.[4] After the concentration of power and administrative upgrading, the policy and responsibility attribution of cultural content industry (the term used by Japan to collectively refer to all of the cultural and creative industries) has been clarified.

With the emergence of social problems such as the collapse of the bubble economy and the aging of the population in the late 1980s and early 1990s, the Japanese government gradually realized the role and the importance of the cultural industry in the economic and social development, and began to explore the pathway to develop and internationalize of the cultural industry.

In 1990, when the Cultural Policy Promotion Conference established, it has consisted of experts, scholars, and artistic professionals as a consultancy for the Agency of Cultural Affairs.[5] In July 1995, the Cultural Policy Promotion Conference put forward the report *The New Cultural Goals of the Country – The Current Focus and Countermeasures for Revitalizing Culture*, which opened up the preliminary idea of the "Cultural State" strategy.[6] In July 1996, the Agency of Cultural Affairs officially proposed the *21st Century Culture Oriented Program*, clearly stated that it should be transformed from economic power to a cultural exporting country, and the Manga and Anime industry should be positioned as an important national industry.[7] Since then, successive governments have regarded the development of Manga, Anime and other content industries as a fundamental national policy, and the establishment of the "Cultural State" strategy has been marked officially.

The core of the "Cultural State" strategy is to promote the overall development of

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[4] Ibid.
[5] Ibid.
[6] Ibid.
[7] Ibid.

the social economy, enhance the country branding, and build soft power of the country through the creation of intellectual property products. In 2001, it was clearly claimed that Japan will become a world intellectual property state in 10 years.[8] In 2002, the magazine Foreign Policy (FP) proposed the total Japanese national Cool Value and calculated the soft power in the culture industries of Manga and Anime, Japanese cuisine, and J-pop music.[9] Japan hoped to save the economic backwardness of "the lost decade" by exporting popular cultural products and creations.

In 2003, the Japanese government established the "Headquarter of Intellectual Property (IP) Strategy" led by Prime Minister Junichiro Koizumi and set up a "Special Investigation Committee of Content Industry".[10] In 2004, the Committee published a report "Revitalization Policy of the Content Industry – The National Strategy of the Soft Power Era", positioning the content industry as an important pillar of the economy and clearly stated the goal of building Japan into the top IP state in the world within 10 years.[11] In 2009, the Intellectual Property Policy Office of the Cabinet Secretariat announced the "Intellectual Property Strategy Program 2009".[12]

Even though people generally believe that Japanese culture is quite popular and competitive in the international market, in fact, Japan has been unable to obtain the corresponding profits and economic benefits from the overseas markets through these cultural products. To this end, the Commerce and Service Industry Policy

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[8] Daliot-Bul, "Japan Brand Strategy", 247-266.
[9] Ibid.
[10] Ibid.
[11] Kawashima, Lee, and ProQuest, "*'Cool Japan' and Creative Industries*".
[12] Ibid.

Group of the METI established the "Cool Japan Policy Division" in June 2010.[13] In the same year, the Japanese government formally established the Cool Japan Overseas Promotion Office under the Ministry of Economy, Trade, and Industry and determined the "Cultural Industry Powers Strategy" and strengthened the overseas promotion of the cultural industry.[14] At the same time, under the Bureau of Economic and Industrial Policy of the METI, the Media & Content Industry Division and the Device Industry & Digital Consumer Electronics Strategy Office were established.[15] The cultural industry is promoted overseas, and the talents are cultivated to make the world feel the charm of the popular culture that Japan has nurtured and created. These two are responsible for promoting the Japanese cultural industry overseas and cultivating the talents needed to make the world knows the charm of the popular culture from Japan. Also, to promote Japanese Manga and Anime overseas, MOFA (the Ministry of Foreign Affairs) and the Cabinet Office of the Prime Minister has been integrated under an across-ministerial framework to strengthen Japan as an Intellectual Property-based economy. It has increased the international awareness of Japanese Manga and Anime as well.[16]

On the other hand, except for supporting the industry, the Japanese government also has the restraint to cultural industries: the censorship regular of publications is mainly about indecent exposure from article 175 of criminal law.[17] However, the definition of indecent exposure is vague and ambiguous. The cultural anthropology scholar, Anne Allison, pointed out that even though the Japanese government has

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[13] Ibid.
[14] Ibid.
[15] Ibid.
[16] Mihara, "Involution", 1-24.
[17] Nadine Courmandias, "The Criminalisation of Copyright Infringement in Japan and what this Tells Us about Japan and the Japanese." *Asia Pacific Law Review* 17, no. 2 (2009): 167-184.

strictly forbidden the exposure of pubes and genitals, the erotic cartoonists can still find out other ways such as emphasizing on hips, breast, or using mosaic to replace reproductive organs.[18] Therefore, the special pornography styles have been created and, the Japanese porn industry is also as famous as Manga and Anime industry. However, this kind of image is the last thing that the Japanese government would like to see. In 2010, the mayor of Tokyo, Shintaro Ishihara, has advocated passing the amendment of *Tokyo Young Adults Raising Bill* to prohibit the Mangas and Animes with offenses against sexual morality.[19] However, the standard of sexual morality is too controversial that caused a great dispute in Japan. Not only the cartoonists but also the newspapers, the publishing houses, and the academies were so opposed to it that even refuse to participate Tokyo International Animation Fair (TAF) held by the local government to protest and boycott.[20] From this, it can be seen that the creation of Manga in Japan is not just a business or cultural content industry but also an expression or even a power of social demonstration. Thus, if this space has been confined, Japanese society will confront it in a serious attitude.

4.2 After the Bubble Economy -- the Hidden Worry of Internationalization

The period of prosperity of Manga and Anime industry started to cast a shadow over since the 1990s. First, the decline of Manga and the whole publishing industry: according to the sales revenue of Manga, 1995 is the peak and then decreased

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[18] Anne Allison and Gary Cross. *Millennial Monsters: Japanese Toys and the Global Imagination*. (CA, University of California Press, 2006.)
[19] He, "What can we Learn", 1009-1041.
[20] Nobuko Kawashima, "The Rise of 'User Creativity' - Web 2.0 and a New Challenge for Copyright Law and Cultural Policy." *International Journal of Cultural Policy* 16, no. 3 (2010): 337-353.

gradually.[21] Second, due to the risen of the Internet, illegal download and the fansubbing websites hindered the production companies to reap profits from the existing customers. Therefore, the industry has to develop different business models to cope with social changes. However, from the publishing houses to the Anime production companies, it is still too slow to put forward the countermeasure for dealing with the situation. Until recently year have them published the contents of Manga magazines on the internet directly and jumped out the scope of printing version.[22] Third, the recession after the bubble economy also affected the fundraising of cultural creative industries such as Manga and Anime. The financial tsunami also made the private sector tend to be conservative of investment and innovation. Under this atmosphere, it is harder to have innovative and pluralistic creations.

After a decade of the bubble economy, the culture export seems successful: it is estimated that the market size (sales revenue) of Japanese cultural content industries (including publishing, video, music, and games) in 2006 was approximately 14 trillion JPY.[23] This market size was second only to the United States, which was about 68 trillion JPY.[24] Moreover, with the support of policies and funds of the Japanese government, the overseas promotion of Cool Japanese products has also achieved great results, Japanese cultural products are getting more and more attention from people all over the world. For example, the world's largest "Japan

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[21] Teruo Doi, "Availability of the "Fair use" Defense Under the Copyright Act of Japan: Legislative and Case Law Developments for Better Adapting it to the digital/network Environment." *Journal of the Copyright Society of the U.S.A* 57, no. 3 (2010): 631.
[22] "Free Online Manga: Jump And Magazine". 2019. *Nihon Keizai Shinbun* April (9th).
[23] Yamaguchi,"The Soul of Anime", 256.
[24] Ibid.

EXPO" held every year in Paris attracted 3,600 people in 2001 and increased to about 210,000 in 2012.[25]

However, in fact, the Japanese content industry has not made huge success in overseas sales. Manga and Anime are perhaps the most recognizable aspects of Japanese culture, and the huge global popularity of both these art forms underline Japan's status as a hugely influential cultural superpower. Although Manga and Anime have a large cult following around the world, the domestic appeal in Japan is much more mainstream: People of both genders and all ages read the Manga and watch Anime. Among the total sales revenue of the U.S. content industry, overseas sales accounted for 17.8%. Compared to this, Japan is only 1.9% and does not reach the world average.[26]

On the other hand, The Agency for Cultural Affairs of the Japanese government, which is in charge of cultural promotion, inaugurated its Cultural Creative Cities Network in 2004.[27] METI introduced its Cool Japan Strategy promoting culturally creative products such as Manga and animation.[28] However, there are various definitions of creative industries with different focuses, which makes it difficult to identify a single definition of creative industries. In Japan, METI has made estimates on the activity level of creative industries; METI's definition includes major creative industries included in other discussions. According to this estimate, although using relatively old data from 1999 and 2004,[29] most creative industries in Japan are small- and medium-sized enterprises and are quite diversified in their products. More importantly, they are not growing as expected, and some of them have been

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[25] Lynzee Loveridge, "France's Japan Expo Draws 208,000 Turnstile Attendees". *Anime News Network*, 2012.

[26] Chris Bilton, *The Disappearing Product: Marketing and Markets in the Creative Industries.* (Cheltenham, Glos: Edward Elgar Publishing, 2017.)

[27] Kawashima, Lee, and ProQuest, "*'Cool Japan' and Creative Industries".*

[28] METI, 2012b.

[29] Hakuhodo, 2010, hereafter 2010 estimate.

declining. China surpassed Japan to rank second in the world after 2010. The content industry market of Japan has entered a maturity stage with a growth rate of 121.9%, which is below the world average growth rate of 156.8%.[30] For the Japanese creative industries, they have to face slower growth and new competitors at the same time.

4.3 "Cool Japan" and Internationalization

Long before "Cool Japan" launched, in the article *"Japan's Gross National Cool"*, American political analyst Douglas McGray thought highly of Japanese pop culture: He argues that Japan's influence is re-emerging. Instead of being hit by economic difficulties, it is raising its own position in world culture.[31] Through culture, Japan has shown the world its national charm. Also, he pointed out that Gross National Cool (GNC) is also a type of soft power. It can also be used as an indicator to measure national competitiveness.[32]

The concept of taking culture as the influence of a country was earliest proposed by Joseph Nye. Nye coined the term "Soft Power" in his 1990 book, *Bound to Lead: The Changing Nature of American Power*. In this book, he proposed "when one country gets other countries to want what it wants-might be called co-optive or soft power in contrast with the hard or command the power of ordering others to do what it wants."[33] Nye took the United States as an example, argues that the U.S., as a hegemon of the economy and military power, can take the advantage of spreading

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[30] PWC, "Global Entertainment and Media Outlook 2007-2011".

[31] Douglas McGray, "Japan's Gross National Cool." *Foreign Policy* no. 130 (2002): 44-54.

[32] Ibid.

[33] Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power.* New York: Basic Books, 1990.

their own value and ideology (such as democracy and freedom) to the world through the cultural products (e.g. Hollywood movies) without hindrance.[34] However, as a country without military force after WWII, Japan owns the strongest soft power in the 1990s when the economic bubble has been shattered. Japan found a new way to export cultural products in the depression and transformed the socioeconomic structure, therefore, other Asia countries, such as South Korea, Taiwan, and China also started to model themselves on Japanese policies.[35]

In 2010, the Japanese government formally established a new Creative Industries Promotion Office under METI to strengthen the overseas promotion of the cultural industry.[36] In June 2013, Japan passed "the Law of Cool Japan Fund Inc.", and based on the law, in November of the same year, the Cool Japan Fund Inc. was launched.[37] It is a government-civilian fund invested by the government and the private sector with a ratio of 3:1. This is the first attempt by the Japanese government and the private sector to create a "policy media" to promote Japanese cultural content overseas. The Japanese government has committed the Cool Japan Fund for ¥50 billion ($450 million) in 20 years.[38]

The fund has two main functions: The first is investment judgment to use those who with professional backgrounds of business profitability evaluation and investment judgment; and the other one is the formation and identification of investment cases, the proficiency talents in the most cutting-edge market conditions in the "cool

[34] Ibid.
[35] Ibid.
[36] Kawashima, Lee, and ProQuest, "'Cool Japan' and Creative Industries".
[37] "Cool Japan Fund". 2019. *Cj-Fund.Co.Jp*. Accessed May 1, 2019, https://www.cj-fund.co.jp/en/
[38] Ibid.

Japan" related fields such as the content industry and fashion industry are used.[39] The goals of "Cool Japan" policy include three aspects: first, expanding overseas markets and creating successful models; second, to support cultivating talents and building human resources networks through policy intervention; and third, to enhance the Japanese brand through developing and branching out "Cool Japan" related businesses.[40]

Three-quarters of the 4.4 billion JPY invested by Cool Japan in a new company can be considered public funds.[41] The Japanese government has subsidized about 3.4 billion JPY in 2013 for the NHK international programs. The amount of this investment is equivalent to the annual grant for NHK.[42]

In 2013, Inada Tomomi was appointed by the Japanese Prime Minister Shinzo Abe in the Meeting of the cabinet as the Minister of State for Special Missions (cool Japan strategic) to strengthen the promotion of Japanese culture in overseas markets and bring in the income. However, according to *Nihon Keizai Shinbun*[43] reported on July 9th of that year, the regain of incomes has not been significant in the beginning after the policy launched. The only exception was the "Madoka Magica Economic Circle" produced by the TV animation *Puella Magi Madoka Magica* in 2011.[44] According to statistics, this single work has already produced 40 billion JPY of cost-effectiveness for Japan after launched for 30 months and proved charming creation can draw the profit.[45]

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[39] Ibid.
[40] Ibid.
[41] Nihon Keizai Shinbun. 2015. "Japanese TV Programs Are Going To Broadcast In 22 Countries In Local Languages", 2015. Accessed Apr. 20, 2019,
https://zh.cn.nikkei.com/trend/cool-japan/13384-20150305.html.
[42] Ibid.
[43] Also known as *Nikkei*, means "Japanese Economy News".
[44] Madoka Magica Economic Circle is translated from まどか☆マギカ経済圏.
[45] Takuya Takata, 2013. "The Popular Anime Fascinated OTAKU Around The World". *Nihon Keizai*

In 2015, Cool Japan Agency announced to cooperate with SKY Perfect JSAT, a large Japanese satellite TV operator, to establish a program distribution company to promote Japanese charm overseas. The capital contribution is 11 billion JPY, of which SKY Perfect JSAT will contribute 60% and Cool Japan will contribute 40%. The newly established company plans to translate Japanese Animes, movies, and live football programs of the J-League (Japan Professional Football League) into foreign languages and strives to broadcast the TV programs in 22 countries around the world in 2020.

According to the statistics of IICP, the export trade volume of Japanese broadcasting programs was about 6.25 billion JPY in 2010 and grew to 13.8 billion JPY in 2013. Anime products accounted for 62.2% of them. Among all of the content industry, the game industry partially achieved a large trade surplus while the rest is in a trade deficit. *Pokemon* and *HELLO KITTY* can be said successful overseas but some Anime images originated in Japan, such as *Astro Boy* and *Transformers*, still relying on the U.S. produced movies or animations to introduce to other countries, those examples are not uncommon. However, considering the high popularity of popular culture overseas, it is believed that Japan has an enormous potential to promote the content industry overseas by its own strength.

4.4 New Development: Content Funds and Bridge Loans

With the expansion of the Manga and Anime industry market in Japan continues and

Shinbun, July (9th). Accessed Apr. 24, 2019,
https://www.nikkei.com/article/DGXBZO57114430Y3A700C1000000/?df=4

the quality of works is getting higher, the production costs are also rising constantly, fundraising becomes a big problem. To comply with this issue, the content funds set by the government and the private companies have been established:

In 2014, Cool Japan Fund established Anime Consortium Japan Inc. (ACJ) together with the animations companies including BANDAI Holding and Asatsu-DK to produce the animation programs toward foreign markets.[46] Cool Japan Fund invested 25% (1 billion JPY) of the total capital to the new company.

In 2015, the six big enterprises including Kodansha, Shueisha, Shogakukan, and KADOKAWA have invested in ACJ.[47] The joining of the large publishing houses will expand the content provided by ACJ and strengthen the sales of related products. Later, with the additional investment of the Anime production company Toei Animation, the total investment amount is close to 400 million JPY.[48] The joining of large publishing houses of popular Mangas will be more conducive to ACJ's negotiation of Anime broadcast rights and improving the profit mechanism based on broadcasting.

In the same year, Cool Japan Agency announced to cooperate with SKY Perfect JSAT, a large Japanese satellite TV operator, to establish a program distribution company to promote Japanese charm overseas. The capital contribution is 11 billion JPY, of which SKY Perfect JSAT will contribute 60% and Cool Japan will contribute 40%.[49] The newly established company plans to translate Japanese Animes, movies, and live football programs of the J-League (Japan Professional Football League) into foreign languages

[46] Nihon Keizai Shinbun. 2014. ""Cool Japan" Lead Japan TV Programs, Animes, And Mangas To The World", 2014. Accessed Apr. 17, 2019.
https://zh.cn.nikkei.com/politicsaeconomy/economic-policy/11658-20141031.html
[47] Nihon Keizai Shinbun. 2015. "ACJ Provides Fund To Anime And Manga Industry For Global Market", 2015. Accessed Apr. 20, 2019. https://zh.cn.nikkei.com/industry/tradingretail/15500-20150731.html
[48] Ibid.
[49] Ibid.

and strives to broadcast the TV programs in 22 countries around the world in 2020.

The latest one is jointly founded by Japanese telecom NTT Group, the artist management company Yoshimoto Kogyo, the biggest advertising agency Dentsu, and Cool Japan Fund in 2018. It will support the expansion of Japanese video content to overseas markets. The coalition will set up an investment company called "Japan Contents factory" and launch funds with a total amount of 10 billion JPY and Cool Japan invested for 30%.[50] The new company will promote Japanese video content producers to enhance distribution through the services of OTT (over-the-top) platform tycoons such as Netflix and Amazon.[51] The content is conceived as movies, Animes, TV series, etc. The fund will be offered to those content producers needed to complete the work.

In general, in order to converge the autonomous content, the online platform tycoon will sign an agreement of the content under planning with the production company and pay the royalty after the work is done. Raising funds is always a task for production companies, now the fund will support.

In Japan, in order to expand the overseas market for content industries, there were many content funds established around 2000. But these funds have faced three risks including whether the content producer can complete the work, whether the buyer can be found after the work is completed, and whether the work is popular.[52] It is almost impossible to overcome all of the risks. The new company will take these failures as a lesson to form a detailed support framework that is suitable for the online video era.

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[50] Nihon Keizai Shinbun. 2018. "New Content Fund Established To Promote Online Video Overseas", 2018. Accessed 20 Apr. 2019.
https://zh.cn.nikkei.com/trend/cool-japan/31647-2018-08-03-11-26-48.html
[51] Ibid.
[52] Ibid.

At the same time, the funds of foreign companies that have contributed to market growth in recent years seem to be beginning to change as well. In fact, the structural transformation of the Japanese Anime industry, which relies on foreign investment, is also affecting the capital turnover of animation production companies. When the original work is delivered to Netflix, the amount equivalent to the production costs is divided into several payments.[53] According to the previous Japanese production committee mode, the budget will be prepaid to the production company, but according to the current situation, the expenses incurred before the completion of the work will require the company to make advance payments. For those large-scale production companies with a good financial status, it will not be a problem, but for small and medium-sized companies, it will become a heavy burden.

The Japan Contents factory (located in Toshima, Tokyo) funded by Cool Japan has started the business of providing bridge loans.[54] However, the general financial institutions are slow to respond to these funding demands. In some places such as Hollywood, there is a system called "Completion Guarantee": The guarantee company provides guarantees before the completion of the film and television works and supplies additional budgets. These cases are fewer in Japan, but in the context of the increasing risk of production companies, to establish such a mechanism has become an urgent task.

Besides, there is also some dissatisfaction since the distribution network of Anime began to be controlled by foreign investors. For Anime production companies,

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[53] Satoru Nihei and Toshi Tsunashima, 2019. "The New Worries From The Expansion Of Manga And Anime Industry". *Nihon Keizai Shinbun* January (21st). Accessed Apr. 19, 2019, https://zh.cn.nikkei.com/trend/cool-japan/33692-2019-01-21-04-58-37.html
[54] Ibid.

although it is a pleasure to have guarantees for huge production costs, the freedom in promotion has declined. The lack of autonomous circulation networks for Anime overseas markets also makes the influence of the platforms getting stronger. Therefore, the envisaged future risk is that the current supply budget might be lowered according to the situation of foreign companies.[55]

Conclusion

In order to maintain sustained economic competitiveness, the Japanese government seeks economic growth points actively. The cultural content industry including the Manga and Anime industry has become the first choice to develop. The Japanese government hopes to transform the economic structure into a knowledge-intensive economy through the industrialization of culture, shifting the industrial focus from GDP to GNC (Gross National Cool) and from hard power (economic and military) to soft power (cultural values and brand).[56] From the actual effect, the Japanese Manga and Anime industry not only plays an important supporting role in the national economy, but the government also uses the statelessness of the culture and brands of Manga and Anime to expand the influence of Japanese culture on the world.

Cool Japan's strategy is to discover the charm of Japanese culture and lifestyle and to transform its charm into the added value of developing cultural industries. In such a strategy, it can be found that the financially embarrassed Japanese government no longer promotes the cultural industries that are considered to be attractive on their own wishful thinking. They not only discover the unique culture of Japan through an international perspective but also select and guide competitive products and

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[55] Ibid.
[56] Daliot-Bul, "Japan Brand Strategy", 247-266.

industries to the global market by integrating domestic resources. A cultural industry war mobilized all Japanese nationals are launched gradually.[57]

Cool Japan has gained exposure in the media and academia broadly as a form of soft power. However, the policy has still been criticized as patchy and disjointed as well. On the other hand, there are also some debates about Japanese cultural policy: for example, as a free market like Japan, is it reasonable for the government to evolve in public culture? Can the government use the fund properly and effectively? Also, "Cool Japan" is more like an industrial policy than a cultural policy. As Mihara said, is the return of investment reflect on the salary or income of employees?[58] On the other hand, the Japanese government has usually been seen as a powerful support for industrial development. However, looking back to the Manga history, the content of publication was restricted by law and regulations, the role of government in a long period of time is rather an obstruction than a boost. To put Manga and Anime into the national policy also led to polemic: the affirmative links the elements of economy and culture together so that regards Manga and Anime as one of Japan's delegate cultures while the detractors argue that economic benefit has been overestimated while Japanimation or Otaku is not deserved to be the representative of Japanese culture.[59]

Even though the policy might not have led to significant results for popular and creative culture industries as expected, it has already done what it could do legitimately instead of depending on the trend of the creative industries discourse that has swept across the rest of the world.[60] To promote Japanese Manga and

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[57] Akbaş, İbrahim. "A "Cool" Approach to Japanese Foreign Policy: Linking Anime to International Relations." *Perceptions 23*, no. 1 (2018): 95-120.
[58] Mihara, "Involution", 1-24.
[59] Ootsuka, "*The New Reality Of Comic",* 190- 228.
[60] Mihara, "Involution", 1-24.

Anime by MOFA and the cross-ministerial framework under the Cabinet Office of the Prime Minister has been integrated to strengthen Japan as an Intellectual Property-based economy. [61] It has increased the international awareness of Japanese Manga and Anime as well.

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[61] Akbaş, "A "Cool" Approach to Japanese Foreign Policy", 95-120.

Chapter 5. Creative Consumers and The Phenomena of Fansubbing

This chapter seeks to answer the question, "what role did the fans, readers, and audiences play in Manga and Anime's internationalization process?" When talking about the creative consumers of Manga and Anime, their main contribution to the comics' internationalization has been fansubbing. Fansub has a long history, since the era of VHS, but recently new media have accelerated the spread of the fansubs.[1] Although their creations are spontaneously generated by fan groups, a fansub product still must deal with the issues of copyright and piracy. The effects of fansubbing are explored in this chapter. The influences of fansubbing and "the fans' culture" on firms' global production are also reviewed.

The pros and cons of fansubbing are discussed in this study through business case studies. Some of the cases are about the legal actions taken to the fansubbing. In some, there are plenty of activities that seem like piracy, but they still helped to broaden the parent companies' sales of derivative products.[2] These cases demonstrate how difficult it is to judge whether fansub is good for the industry.

5.1 About Fansub: Fans' Culture and Activities

The Wikipedia entry on "Fansub" defines it as "a version of a foreign film or foreign television program which has been translated by fans (as opposed to the officially

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[1] Hye-Kyung Lee, "Participatory Media Fandom: A Case Study of Anime Fansubbing." *Media, Culture & Society 33*, no. 8 (2011): 1131-1147.

[2] Hye-Kyung Lee, "Between Fan Culture and Copyright Infringement: Manga Scanlation." *Media, Culture & Society 31*, no. 6 (2009): 1011-1022.

authorized translation done by the professionals) and subtitled in another foreign language."[3] The creation of fansub first began from the translation of Japanese animation.[4] It became the way many foreigners got to know and watch Japanese Manga and Anime.

On the other hand, the online Manga translation is also called as "Scanlation": the combination of scan and translation.[5] They are also very quick to release popular new works, but what is more notable is that these authors are not only translating the popular, juvenile, and girls Mangas for children, but also broader youth comics. Some are even keen on tapping the relatively unpopular and uncommon works, which has also diversified the types of online Mangas.

The culture of fans is what makes Japanese Manga and Anime different from other countries. The culture of fans itself is a kind of practice that exchanges opinions between the creators and the audiences. The position of the fans and the creators are parallel so that the influence of creations can be deeply rooted in Japanese society. Talking about internationalization, Chung-wei Chen believes that Manga can be enjoyed by readers all over the world, not only because of its fascinating culture but also because it embodies a diversity of characters, closely connected with daily life, and the combination of stories and roles.[6]

Doujinshi activities comprise the primary cultural aspects of fan behavior. Chen argues that the core of the doujinshi events is not to emphasize the business actions

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[3] "Fansub". 2019. *En.Wikipedia.Org.* Accessed Nov. 3, 2019, https://en.wikipedia.org/wiki/Fansub.

[4] Ibid.

[5] "Scanlation". 2019. *Your Dictionary.* Accessed Nov. 3, 2019, https://www.yourdictionary.com/scanlation.

[6] Chung-wei Chen, *The Globalization and Fans' Culture of Japanese Animation and Manga.* (Taipei, Tang-shan Express, 2004.)

but the creators and cultural participants' resonance and recognition of the Manga and Anime. Also, it is a strong pillar of this industry.

On one hand, the doujinshi activities have truly deepened people's love for Manga works. It is also a continuation of the dream because the creators and cultural participants can recreate their favorite works into the way they want and bring more imagination to the readers. But the latter part cannot be agreed with: The support of the readers is indeed one of the pillars of Manga and Anime industry, but the *doujinshi* activities are only performed by some enthusiastic readers. Only 550,000 people participated in Comic Market, the largest *doujinshi* event every year. The clubs joined at the very first beginning were less than one hundred people, and the total number of participants was even less than one thousand.[7]

Is the fan base therefore truly big enough to be a pillar of the industry? In other words, without the doujinshi activities, is Manga and Anime industry still sustainable? Chen seems to ignore those who do not participate in the doujinshi event or activity but support the industry with money silently, but this kind of readers is not a minority. Also, the influence of the doujinshi activities seems to be exaggerated.

Chen compared the globalization models of Disney, Hollywood, and Japanimation. American animators demonstrated strong exclusivity and monopolies in the market; while the latter allowed creators and fans to be more equal in the market.[8] Therefore, the internationalization of Manga and Anime was not based on huge capital, but the recognition and practice of the readers and audiences as well as the actors of fans culture.[9] However, this author does not consider it appropriate to compare the copyright issue with Disney, because even Americans are quite

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[7] "The Report On Japanese Animation Industry 2018", *The Association Of Japanese Animations.*
[8] Ibid.
[9] Ibid.

dissatisfied with Disney's excessive protection of copyright.[1011] There is a difference in tolerance for "infringement of copyright" between Americans and Japanese firms. One thing very important thing to note is that the infringement of copyright to Manga and Anime is not always tolerated just because the activities are under the name of doujinshi. The most famous case of this happening in Japan is the preemptive publishing of the ending to a famous work called "*Doraemon,*" by the publishing house Shogakukan.[12]

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[10] He, "What can we Learn", 1009-1041.

[11] From the 20th episode of the animation *The Simpson* in the 20th season.

[12] In about 1998, there was a rumor Manga "Final Episode of Doraemon" spread on the internet with the painting style pretty similar to the original author Fujiko F. Fujio. Later, the fan-artist who drew the story has published the printed doujinshi in the fall of 2005 in the pseudonym "Tashima T. Yasue". The storyboard and the touching ending are both highly praised and appreciated by the audiences on the Internet. As a doujinshi, this book has reached an unusual sales volume to 15,500 and the copy on the website can be read for free. Because of the similar painting style, many people have misunderstood it to be the ending of the original work. The story is so widespread that some readers have inquired to the original publishing house Shogakukan. This made the copyright owner thought it "a more serious situation than imagined" and informed the doujinshi painter about the infringement of copyright. Upon receipt of the notice from Shogakukan, the man pleaded guilty to the infringement, apologized in public, and destroyed all of the stock doujinshi books. Also, he requested all of the mongers and reproducers to remove the unlicensed reprint on the internet. In May 2007, he submitted an apology letter with a commitment of repentance and paid part of the sales income to the publishing house. This case has finally resolved through reconciliation.

▲ **The doujinshi ending of *Doraemon***

In addition, a very important concept is also mentioned in this book is the Japanese professional culture. This culture has a strong attachment to skills and craftsmanship, and has been enthusiastically dedicated to work. Toshio Okada praised the growing appreciation and action of Otaku as the regeneration of the culture.[13] At the same time, the emergence of fans with high-quality requirements was also a factor that makes Manga and Anime successful today.

Nomura Research Institute (NRI) defines Manga Otaku as: "Those who have a strong interest for Manga, Anime, and the characters that spend most of the income and free time on buying, saving and collecting the creations, or collecting relevant

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[13] Okada, Toshio. *Otakugaku Nyūmon = Introduction Of OTAKU.* 1st ed. (Tōkyō: Ōta Shuppan, 1996)

information. In addition, they also the purchase of derivative products related to Manga and Anime characters, or secondary creations of their favorite works."[14]

Compared to the definition, Toshio Okada puts forward the "OTAKU culture theory." He claims that Otaku "has the ability to adapt to the era of images, cross-domain data search capability, and an unmistakable interpretation of the ciphers provided by the creators... Otaku is the greedy appreciator and has an unsatisfied self-motivation and self-expression."[15] Otaku does not necessarily compete with the industry, but instead, they contribute to the industry and culture as the appreciators. As "the positive and active participants and strict quality controllers of the works", they are beneficial to the improvement of industrial quality.[16] Also, "only talented people can become an Otaku. To become an Otaku, there must be an astronomical investment in money, time and intellectuality. Effort, advancement, and desire of self-expression are the keys to open the door of Otaku."[17]

Although the two definitions above are a bit of different, they both point out that as a special group of consumers in the Manga and Anime industry, Otaku has valuable information about the sector, the ability to create secondary businesses, and the characteristics of positive dissemination. In addition to producing a large number of doujinshi works, their huge consumption capacity also enables production companies to produce high-quality works for niche markets and diversifies their creations.[18]

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[14] Otaku Market Forecast Group of Nomura Research Institute, 2006: 63
[15] Okada, 1996; Cited from Chen, "*The Globalization and Fans' Culture*", 66.
[16] Chen, "*The Globalization and Fans' Culture*", 67.
[17] Okada, 1996; Cited from Chen, "*The Globalization and Fans' Culture*", 73.
[18] Chen, "*The Globalization and Fans' Culture*", 74.

5.2 What has Fansub brought to the Industry: Pros and Cons

In a post-bubble economy, the sector which had to maintain creativities and vitality has been turned to the fans' noncommercial creations. The exhibition of Manga and Anime has a special subculture called doujinshi, including the fan arts, fan-fictions, derivative products, and Cosplay.[19] The so-called original doujinshi means the works that belong to the creator's own creativity with the character set, the world view, and the story all designed and drawn by their own ideas.[20] The secondary creation (also known as re-creation) is to create your own works with the characters and plots of the existing Manga, Anime, or game.[21] For example, the popular online game *Fleet Collection* is an original game developed and copyright-owned by Kadokawa Group.[22] However, in the doujinshi events, many use "Fleet Collection" as the theme but are not authorized to do so by Kadokawa Group.[23] This is their secondary creation, which will be explored in this article. The doujinshi discussed below represents only the second creation, the original doujinshi will not be discussed since it is not related the copyright issues.

Fans around the world gather together, volunteering and organizing a lot of groups, events, activities, and conventions. However, although the fans groups are all non-government, it does not mean that all of them are also "non-profit." Some of the fan arts or fan fictions that are being sold might have the issue of copyright, not

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[19] Rich Richey and Michael Richey. 2016. "JAPAN'S DOUJINSHI CULTURE OF CREATIVITY THROUGH THEFT AND THE MONSTER TRYING TO DESTROY IT". *TOFUGU.Com.* Accessed May 15, 2019, https://www.tofugu.com/japan/doujinshi-definition/
[20] Ibid.
[21] Ibid.
[22] *Fleet Collection* is translated form Fleet これくしょん - Ship これ.
[23] He, "What can we Learn", 1009-1041.

to mention the actions of translating, scanning and uploading the works onto the internet.

Piracy eased by the Internet has increased the impact of Manga and Anime furthermore in the global market.[24] Bypassing the issue of copyright, it cannot be denied that piracy and fansubbing really have spread their influence, especially through the Internet. But is such influence comparable to the marketing method of publishing houses through legal channels such as TV or movies to deepen the impact of Manga and Anime in the world? Is Internet marketing of the fans really so remarkable?

In Japan, the doujinshi is a personal publication with wide-ranging themes. Most of the doujinshi was created in the low-cost type of Manga in the past.[25] In the Web 2.0 era, because of the development of software and technologies, it is not a dream anymore to create Animes or even games by oneself. Through the promotion of the Internet and social networking websites, the creations of doujinshi now can be spread wider and more frequently than ever before.

In the case of doujinshi, although it is not for profit, it is undeniable that it has a commercial purpose when buying and selling one's own work. The original works adapted by doujinshi are usually sold in the same market that the Manga publishers use for profit. Undoubtedly, the doujinshi use a lot of elements of original content: the character settings, the story, and their world view. The second creation, however, cites almost all of the same contents as the original. Also, compared with commercial publications, doujinshi have smaller scale sales channels, and fewer

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[24] Chen, "*The Globalization and Fans' Culture*", 74.
[25] Richey & Richey, "JAPAN'S DOUJINSHI CULTURE".

target customers, so they have a small impact on the larger firms' potential markets.[26]

Prof. Henry Jenkins, who is studying Trans-media Storytelling in MIT, also mentioned in his famous *Textual Poachers* that under the participatory culture formed by the active participation of the fans, fab-based production has blurred the boundary between creators and audience. Even the orthodox center of the text itself has become equivocal as well. One of the features of 'poachers' is using more than one media as a means to continue their activities.[27]

To the Manga and Anime industry, and their business model patterns, doujinshi activities, on one hand, are the poachers of existing contents.[28] On the other hand, it is also a great field to test various kinds of expression of new ideas and subjects. This is also one of the reasons that the comic publishing companies and copyright owners disapprove doujinshi but still tolerate rather than eradicate them.

Another case of this tolerance strategy is found in the fandom of Japanese Anime in the United States and how copyright law is used against it. Under the global order context, the medium of Japanese Anime is a powerhouse in the world of alternative entertainment since the culture from Japan does not have the advantage of language and political hegemony, like the U.S. However, although Japanese copyright holders once abandoned the American market, proselytization by fans

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[26] Chen, "*The Globalization and Fans' Culture*", 79.
[27] Henry Jenkins, *Textual Poachers: Television Fans & Participatory Culture.* (London;New York;New York, Routledge, 1992)
[28] Ibid.

reignited the Anime movement in the United States.[29] The earliest fansubbing activity in America can be traced back to the 1970s.[30] The analysis of both historical and cultural influences demonstrates that fans' continual infringement of U.S. copyright between 1976 and 1993, but also shows that this actually boosted the process of forming its commercial market.[31] The concept of cultural 'sinks' is a useful metaphor for explaining the phenomena of demand formation, the role of commons, and the causational links between the fans, artists, rights holders, and markets.[32]

In the United States, heroic comics were the most popular type, due to censorship. Culturally, comics and cartoons were meant only for children. Therefore, all of the animation broadcast on TV and in print had to be examined.[33] However, in Japan, Animes were not only for children, and the frames of the films were always edited after censorship. The difference in process and taste meant that fans in the United States would rather watch the fansubbing Animes or urge the DVD distributors to release the original works.

Like in other countries, the authorized translation is always slower than fansubs in the US. But fansubbing groups and distributors can grow and prosper together because of an unspoken rule. For the distributors, the introducing of fansub is free promotion of new Anime works. When the Animes become popular, they hire the distributors to re-dub with professional voice actors. The DVD is still marketable because the US audiences are used to have English dub no matter whether they are watching movies, dramas, or animations. Therefore, fansub groups can publish the

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[29] Brienza, "Did Manga Conquer America?", 383-398.

[30] Sean Leonard, "Progress Against the Law: Anime and Fandom, with the Key to the Globalization of Culture." *International Journal of Cultural Studies 8*, no. 3 (2005): 281-305.

[31] Ibid.

[32] Ibid.

[33] Brienza, "Did Manga Conquer America?", 383-398.

Animes before authorization. However, once the distributor gets the dubbing contract, the fans have to withdraw the fansubs and stop translation.[34]

5.3 Fansub and Copyright Laws

In order to promote the development of its cultural industry, Japan has not only formulated new policies but also legislated laws and regulations. The most representative of these laws is the Copyright Act of 1970.[35] After more than 20 revisions, the law was renamed as the Copyright Management Law in 2001.[36] Since the beginning of the 21st century, the Japanese government has paid more attention to the cultural industry. First, the Congress approved the Basic Law on the Formation of a Highly Informative and Communicative Network (collectively called the "IT Basic Law" or the "Information Technology Basic Law").[37] On November 30, 2001, the Agency for Cultural Affairs reviewed and approved the Basic Law on Culture and the Arts, and implemented it on December 7 of the same year.[38] The Law declared that "in addition to the inherent meaning and value of culture and art, it also has great significance as a means of communication between nationals of different countries and different eras so that can be the basis of self-recognition in the process of internationalization." On June 4, 2004, METI officially announced the "Content Industry Promotion Law," and the cabinet also decided to include the creative content industries in the "Industry Creation Policy."[39]

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[34] Lee, "Participatory Media Fandom", 1131-1147.
[35] Lee, "Between Fan Culture and Copyright Infringement", 1011-1022.
[36] Ibid.
[37] Ibid.
[38] Ibid.
[39] Ibid.

The size of the Japanese publishing market has continued to shrink since it peaked in 1996. Among them, the single volume of popular Mangas is one of the few categories that have a strong performance. In 2005, the single volume Mangas surpassed the serial Manga magazines such as Shueisha's "Weekly Youth Jump", and the sales revenue increased several times year-on-year. On the other hand, the sales of serial Manga magazines continued to fall rapidly. However, the sales of the single volume Mangas also began to decline significantly since three years ago. The sales revenue of 2016 fell below 200 billion JPY, and in 2017 it shrank to around 170 billion JPY.

According to data released by the Association of Japanese Publishing Entrepreneurs (AJPEA) in January 2018, the Japanese publishing market in 2017 was 7% smaller than the same period last year and down to 1.3701 trillion JPY.[40] The market scale has been decreasing for 13 consecutive years and has shrunk in half from its peak. However, the most shocking truth is the decline of Manga magazines. Even as the last bastion of the Japanese publishing industry, sales revenue of Manga has decreased by 13%, the first time of double-digit decline. Behind the dilemma is the rapid overspread of pirated websites.

Although influenced by the publisher's electronic version of the Mangas, there is a lot of evidence that the main reason for the sharp decline in sales is piracy on the Internet. The Japanese government amended some of its copyright laws to address this in 2014.[41] One of the major changes in the revision is that illegal downloaders in Japan now face imprisonment time up to two years or a fine of JPY¥2 million (approximately US$19,265) or a combination of these two penalties for downloading

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[40] Association Of Japanese Publishing Entrepreneurs,"Statistics Of Japan Publishing".

[41] He, "What can we Learn", 1009-1041.

certain kinds of copyrighted content.[42] These momentous changes have triggered protests and political backlash from the fan base around the country.

With the popularity of smartphones, pirated websites are rapidly increasing. Postings of popular Mangas spread instantly through the Internet. The sales of the single volume Mangas in the autumn of 2017 in Japan suddenly decreased sharply. After the investigation, readers were found turning to a pirated website. The site published many popular Mangas from a number of publishers, resulting in a loss of 400-500 million JPY per month. These pirated websites were undoubtedly illegal, but because most of them were using overseas servers, they were difficult to target even for the website operators. The pirated website "FreeBooks" was shut down in May 2017, now requiring only three months payment to log onto its servers for a year.

On the other hand, as the birthplace of doujinshi, Japanese publishers tended to turn a blind eye towards doujinshi creations. Until the negotiation of the TPP agreement in recent years, the full name of the "Trans-Pacific Strategic Economic Partnership Agreement", the agreement requires the member states to amend the copyright law and make the infringement of copyright to be "prosecution without plaintiff".[43] This agreement has caused the Japanese Manga and Anime industry to be tumultuous and publishers believe that it seriously undermines the development of doujinshi culture. Even so, the agreement was signed and approved in 2018.[44]

Prime Minister Noda announced that Japan would participate in the TPP agreement in 2018, which has triggered trade discussions around piracy. The Manga and Anime

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[42] Ibid.
[43] Se, Lang. 2015. "Three Things About TPP In Japan You Need To Know". *Hong Kong Doujin.* Accessed May 23, 2019, https://hkdoujin.com/2015/07/2002/
[44] Ibid.

industry with an annual output value of more than 2 trillion JPY expressed their considerable frustration with the copyright terms of the TPP. What kind of treaty exactly is TPP? What is the relevance between TPP and the Japanese Manga and Anime industry?

The Trans-Pacific Partnership agreement was initiated by the member countries of the Asia-Pacific Economic Cooperation (APEC).[45] It is multilateral free trade agreement (FTA) that had been discussed since 2002.[46] The main goal is to support the APEC, promote the process of liberalization, and achieve the goal of free and open trade. Once the agreement is signed, it will surpass the EU in size and become the world's largest open economy. Before the official establishment of TPP, all participating countries brought their concerns to the terms of the agreement. In the agreement, the copyright-related parties are required to require the signatory countries to amend their domestic copyright law including:

- "the copyright term protection is extended to seventy years after the copyright owner's death",

- "the infringement of copyright is changed to be prosecution without plaintiff",

- "additional articles for the amount of compensation of copyright infringement",

- "introducing the obligations and disclaimer clause of ISP network provider",

- "introducing the U.S. DMCA anti-circumvention clauses", and

- "prohibition of parallel importation of authentic products".[47]

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[45] Ibid.
[46] Ibid.
[47] Ibid.

Among all of the new copyright clauses, the strongest backlash from Manga and Anime industry was the stipulation that "the infringement of copyright is changed to prosecution without plaintiff" and the requirement of "additional articles for the amount of compensation of copyright infringement."[48] These regulations would directly lead to the shrinking of the doujinshi market and would affect the overall industry in turn. The reason why the industry achieves such high revenues, in addition to the official works, is that it still relies on Japan's unique fan cultures, including doujinshi exhibitions, Cosplay, production of the doujinshi products, and fansubbing, to give a boost to the original works and make them more popular. It also allows the official producers to keep developing new works. The doujinshi of the fans' culture is obviously a "secondary creation without the authorization".

Cosplay is a kind of "planar graphics to three-dimensional" reproducing behavior: the fans dress up as the characters and stay true to present the three-dimensional clothing. In Japan, some believe that such reproducing behaviors infringe the copyright to reproduce Manga and Anime.[49] Although the behavior of fans has infringed upon the property rights of the works, the development of the Japanese doujinshi is for the copyright owners tolerated the behavior of fans. Under the premise of the copyright infringement, there is "no trial without complaint," in order to obtain a stable supply of talent for the development of the future market.

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[48] Ibid.
[49] He, "What can we Learn", 1009-1041.

▲ Cosplayer of Sailor Moon

If Japan signs the TPP, it will inevitably make the doujinshi behavior a "prosecution without plaintiff." Once the investigation authority finds such infringements of copyright, it can just prosecute the offenders. In this way, the doujinshi exhibitions and behaviors in Japan will undoubtedly became illegal.[50]

In addition, a researcher of the content industry, Masayoshi Sakai, agrees that if Japan legislates "the amount of compensation of copyright infringement" according to the TPP requirements, such an amendment will be very unfavorable for the development of doujinshi.[51] Some creators will have a short-term speculative mentality and arbitrarily and abuse the lawsuit in order to obtain the compensation. Indiscriminate litigations will not only increase the burden on the court but also hinder the creations of further fair use.

Doujinshi is a traditional feature of the Manga and Anime industry. Fans compete to reproduce or adapt famous works, share and show off with each other. They may do this for personal reasons or for relationships, but sometimes they do it for personal

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[50] Se, "Three Things About TPP".
[51] Kawashima, Lee, and ProQuest, "*'Cool Japan' and Creative Industries"*.

economic gain. This kind of unauthorized reproduction or re-creation has theoretically constituted the infringement of copyright. However, because of the effect to flourishing the original works, the publisher has never advocated infringement of copyright on fans, even if doujinshi has profit-making behavior.[52] The doujinshi maintains a very harmonious interaction between the publisher and the fans because the copyright owner does not take legal actions.[53] Once the unauthorized usage is made crime, the prosecution of copyright infringement will not be controlled in the hands of the copyright owner. If the state's public power directly intervenes in criminal proceedings against the fans regardless of the considerations of the copyright owners, inevitably all of the doujinshi will be blocked. In the short-term, the statutory compensation amount seems to protect the creative interests of the copyright holders. In the long run, however, it is more likely to cause stagnation and obstruct the development of the whole Manga and Anime industry in Japan.[54]

However, this legislation is limited to Japan. For the doujinshi outside Japan, the attitude of the publishing houses is different. Whether it is profitable or not, they are tend to advocate for prosecuting infringement because the overseas doujinshi is not under the scope of Japanese tradition.[55]

Certainly, copyright should be protected, but the intensity of protection involves many stakeholders and should not be completely determined only by the industry. Legislators must also consider the value of disseminating information and knowledge.[56] Although the infringement should not be encouraged, it is an

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[52] He, "What can we Learn", 1009-1041.
[53] Ibid.
[54] Brienza, "Did Manga Conquer America?", 383-398.
[55] He, "What can we Learn", 1009-1041.
[56] Ibid.

indisputable fact that the actions spread the content of the original works, allow more people to know them, and benefit the development of the original works. For example, after getting used to the pirated software, the same software must be chosen when the genuine version is needed. Doujinshi makes fans more devoted to the original works in all the typical cases.[57]

5.4 The Responses to Copyright Issues

Free pirated websites can be a menace to Manga and Anime firms. According to the calculation of Japan Content Overseas Distribution Association (CODA), the profit losses of the publishing industry have reached approximately 400 billion JPY a year, and have became a major factor in the decline in sales of Manga magazines and single volume Mangas.[58] Without seeing the purpose of the website operators, the cartoonists themselves feel that they cannot ignore the infringement and are trying their best to fight for copyright protection.[59]

In 2014, METI, as well as fifteen other publishing houses and Anime companies including Shueisha, Kodansha, and Ghibli Studio, requestedt the illegal copied Manga and Anime content providers to delete their pirated contents from about 300 overseas websites (including Korea, China, and Spain) in five months' time.[60] 580 specific works, including some famous pieces such as *ONE PIECE* and *Detective Conan*, were requested to be deleted. These works are had been translated into the

[57] Lee, "Between Fan Culture and Copyright Infringement", 1011-1022.

[58] "Copyright Protection And Public Awareness Network Platform". 2019. *Content Overseas Distribution Association.* Accessed Apr. 24, 2019, http://www.coda-cj.jp/en/org_en/

[59] Ibid.

[60] "Japan Request 300 Websites To Delete Piracy Manga And Anime". 2014. *Nihon Keizai Shinbun* July (31st). Accessed Apr. 13, 2019, https://zh.cn.nikkei.com/trend/cool-japan/10401-20140731.html

local languages or subtitled. The email asking the operator of every website to delete

the copy will be sent. If the other party did not withdraw the contents, then legal

actions against the pirates would be taken.[61]

According to estimates released by the Agency of Cultural Affairs last year, the

amount of copyright infringement caused by pirated Manga and Animes reached 560

billion JPY in four major cities such as Beijing and Shanghai in China.[62] The

above-mentioned 15 publishing houses and Anime companies established the

"Manga and Anime Piracy Guardians Project (MAGP)."[63] The primary target of

MAGP is to reduce pirated websites and promote the viewer charge mechanism to

be adopted in the mainstream. At the same time, the website "Manga-Anime here"

which authorizes Manga and Anime, was also launched.[64]

In addition, there are some publishing houses cooperating with lawyers to prosecute

the relevant duty of pirated websites. Most of these websites are using overseas

servers, since it is hard to trace and get in touch with the operators. Therefore, the

content distribution network (CDN) becomes the target of their litigation.[65] In 2019

January, the Tokyo District Court allowed a U.S. network content provider, Cloudflare,

to delete the images published illegally.[66]

However, the government gave up on submitting legislation designed to curb

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[61] Ibid.

[62] Ibid.

[63] "METI to Start the First Cross-Industry Anti-Piracy Measures for Manga and Anime". 2014. *METI*. Accessed Apr. 22, 2019, https://www.meti.go.jp/english/press/2014/0730_01.html

[64] "Manga and Anime Piracy Guardians Project". 2014. Manga-Anime Here. *CODA*. Accessed May 13, 2019. https://Manga-Anime-here.com/guardians

[65] Hebeki Shinohara and Akinobu Iwasawa, 2019. "The Change Of Japanese Manga: The Enemy Is Piracy Websites". *Nihon Keizai Shinbun* April (9th). Accessed Apr. 20, 2019, https://zh.cn.nikkei.com/trend/cool-japan/34674-2019-04-09-05-00-10.html?start=0

[66] Ibid.

downloads of such pirated content as Manga and photos until 2019, even though it is estimated to cost Japanese publishers 400 billion yen ($3.64 billion) per year.[67] The lack of policy development triggered intense backlash from content creators poised to benefit from stronger copyright protection. In a rush to submit the legislation, the government did not thoroughly explain its intent to ensure broad support. The Cultural Affairs Agency is scheduled to re-examine a bill soon.[68]

Of course, enforcement is not the only way to lessen profit loss. When the Internet popularized in the 2000s, fansub Animes released by the overseas fans with subtitles in their own languages became popular. However, the sales of overseas Anime broadcast rights were sold at a low price at that moment, and the fansub Animes were not officially circulated, so it failed to bring benefits to the creators. For the Anime industry, the main difference between the present and the past is that it is bringing real profits now. This industry finds it difficult to develop overseas sales and marketing channel by themselves. When the new media has become popular, it starts a new trend to expand the service of video and film. The collaboration of foreign companies such as Netflix also released Anime to a new channel of online platforms.[69]

To counter piracy websites, the Anime industry established free Anime online platforms. For instance, the free animation website "DAISUKI" launched in 2013, operated by several famous Anime companies such as Toei, Bandai Namco, and Sunrise.[70] The registered users can watch 30 Animes online for free. The income of

[67] "Japanese Government Gave Up On Submitting Legislation To Curb Downloads". 2019. *Nihon Keizai Shinbun* March (14th). Accessed Apr. 15, 2019,
https://zh.cn.nikkei.com/politicsaeconomy/politicsasociety/34717-2019-03-14-10-54-05.html
[68] Ibid.
[69] Nihei & Tsunashima, "Japanese Manga And Anime Industry".
[70] "New Gundam Equipped Five Languages Marching To The World". 2011. *Nihon Keizai Shinbun* October (11th). Accessed Apr. 13, 2019,

the website comes from advertisement and online sales, just like the piracy websites - the idea was learned from them. The subtitles of animations include Chinese, Korean, English, and Thai. It can be watched in 41 countries in the beginning and is still expanding.

Another contemporary case is the Anime production company, SUNRISE Inc., under Bandai Namco Holdings Inc. The firm has launched the new series of *Mobile Suit Gundam* TV Anime in five languages in 2011. Except for Japanese, *Gundam AGE* series was available in Chinese (including both Cantonese and Mandarin), Korean, and English subtitles. This is the first time that Japanese Anime is synchronized broadcasting with overseas markets.[71]

On the other hand, the Manga and Anime industry has started to adjust their strategy away from Asia. Compared to their current profits, they are more take the long-term interest in overseas markets. Since it is hard to suppress infringement, SANRIO decided to purchase copyright at lower prices. For their first figure, *Hello Kitty*, SANRIO changed the authorized policy of the overseas markets since 2008. After five years, authorized companies have increased to more than 2,500. Until 2014 March, the overseas sales revenue reached 20.9 billion JPY, about 2.3 times that of five years ago.[72]

Also, since *Doraemon* was broadcast in the United States in July 2014, the copyright owner basically exempted the Anime image usage fee of the cooperative enterprises.[73] In addition, it has also attracted attention from foreign companies that

https://zh.cn.nikkei.com/trend/cool-japan/216-20111011.html

[71] Ibid.

[72] Atsushi Fukuyama, 2014. "Manga And Anime Industry Plays The Trump Card To Combat Piracy". *Nihon Keizai Shinbun* April (29th). Accessed Apr. 18, 2019, https://zh.cn.nikkei.com/industry/tradingretail/8995-20140429.html

[73] "The Promotion Of Japanese Anime: Through Chibi Maruko Chan". 2014. *Nihon Keizai Shinbun* July (30th). Accessed Apr. 23, 2019,

are allowed to change the image design and colors for using the Anime characters for advertising and related products. The intention of the Japanese company is to get more popularity by loosening the restrictions, and then making profits through derivative products.[74]

Recently, the Japanese publishing house Shueisha and Kodansha also announced on 2019 April that they would jointly publish their serial works of Manga magazines on the Internet. In the context of the continued sluggish Japanese market, the serial works published on the magazine *Shonen Jump Weekly* and *Shonen Magazine Weekly* will be released for free for a limited period, with the intent to draw the attention of both magazines' consumers.[75]

▲ Manga release on smartphone by Shueisha

Conclusion

https://zh.cn.nikkei.com/industry/management-strategy/10304-20140730.html
[74] Ibid.
[75] "Free Online Manga: Jump And Magazine". 2019. *Nihon Keizai Shinbun* April (9th). Accessed Apr. 13, 2019, https://zh.cn.nikkei.com/trend/cool-japan/35062-2019-04-09-09-01-52.html

Fan culture is a very important and influential part of Japanese Manga and Anime industry. Fan groups spread original creations around the world. Although their secondary creations are essentially copyright infringement, due to the positive effect that fans have brought, Japan has not banned the doujinshi and other fans' activities strictly so far. However, with the TPP agreement signed, what kind of influence fan culture will have, and what the Japanese government will do to support it in the future, remains to be seen.

To combat piracy is not only to protect the Manga and Anime industry, but also the other content industries. However, the limits of protection offered by the copyright are still debated. To protect the cultural power of the image through copyright may destroy the dialogical relationship between the individual and society. If companies have vast control over cultural goods and services, as well as legislation, it will also constrict the vibrancy and creative potential of the intellectual commons and the intellectual public domain.[76]

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[76] Macmillan, "Marketing in Creative Industries".

Ch.6. Conclusion

This research has studied the process of internationalization of the Japanese Manga and Anime industry in a historical perspective, based on the Uppsala model. The time span of the process is mainly from the post-war period to the current day. The three sectors have played a role in the industry's internationalization process, including business, government agencies, and consumers. However, the Uppsala model is not designed to study a whole industry, so the influence of policy and fans could not be reflected under the model. Also, as a creative industry, the product of Manga and Anime is actually the intellectual property content, not the physical object. These are the biggest weaknesses when applying the Uppsala model to the internationalization process of creative industries.

This world-famous industry has its own long tradition and special history, which makes it different from the comics and cartoons of other countries. Also, Japanese Anime has challenged the possibility of animation except for the form of films and advertisement.[1] Compared to U.S. comics that place DC and Marvel in the leading role, or the animations by Disney, Pixar, or Dreamworks, Manga and Anime are more diversified, have wider-ranged topics, and target many ages of readers. Most TV Animes are adapted from popular Mangas, so they have long been related and their sectors interact closely.

Before this industry internationalized, it was successful in the domestic market, due to its low-cost business model and a complete training system. The industry has its

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[1] According to the Guinness World Records, they have the longest TV series Anime (Sazae-san, 1969-now), the longest serialization Manga (1960 episodes), the cartoonist who draws the largest amount of the hand-painting pages, and the biggest circulation of a single Manga (One Piece).

creative cluster with friendly rivalries and an educational system that supports the whole supply chain. Also, the popularity of Anime has much to do with information technology, including the invention of television, the Internet, and online platforms. However, under the prosperous surface, although they have the competitiveness brought from the business model and low-cost production, low incomes have also caused problems.[2]

Even if without vigorous promotion, Manga and Anime still spread around the world. Basically, the process of internationalization follows the Uppsala Model: before the industry moved forward into foreign markets, they had already gained great success in the domestic market, beginning after WWII. They first entered the Asian area, especially their neighbor countries such as Hong Kong, Taiwan, China, and Korea since the 1960s. Then they gradually entered the markets of the United States and Europe, since the late 1970s. In Asian countries, readers first immersed themselves in pirated Mangas, and then they watched the authorized TV series Animes broadcasting. In the U.S. and Europe, the audiences watched the Anime first, and then experienced Manga as one of the products related to Anime. In the early stage, there was no integrated marketing strategy. The publishing houses and production companies authorized the local distributors to translate the works and gradually turn to establish sales subsidiaries. Since the 1990s, because of the local effects of the bubble economy, aging domestic society, and low fertility rates, the industries started to seek the opportunities of expansion outward actively.

However, the fame and popularity of Manga and Anime are disproportionate with their profitability, and the government was not really tackling this situation head-on.

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[2] To keep the competitiveness of the Manga and Anime industry in the global market, the low salary issue has been solved by outsourcing that did not discuss in this study.

But it doesn't mean that the Japanese government did not care about the development of this industry. In fact, many policies have been promoted from then till now. Also, the funds operated by companies like Cool Japan Agency are set jointly. Unfortunately, whether these strategies are successful or not, they have never shown their teeth to the infringement of copyright among fans activities.

The dilemma about fan culture still exists. On the one hand, as the biggest feature of Japanese Manga and Anime, the development and growth of doujinshi gave these creative consumers a space to prove their creativity and form a special Otaku group of dedicated fans. These "True Fans" also provide practical support, such as the crowdfunding projects, for the cartoonists.

On the other hand, the fan groups overseas make fansub Animes and scaled-down Mangas, using the Internet to popularize this industry. The fansubbing activities simultaneously caused the infringement of copyright and led to losses for the industry, but it also brought vitality to the market. In the past, Japan used to acquiesce those infringements. In order to reduce the losses due to these infringements, the industry not only started to combat piracy but also to promote the authorized Mangas and Animes online to the devoted global market. However, with Japan signing the TPP agreement, what kind of influence comics will have on the legislature to amend the copyright law is still under debate, and could be the direction for future studies.

To occupy a dominant position in the market, the first thing firms must do is to invest more capital and produce more specific works. Therefore, the financing of content industries and foreign investment will be very important on their levels of production. Their second task is to focus on serving the unique Japanese culture and its diversified themes. Their accumulated creativity is difficult to replace.

To conclude, before the introduction of the "Cool Japan" policy, the industry did not really have an integrated marketing strategy. It can be seen the only thing they did was to keep improving the quality of creations and productions to attract distributors buying from them. The Japanese firms didn't promote themselves actively; instead, they owned the content, the stories, and the support of fans. Manga and Anime are not only a creative industry but also a cultural content generating industry. The influence of Manga and Anime to this world is huge. They help other countries to understand the possibilities of their creative industries,[3] through their solid creativity, an attractive cultural brand, and the tolerance of infringement, which led to their great popularity all over the world.

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[3] Just as Bill Plympton said, the US was also shocked by Japanimation and finally started to develop the adult cartoons such as "South Park".

List of Abbreviations:

ACG: Animation, Comic, Game

ACJ: Anime Consortium Japan Inc.

AJA: The Association of Japanese Animation

AJPEA: the Association of Japanese Publishing Entrepreneurs

APEC: the Asia-Pacific Economic Cooperation

BD: Blu-ray Disc

CCI: Cultural Creative Industry

CDN: content distribution network

CODA: Japan Content Overseas Distribution Association

DVD: Digital Versatile Disc

EU: European Union

FP: Foreign Policy

FTA: free trade agreement

GDP: Gross Domestic Product

GNC: Gross National Cool

IICP: Institute for Information and Communications Policy

INB: In-Between

IP: Intellectual Property

JBC: Japan-Brazil Communication

JCA: The Japanese Cartoonist Association

J-League: Japan Professional Football League

JPY: Japan Yen

MAGP: Manga and Anime Piracy Guardians Project

MBS: Mainichi Broadcasting System

METI: Ministry of Economy, Trade, and Industry

MOFA: the Ministry of Foreign Affairs

NHK: Nihon Hoso Kyokai (means "Japanese Broadcast Association")

NRI: Nomura Research Institute

OTT: Over-The-Top

OVA: Original Video Animation

RF: royalty-free

TAF: Tokyo International Animation Fair

TDG: Tokyo Designer Gakuin College

TPP: the Trans-Pacific Strategic Economic Partnership Agreement

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