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**A SPECIAL INDUSTRY ANALYSIS: HOW DOES THE JAPANESE
MANGA AND ANIME INDUSTRY COMPLEX WORK?**

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LIST OF ABBREVIATIONS

AMV	Anime Music Video
BD	Blue-ray Disc
CGI	Computer-generated Imagery
DVD	Digital Video Disc
JP	Japan/Japanese
OVA	Original Video Animation
Q&A	Question and Answer
US/USA	United States of America
USD	U.S. Dollar
WWII	World War II

1 Introduction

1.1 Manga And Anime

In recent times, manga and anime have been extensively recognized as Japanese popular cultural products. While **manga**, read as 'maŋ-gə, is a unique expression for Japanese comics, **anime**, pronounced as 'an-ni-mei, is used for Japanese animation.¹ The global success of manga and anime is unique for neither Japan is a hegemon like the U.S. nor the Japanese culture has much affinity to the mainstream Western culture—for example, other formats of Japanese media are nowhere as popular as manga and anime. How is it that America's best-selling comic of 2020 sold approximately 275,000 units, whereas in Japan, a country whose population is shy a third of the U.S.'s, the most popular manga volume sold over 4.4 million copies in the same year (Diamond Comic Distributors, 2021; Oricon Inc., 2021)? Contrary to many Western animation studios that have long moved away from two-dimensional animation, Japanese anime is predominantly hand-drawn and still reaching new heights in terms of financial success and artistic excellence—how, and why? Scores of questions about this unique industry complex, once answered, can open doors for new-comers, especially those outside Japan, as well as offer inspiration for the organization of creative industries.

Additionally, foreign works that have some semblance of this contemporary visual style are often put under the same umbrella. One distinct difference of manga made in Japan from other types of comics is the reading flow: It is read like any other Japanese script from top to bottom but right to left (see Figure 1, left). Many people outside of Japan use the two expressions interchangeably due to their close connection and shared Japanese aesthetics. In this study, however, the two terms are used to specifically describe comics and animation originated from the rising sun nation. Since manga is often the source material for anime and anime acts in return as an advertising tool, the two form a unique pairing which operates like conjoined twins. Hence, they will be analyzed both individually and in conjunction in this paper.

¹ The Japanese language does not distinguish the countability and plurality of noun but the quantity is assumed by context. For this reason, manga and anime will be used similarly: both as uncountable and countable, singular and plural without 's.'



Figure 1. Hit manga (left) and anime (right) Demon Slayer comparison.

Source: (Amazing Anime, n.d.).

1.2 Literature Review

In literature, there are more independent analyses of manga and anime than about them side by side. When mentioned together, the mediums are usually grouped as a category of Japanese aesthetics and storytelling to study their psychological, social, and cultural impacts on society, namely *Japanese Visual Culture: Explorations in the World of Manga and Anime* by Mark W. MacWilliams (Lunning, 2006). Moreover, manga-anime literature often gloss over the business facet to concentrate on a particular interest, like the history of manga (Tavassi, 2012). In rare instances where the commercial aspect is emphasized, the author has a specific focus in mind, such as a journal article by Simone Schroff with regard to the manga industry's copyright dilemma (Schroff, 2019). Previous studies have also examined the subject from a distant, top-down perspective, that is, macro industry analysis. Without, for example, illuminating on how manga or anime is made, it is difficult to illustrate how deeply-intertwined these two fields are. Thereby this paper will investigate not only the board economics but the nuances that help clarify the big picture of the manga and anime business.

Similar to much preceding literature, economics-oriented research like Ching-Heng Melody Tu's *The Problematic Internationalization Strategy of the Japanese Manga and Anime Industry* often study manga and anime industry as one big industry with manga and anime as its main engines (Tu, 2019). Such an approach can undermine the idiosyncratic differences between the two fields. In this research, they will be similarly grouped into an encompassing

unit. However, the study will further analyze the industrial complex as two separate entities before putting them together.

Although studies about anime and manga prior to 2010 are prolific, recent-time business-centric research are scant. Manga and anime have been going solid in Japan and gradually invading the difficult U.S. market with 15 Japanese titles in the American top 20 full-year 2020 (The NPD Group/BookScan, 2021). In the aftermath of the *Demon Slayer* “shockwave” that took Japan by storm in 2020,² it is imperative to understand the two industries and synergy which had led up to that moment. International actors that would like to participate in the industry complex or replicate its success will have a more holistic understanding from this paper.

1.3 Research Question

The lack of a comprehensive business analysis of Japanese manga and anime in literature compels the research to fill in the blank by pursuing the question: **“How does the Japanese manga and anime industry complex work?”**

In order to understand the research thesis, there were sub-questions to be explored:

First, *“How did the two industries develop to where they are today?”* will explore their humble beginnings before they developed to be as complex and spanning as they are today.

Second, *“What are the industry structures?”* gives an overview of the parties involved and how capital goes from one place to another to make manga and anime.

Lastly, *“How big and profitable is the industry complex?”* will answer whether this sector is worth getting into and what the opportunities might be.

The decision to have these sub-questions came from the hypothesis: Manga and anime were complex industries on their own but at some point in history intertwined, thus bringing about great synergy. As a result, the scope of the investigation covers major developments in the 20th century for the first sub-question but the period after 2010 will be the main subject of discussion as it reflects more accurately how the industry is today.

1.4 Research Method & Limitations

Due to the paper’s analytic nature, a qualitative and comparative approach will be employed to unveil various facets of the industry, with an emphasis on recent events. The main

² From a relatively unknown series, manga *Demon Slayer* by Koyoharu Gotouge skyrocketed in the Japanese manga sales chart, outselling the runner up ten-folds (82 million copies versus 8.2 million copies). Retrieved from: <https://www.animenewsnetwork.com/news/2020-11-29/top-selling-manga-in-japan-by-series-2020/166841>.

qualitative investigation comes from literature review and analysis of primary data (interviews, magazines, websites, etc.) as well as secondary data (books, journal articles, etc.). Notable keywords: Manga, Japanese Comics, Japanese Anime/Animation, Manga and Anime Economics, Manga Industry Structure, Anime Industry Structure, Anime Marketing, Synergy.

The secondary goal of this study is to present the Japanese manga and anime industry in a succinct, comprehensible, and holistic light. Consequently, the author developed a new presentation-analysis framework called “Industry Character Model.” Akin to understanding a character, the *Industry Character Model* explores the Japanese manga and anime industry complex in three dimensions: *backstory* (History of the industry—answering the first sub-question), *characteristics* (Structures—answering the second sub-question), and *accomplishments* (Economic profile—answering the last sub-question).

The new framework is built upon the PESTLE Analysis,³ which evaluates external constituents influencing the profitability of an enterprise, usually a large entity that is more subject to the events of macroeconomics. This advantage makes the framework suitable for macro-analyzing the manga and anime complex which has interacted with the six factors throughout its history. Nonetheless, applying the PESTLE model is insufficient for three reasons. To begin with, the framework does not account for the internal structures of the manga and anime industry. The thesis’s introductory nature also does not require too in-depth analysis of these factors as they are not the only main focus. Finally, the PESTLE framework does not weigh the significance of each of its features. This study will instead focus on the three dimensions, i.e. the sub-questions, with an emphasis on the PESTLE elements that are most relevant to them.

This paper aims to answer the “how does it work” question from a far-away as well as close vantage point. Covering that wide span of information impedes the research from expounding on every minute detail, for which readers can refer to the referenced literature which delve in their particular interest.

The language barrier meant that the majority of sources are from the English-speaking community, while Japanese reports and articles were translated with Google Translate. Collecting data with the assistant of Google Translate, which is more accurate when translating individual words, means the paper might have missed some relevant figures from Japanese

³ Initially PEST Analysis introduced by Harvard professor Francis J. Aguilar (Aguilar, 1967).³ In his paper, Aguilar introduced the political, economic, social, and technological elements—and later legal and environment were added by the scientific community—as the dominant factors in a business environment (Aguilar, 1967)

documents. Furthermore, the theses of these research were mostly about the industry in the United States, Japan, or some Asian countries. However, it does not negate the relevancy of their results to this investigation because their research questions are also centered around manga and anime in Japan.

2 Manga And Anime Development

2.1 Manga Progression Through Time

The origins of manga have been a controversial topic among scholars. In his 2009 paper *Manga, anime and visual art culture*, Craig Norris argues that this debate stems from the persistent pursuit of a “particular image of Japanese manga and anime at the expense of acknowledging the significance of foreign influence” (Norris, 2009, p. 241).

In the 1100s, a Buddhist priest named Toba Sojo employed one of the earliest forms of Japanese illustration/manga for religious purposes, by engraving images of anthropomorphized animals aping human activities to satirize less pious priests (McCarthy, 2014). Satirical pictures were as popular and sold as well as the supposedly more “artistic” prints of nature and people (McCarthy, 2014).



Figure 2. Toba Sojo’s caricatures of anthropomorphized animals already possessed a sense of movement and story present in modern-day manga.

Source: (Sojo, 12th century).

Although originated in Japan, manga, as an art medium, has had a long history in which it adopted and evolved with foreign influences. After Japan opened its border in 1853 under the pressure of the United States, Charles Wirgman, a British expatriate illustrator, came to the country and helped shape the course of Japanese manga (McCarthy, 2014). He set up several businesses, one of which was a satirical comic journal called *Japan Punch* (McCarthy, 2014). Despite targeting a growing international audience living in Japan, the artist’s humorous

references to real-life occurrences and interesting visuals soon captivated native readers. This inspired many Japanese artists to imitate, and subsequently develop the genre of political comics in the country. Wirgman was also considered one of the forebears of manga for introducing new elements to the genre, one of which was the use of speech bubbles (McCarthy, 2014). Even to this day, the advent of comics magazines is vital to the Japanese manga industry.

The term *manga* had been coined in the past to reference cartoons or illustrations but it came into fashion in the first half of the 20th century during two pivoting periods. The first was in the 1930s when newspapers across Japan took after Western magazines which had included short strips of comical stories in their prints (Norris, 2009). By introducing *yonkoma* (four-panel gag manga) to millions of Japanese, newspapers increased demand for *mangaka*,⁴ manga creators (Norris, 2009). Secondly, with Japan's defeat in World War II, manga flourished as a cheap source of entertainment for a devastated nation. Helen McCarthy points out in her book that for young children manga were not only "cheaper than cinema tickets" but "an easily available way of escaping reality" (McCarthy, 2014). This generation grew up with manga and experienced how the medium was growing roots in the Japanese culture.

Kashihonya (rental manga) and *yokabon* (manga booklets) were two major developments for manga popularity during the post-war period (Norris, 2009). The fact that manga could be rented so inexpensively was further aided by book rental outlets popping up at every street corner and train station during the middle of the 1950s. These rental manga stood out with a discrete style was eventually developed into a new genre, *gekiga* (dramatic pictures) (Norris, 2009). *Gekiga* steered away from the cute, anthropomorphic aesthetics of kids' manga and contained more mature themes, which drew in less-educated young urban workers (Norris, 2009). This dramatic genre turned anti-establishment in the 1960s, in reaction to the time's political climate, and was able to resonate with student activists (Norris, 2009).⁵ The biggest *gekiga* title from this period was *Golgo 13* that sold 300 million copies during its 53-year run (Natalie Comic, 2021).⁶ As for *Yokabon* (manga collected in small books) its higher price point became a big motivation for readers to opt for comic rental services. The situation changed when major publishers *Kodansha* and *Shogakukan* managed to cut prices with cost-effective materials.

⁴ Akin to the terms "manga" and "anime," "mangaka" will be used in uncountable and countable, singular and plural without "s." Subsequent romanized Japanese terms will abide by the same rule.

⁵ In 1960, there were numerous massive protests across the country against the renewal of the security treaty between the U.S. and Japan.

⁶ *Golgo 13* was written and illustrated by Takao Saito from 1968 until his death in September 2021.

The overwhelming presence of the United States in Japan after the war also stimulated the consumption of popular American titles such as *Mickey Mouse*, *Popeye*, and *Superman* (Norris, 2009). Many manga produced in the post-war period were influenced by American visual and storytelling techniques. One, if not the most, important figure emerging from this epoch was Osamu Tezuka. With a prolific portfolio of 700 titles, approximately 150,000 pages, “manga god” Osamu Tezuka was singled out as the pioneer in elevating manga to moving dramas in terms of content and form (Japan Traffic Culture Association, n.d.; Condry, 2013). He adopted the round-head, large-eye archetype of Disney characters and did not shy away from using multiple pages to convey a single scene, which he learned from French and German cinematography, contrary to the “simplistic and guileless” approach of his contemporaries (Butler, 2013; Norris, 2009).



Figure 3. Evolution of “manga eyes:” Hokusai manga in the 19th century (left), Tezuka’s Astro Boy influenced by Disney (middle), and modern-day manga influenced by Tezuka (right).

Source: (Widewalls Editorial, 2016), self-edited.

Osamu Tezuka was the propeller the manga “rocket” needed to truly take off; and, as they say, the rest [of manga] is history. In the following decades, the manga industry broadened to become more inclusive in several avenues. Many genres such as sports manga gained popularity in both girls’ and boys’ demographics (Norris, 2009). Additionally, adolescents, who had consumed manga as children, demanded more mature content, causing a steady increase in young adult titles throughout the 1960s.

From the 1970s emerged *Nijuyonen Gumi* (Year 24 Group),⁷ a group of talented female mangaka who spearheaded the *shojo* genre.⁸ In opposition to the guileless stories marketed toward female teenagers, Year 24 Group's manga were more complex in their storytelling: Their manga tackled difficult topics such as politics, psychology, and sexuality. Amidst the male-dominated industry, the advent of this group introduced new elements to the genre that would not have been otherwise. Year 24's Moto Hagio was credited with the birth of *shonen-ai*, boys' love stories whose readership is mostly female (Aleksandrovna, 2019). Her 1974 release *Touma no Shinjou* (Heart of Thomas),⁹ which tells complex stories of same-sex relationship, was a big hit. On the other hand, Yumiko Oshima's short manga *Tanjo* (Birth, 1970) candidly depicts teen pregnancy and abortion (Norris, 2009). Russian researcher Magera Yulia Aleksandrovna posits that Hagio and Takemiya Keiko, another member of Year 24 Group who cosigned the *shonen-ai* genre, were "considerably influenced by European art," namely French books and movies (Aleksandrovna, 2019).



Figure 4. Moto Hagio's shonen-ai, i.e. boys' love story, with a more effeminate-looking male cast.

Source: (Hagio, 1974).

The 1970s also witnessed the popularization of *tankobon*, or "paperback manga," which is a compilation of a popular weekly or monthly serialized manga in a quality, portable and attractive format. It did not take long for publishers to realize tankobon superseded periodical

⁷ Year 24 group refers to the year 24th of the Showa era, or 1949. Despite its name, not all members associated with this group were born in 1949, hence, it is not a proper name but one used by manga critics and fans.

⁸ *Shojo* is normally used to describe the demographic of teenage girls, but it can also be used for a broader female readership.

⁹ Heart of Thomas follows Thomas Werner who commits suicide because of unrequited love for his male classmate Juliusmole "Juli" Bauernfeind, who later meets a new student uncannily resembling the deceased Werner.

manga magazines as their main income source (Norris, 2009). Despite the aftermath of Japan's 1980s bubble economy, manga still raked in billions of Yen and went mainstream. The release of popular manga-original anime *Akira* and *Ghost in the Shell* in the late 1980s and early 1990s amassed widespread international attention for Japanese comics and animation, especially in the niche American market (Norris, 2009). The upshot of this breakthrough was by the beginning of the upcoming century, the manga industry had expanded beyond the Sea of Japan with multiple international distributors, namely Seven Seas Entertainment, Tokyopop, and Viz Media (Norris, 2009).

Table 1. Major developments of manga industry until the 21st century.

No	Time	Major development	Example
1.	1100s	Earliest form of Japanese manga/illustration got popular	Toba Sojo's comical caricatures
2.	Mid 19th century	First foreign influence	Charles Wirgman's Japan Punch
3.	1930s	Japanese magazines modeled after Western counterparts	Introduction of gag manga yonkoma
4.	Post war (after 1945)	Manga became cheap source of entertainment	Kashihonya (rental manga) and yokabon (manga booklets)
		US's occupation influenced Japanese manga	Osamu Tezuka employed Disney's style and Western cinematography in manga
5.	1960s	Expansion of manga demographic	Manga for young adults
6.	1970s	Expansion in genre and authorship	Sports manga appeared, Year 24 Group elevated the shojo genre
		An attractive and lucrative format emerged	Popularization of tankobon (paperback manga)
7.	1980s, 1990s	Manga went global	Akira & Ghost in the shell succeeded overseas, e.g. the U.S.
8.	2000s	Advent of international manga distributors	Tokyopop, Vizmedia

The growth of manga has always intermingled with foreign, especially Western, influences. Its metamorphosis was mostly characterized by various drastic developments through the 20th century (see Table 1). If it kicked off after the war with Osamu Tezuka and

his adoption of foreign aesthetics, manga is now in turn in fashion in both storytelling and aesthetics globally.

2.2 Anime Progression Through Time

As for anime, its development is relatively similar to that of manga. The initial sparks of anime can be traced back to the end of the Edo period,¹⁰ with the theatrical showing of caricature sequences using magic lanterns (Tavassi, 2012).¹¹ However, just like manga, the seed of Japanese animation truly sprouted as foreign technologies and cinematography arrived in the East Asian country. With the open climate of the Meiji Period,¹² the importation of American and French animation was ceaseless. Japanese-Art professor Guido Tavassi postulates that the influx of foreign movies, especially animations, encouraged “several self-taught artists [...] to produce something similar” (Tavassi, 2012, p. 9).

In the 30s, Japanese animation accelerated thanks to a massive increase in propaganda orders from the government (Tavassi, 2012). All these efforts, however, took a nosedive after 1945 with the defeat of Japan in the Pacific: Economic needs were anything but animation. Coupled with the sudden halt of lavish commissions from the Japanese empire, animation studios were impaled to close. The occupation of the Allied military in the Eastern nation, led by American forces, did not help either. “Works [with] militaristic or feudal reminiscent spirit,” deemed inappropriate for the establishment of Japan’s democracy, were to be eradicated (Tavassi, 2012, p. 11).¹³

In the same year, the Japanese collectivist spirit came through when a hundred of pre-eminent animators joined hands to revive *Shin Nihon Dogasha*, or “New Japan Animation Company” (Yasuo, 2013). Although they were brought together under the order of the Allied Powers to propagate occupation policies, the company did not wholeheartedly abide by this sentiment as artists had a different vision for Japan’s post-war animation.

¹⁰ The Edo period lasted from the 17th century to the middle of the 19th century and was named after its capital city *Edo*, presently Tokyo. After the warring *Sengoku* period, Edo rulers focused on ceasing wars and generating economic growth. One prominent policy of this era was isolationism toward foreign countries.

¹¹ Painted cartoons of figures were projected onto a broad screen as projectionists manually handled the magic lantern to create the illusion of movement. Since these shows were often accompanied by narration and music, for which many people considered them the prototype of anime.

¹² The Meiji era succeeded the Edo period from 1868 to 1912, starting with a restoration coup against the feudal system. During this period, Japan metamorphosed from a country on the verge of being colonized by Western superpowers to an industrialized nation, which later became the Empire of Japan. The hallmark of the Meiji period was its “open-border” policy.

¹³ Luckily this directive, for some reason, was not carried out thoroughly.

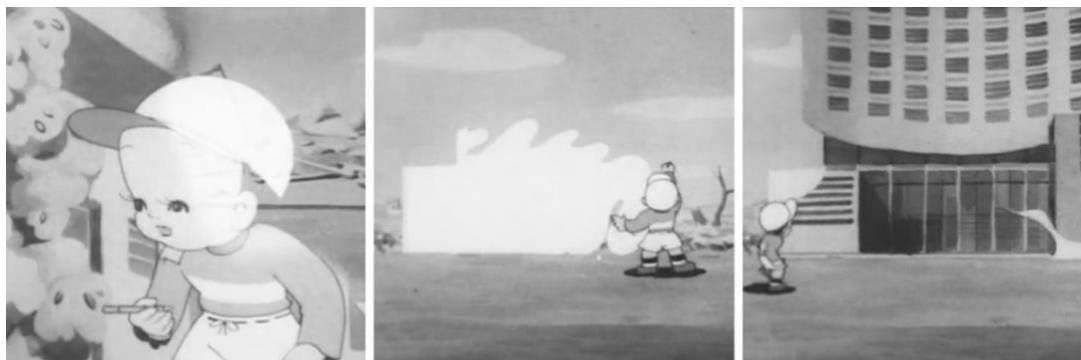


Figure 5. Orphan boy in *Maho no pen* represents Japan’s aspiration for prosperity post-WWII.

Source: (Kumagawa, 1946), self-edited.

Shin Nihon Dogasha’s vision came to fruition with critically acclaimed and generally loved short *Maho no pen* (The magic pen) (Tavassi, 2012). The story has a simple plot but is symbolic of the Japanese aspirations during reconstruction years, which happened to fit the theme assigned by the Allied military (Tavassi, 2012). *Maho no pen* follows an orphan boy who stumbles upon a Western-styled doll which, after he falls asleep while learning English, gives him a magic pen. In his dream whatever is drawn with the pen becomes real, be it a mountain of food, skyscrapers, or automobiles, which were considered staples of Western riches. He eventually parts with the doll, teary saying farewell in both Japanese and English. Nevertheless, the boy wakes up with the doll in his arms, signifying a bright future in which the path of the West is the path of prosperity and peace—and it is within sight.

Immediate post-WWII years beheld the struggles of major animation companies to sustain themselves, as well as the industry at large (Tavassi, 2012). Tavassi notes that the creation of Television Corporation of Japan (TCJ) in 1952 by Yanase, an automobile and TV importer, for the sole purpose of animating commercials demonstrated “the versatility and effectiveness of the animation medium” (Tavassi, 2012, p. 12). The first landmark of anime came in 1956 when Toei Doga, now Toei Animation, was founded to become “the Disney of the East” (Yasuo, 2013). Toei’s then president Okawa Hiroshi sent his employees to the United States to research animation along with inviting experts to Japan, which eventually allowed the company to master Disney’s “assembly-line production” (Yasuo, 2013).



Figure 6. Toei Animation’s signature mascot: Pero cat, a counterpart to Disney’s Mickey Mouse.

Source: corp.toei-anim.co.jp/ © Toei Animation.

“Manga god” Osamu Tezuka was the second meteoroid that advanced the anime industry (Yasuo, 2013). Tezuka’s famous manga *Tetsuwan Atomu* (Astro Boy) was adapted into a half-hour anime that began broadcasting on January 1, 1963 (Yasuo, 2013). The show was considered the first big TV hit, which ushered in a craze for anime with intense competition for Television viewers. Not only did the celebrated mangaka and animator popularize the aesthetics that was later considered “anime style,” he further established practices that became “industry standards” which are still pertinent to present-day anime production. Due to low franchise fees paid to his animation studio, the number of drawings and lines per drawing was reduced to a minimum, while the use of still images when possible became increasingly popular (Yasuo, 2013). What they lacked in frame rates they creatively compensated with faster pacing, sound effects, and dialogues to create the illusion of movement (Yasuo, 2013).¹⁴



Figure 7. Osamu Tezuka next to his characters, of which the most iconic Astro Boy is in the front.

Source: (Suki Desu, n.d.).

Starting with Osamu Tezuka, the 1960s was the “television revolution”: Cinema animation was contracted for television production, new genres emerged, competition intensified, and anime studios proliferated (Tavassi, 2012). In addition, merchandising became more integral to the business model of the anime industry (Yasuo, 2013). Following a thriving decade, the 1970s faced great challenges from internal problems (e.g. high productions costs, labor-management issues) to external factors (e.g. the 1971 Nixon Shock and 1973 oil crisis). The recession truly put Japanese animation studios to the test. Tezuka’s Mushi Production went

¹⁴ This approach makes it possible for year-round Television release of anime, which accounts for the format’s popular 6 to 12 frames per second, moving up to 24 frames only in a few key scenes; as opposed to Disney’s 2-D animation smooth 24 frames per second in the past and 60 frames per second for 3-D animation in the present (Wood, 2017).

bankrupt in 1973 and had to be taken over by the labor union. Meanwhile, Toei Animation, supposedly “Japanese Disney,” had to shift from the entrenched seniority-based remuneration to performance-based pay (Yasuo, 2013).

Nevertheless, setbacks could not prevent the end of the 70s and the beginning of the 80s from an “anime boom” domestically and abroad (Tavassi, 2012). In Japan, the wake of sci-fi transcended the old perception that anime was only children’s entertainment, with 1974 TV series and 1977 feature film *Space Battleship Yamato* gaining widespread popularity amongst millions of Japanese young adults (Yasuo, 2013). While Astro Boy’s broadcast in the United States in the early 1960s kindled a trend for overseas export of Television anime, global successes of *Akira* (released late-1980s) and *Ghost in the Shell* (released mid-1990s) was ablaze news for the medium (Norris, 2009). Because the two shows were adapted animation, they drew massive attention to not only Japanese anime but also manga (Norris, 2009). As *Kyandi Kyandi* (Candy Candy),¹⁵ first manga and then popular teen girl anime, hit French television, “young girls were glued to the television screen” (Yasuo, 2013). Despite parents’ premonition toward anime, the medium continued to garner global fans, especially young people. Japanese animation is reaching unprecedented global audience, which simultaneously introduces its fans to manga, often the source material of anime and whose story is ahead the anime adapting it.



Figure 8. Grammy-winning rap star Megan The Stallion cosplays a character from superhero series *My Hero Academia*.

Source: (Angel, 2019).

Table 2. Major developments of anime industry until the 21st century.

No	Time	Major development	Example
1.	Edo period	First spark of anime	Magic lantern theatrical shows

¹⁵ *Kyandi Kyandi* is an anime series released in 1976. The drama tells the story of an young girl at an orphanage, where meets a boy whom she dubbed “Prince on the Hill.” The girl then gets adopted by a prestigious family where she is eventually made a servant.

(1603-1868)			
2.	Meiji period (1868-1912)	Open climate toward foreign influences	Importation of American and French animation
3.	1930s	Increased demand for animation	Propaganda animation
4.	Post war	Anime in distraught	Orders from the military ceased
		Allied Powers used anime to propagate occupation policies	Revival of Shin Nihon Nogasha
5.	1950s	Anime became relevant again	Anime in commercials, Toei emulated Disney's production
6.	1960s	Anime Television Revolution	Osamu Tezuka's Astro Boy
7.	1970s	Anime industry's struggles	High production costs
		Anime boom in Japan	Space Battleship Yamato
8.	1980s, 1990s	Anime went global	Akira, Ghost in the Shell

2.3 History Matters

The manga and anime industries have had long, fluctuating, yet similar history of establishment. Notable commonalities include substantial foreign intermingling spanning two centuries; rapid developments in the 20th century; and a global expansion at the end of the century (see Table 1 & Table 2).

In spite of contentious conversation around the beginnings of the mediums, manga and anime only experienced significant development between the second half of the 19th century and the beginning of the next centennial. The Meiji Period with its open policy toward foreign lands introduced substantial enhancements to the two avenues. For example, manga was upgraded, thanks to a British expatriate, from illustrative caricatures to include speech bubbles that allow for more complex storytelling. At the same time, American and French animation flooded the East-Asian country and presented possibilities that were hitherto unknown to many Japanese artists. That said, the connection between Japanese manga and anime at this epoch were still akin to that of two parallel lines.

When the Japanese Empire was defeated on the Pacific front, the aftermaths shook the entire nation to its core. With the tremendous loss of propaganda orders, coupled with iron-fist control from the Allied military, Japan's animation industry hit rock bottom. Conversely, manga experienced no restriction from the occupying army because it was deemed for children. In a short time-span, manga became popular affordable entertainment for a depleted nation. The aftermath of the war presented a great opportunity for manga to become an integral part of daily

life. In time, generations of Japanese became accustomed to consuming this form of media, and later anime as well, paving the way for them to become popular cultural products.

The post-war fixation on Western culture, specifically Western entertainment in this context, helped manga and anime revitalize and accelerate in its development to a great extent. While Osamu Tezuka introduced new aesthetics and storytelling approaches he learned from Disney and Western films, Toei animation succeeded in emulating Disney's production style. In the 1960s, Tezuka's manga was adapted into Television anime and became an instant hit, converging the paths of the two industries. The intertwining of manga and anime still retain its vitality and importance to the present day.

From the 1960s onward, the manga and anime complex had ample chances to expand its demographics and content, which turned them into storytelling mediums rather than story genres. The pair also innovated distribution formats and organizational structures in subsequent decades. In general, despite here and there downturns, the industry was on a continuous rise until the end of the century. Consequently, manga publishers and anime production studios have finessed their business model to excellence with nearly a century of experimentation, allowing them to succeed in the domestic market before venturing overseas at the end of the 20th century.

History matters in the success of these industries as it offers two consequential elements: gradual developments and titanic shifts. Slow, incremental improvements, such as the expansion of genres over time, ensure the industry's sustainability in the long run. Big shifts, like the defeat of Japan in the war, offered unforeseen opportunities for a growth spurt. As such, any attempt to replicate this creative cluster inch by inch is detrimental for not many countries could stimulate the same environment, or have a century to develop without intense foreign competition in this day and age—an element that Japan luckily enjoyed in the 20th century. The emulation of the Japanese spirits and core principles can, however, shortcut the amount of time required. Korea and China are exemplary cases that had masterfully adopted manga's and anime's spirits without following Japan's every footstep, allowing them to pose fierce competition to samurai nation. For instance, Japan maximized its domestic market before spreading overseas, with international domination being a by-product. *Webtoon*,¹⁶ a Korean online comic-reading website and application, enjoyed great popularity in South Korea prior to being translated to English and capturing the global audience.

It is crucial for an industry to take notes from the best before it could establish its own path. Supposed Tezuka and Toei Animation had not studied and taken inspiration from the Walt

¹⁶ The term *Webtoon*, which is a platform's name, is now synonymous to digital comics, a "genre," similar to how Apple Inc.'s *iPad* is often used to reference tablets in general.

Disney Company, manga and anime would have not progressed as much as they would. For the same reason, so little is discussed about Japan's manga and anime industries with regards to their compositions and businesses in English literature, for which an in-depth dissection of these two industries will prove useful to comic-book and animation sectors elsewhere.

3 Industry Analysis

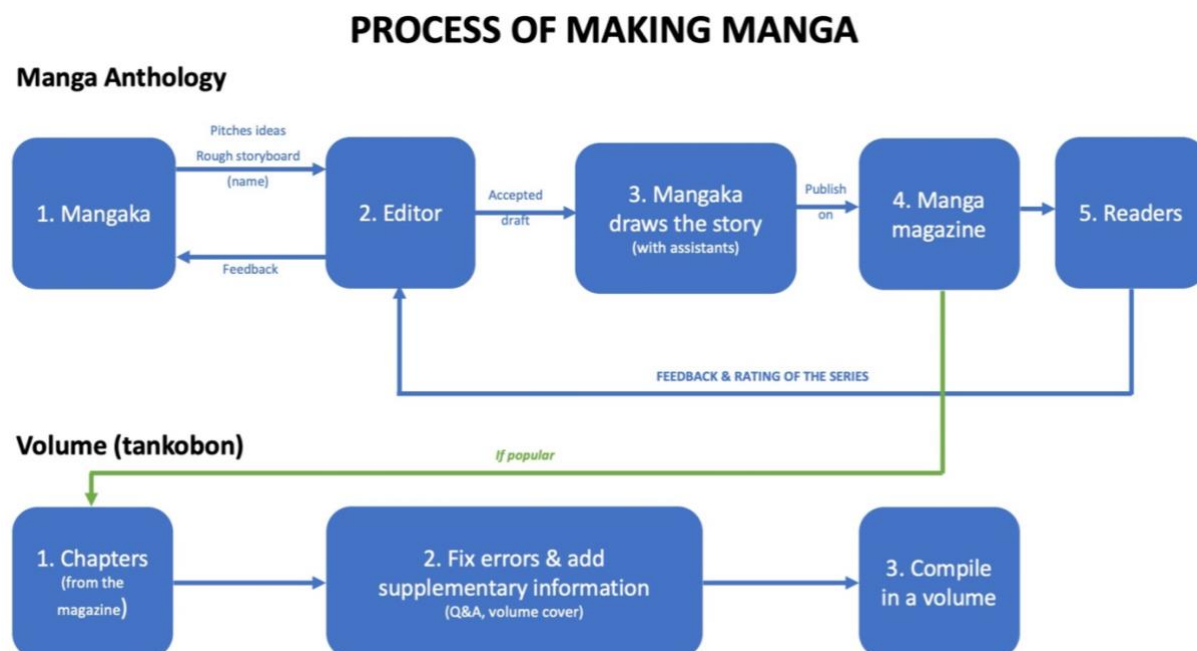
3.1 How Manga And Anime Are Made

The Japanese manga and anime industry complex operates fundamentally different from their counterparts in other countries, for which an overview understanding of how the product and services are produced will shed light on the business operations discussed in subsequent chapters. In line with the mindset of the esteemed American investor Warren Buffett, to paraphrase, do not invest in a business you cannot understand, a weak grasp on the integral cogs of these two industries can be detrimental to any attempt at getting into or emulate them (Buffett, 1991). In addition, it shows the transition of manga into anime as they merge to become a bigger piece of media.

Manga is exponentially less costly and risky to produce than anime because it requires fewer resources. The author constructed the flowchart below (Figure 9) to better illustrate how a manga is made from start to finish, including when it is published in an anthology and then collected into a tankobon.

Most mangaka, specifically successful individuals, own studios with assistants who help them keep up with intense schedules, such as two dozen detailed pages every week (Schroff, 2019). Monthly magazines tend to give its authors more leeway in the number of pages and relief of stress, which usually results in more elaborate art than those that are published weekly. Japan's revered horror mangaka Junji Ito, however, drew most of his manga by himself, with occasional support from his wife, elderly mother, or at times neighbors for final touches (Ito, 2017).

Figure 9. Manga-making process.



Each mangaka has their unique approach to making manga but the process always begins with thumbnails called “*name*.”¹⁷ *Name* are rough sketches for compositing panels and speech balloons that must be approved by the editor before the artist could proceed further. Even though *name* contain stick figures and dialogues, they are the spine of the story (see Figure 10). An editor has to ensure that the story is appropriate for the target audience, consistent with the plot, and engaging to read. After being told that the first chapter of *One Piece* was not interesting enough,¹⁸ Eiichiro Oda cut off an arm of a father figure to the protagonist, thus creating the emotional climax of the chapter (Oda, 2010). This dynamic is even more crucial when editors are the people who give suggestions to authors, whose mind is occupied with finishing deadline, with the feedback from fans every time a new chapter is released. If a writer finishes all the steps from sketching to inking prior to presenting it to the editor, she will have to re-draw multiple pages, or even the whole chapter, should any issue arise. Hence, an interesting and well-structured *name* is vital to the success of a manga chapter.

¹⁷ According to Taiyo Nakashima of Silent Manga Audition, *name* was used 50 years ago for any form of printed text, including dialogues in manga speech bubbles. Retrieved from: https://www.manga-audition.com/japanesemanga101_028/.

¹⁸ *One Piece* is the best-selling comic series in the world written by one author, Eiichiro Oda. Retrieved from: https://www.guinnessworldrecords.com/news/2015/6/japanese-manga-%E2%80%99Cone-piece%E2%80%9D-is-most-printed-comic-series-by-one-author-ever-385868?fb_comment_id=603225256446877_605954849507251



Figure 10. Naoki Urasawa's manga panels in three stages.

Source: (Naoki Urasawa, 2016), self-edited.

After the *name*, it is up to each creator to proceed however it suits them best. While most mangaka make more polished and detailed drafts before inking, some artists like Fujita Kazuhiro go into inking from scribble *name* (Kazuhiro, 2015). Assistants are then responsible for time-consuming tasks once the main structure is laid out by the mangaka, such works include: drawing background scenes and characters, filling in details (hair, clothes, screen tones, etc.), and other post-inking cleanups. The level of assistant involvement also varies from author to author. *Hunter x Hunter*'s author Yoshihiro Togashi refused to let his assistants do the inking of characters because, to him, doing so would equate the end of his career as a manga artist (Chan, 2021).¹⁹ In this sense, Japanese creators have more control over their final product and process than their American counterparts, i.e. those at big studios like Marvel or D.C.



Figure 11. Manga studio of Naoki Urasawa (top left in denim jacket) and assistants.

Source: (Naoki Urasawa, 2016).

¹⁹ *Hunter x Hunter* began serialization in Weekly Shonen Jump magazine in 1998 and is one of the best-selling stories in the magazine.

On top of that, older mangaka are accustomed to inking and filling tone traditionally, that is, with a dip pen, whereas younger generations prefer the digital approach which is faster and gives a cleaner look. Since many mangaka worked with their assistants in a studio, a crisis like the Covid-19 pandemic could potentially impede the traditional production process but digital mangaka had more latitude to interact with assistants from home. It is the question of how much a computer is used in producing manga, for traditional creators still need to put in texts and other effects with software. CLIP STUDIO PAINT (CSP), a Japanese software tailored to manga/digital art painting, is the application preferred by both professionals and amateurs alike.²⁰ Due to the black-and-white characteristic of manga, more black segments on a page usually give a more finished look. Traditional artists have their assistants meticulously paint the black zone with a big brush, which could take from as few as a couple of minutes up to half an hour depending on how complex the shapes to be filled is. CLIP STUDIO PAINT, on the other hand, reads all layers at once without changing them, allowing assistants to paint black with a mouse click. This example is a drop in the ocean of manifold conveniences that put CLIP STUDIO PAINT at the top of creators' digital toolkit.

Each tankobon installment is published after there are sufficient chapters to compile a book. *My Hero Academia*,²¹ for instance, releases a volume every 10 to 12 chapters, that is, the last chapter of the volume is approximately four months behind the latest chapter in the magazine (Volumes, n.d.). When a Weekly Shonen Jump author is consistent and there are not too many breaks, their series could pump out three to four books a year. With monthly magazine manga, their tankobon release schedule can get even further apart, depending on the writer. For example in the case of medieval series *Berserk* which,²² up until its author's decease in 2021, came out with only one volume per year in recent times (Releases (Manga), n.d.). Tankobon also provide supplementary information about the story, such as Q&A with the author or fan arts, incentivizing even magazine-buyers to collect the unit despite having read the chapters. In addition to making a colored illustration for the tankobon cover, mangaka revise mistakes that were overlooked during the magazine publication. Yoshihiro Togashi shared in *Hunter x Hunter* volume 18 that he had to redraw scores of pages because they were not up-to-standard for paper-back publication (Togashi, 2003).

²⁰ Retrieved from: https://www.celsys.co.jp/en/service/studio_paint/

²¹ A superhero manga taking place in modern-day Japan written by Kohei Horikoshi.

²² Written by Kentaro Miura, *Berserk* is a classic dark-fantasy story known for its characters, depth, and detailed artwork. The series started publication in 1989 and ended in 2021 with Miura's death.

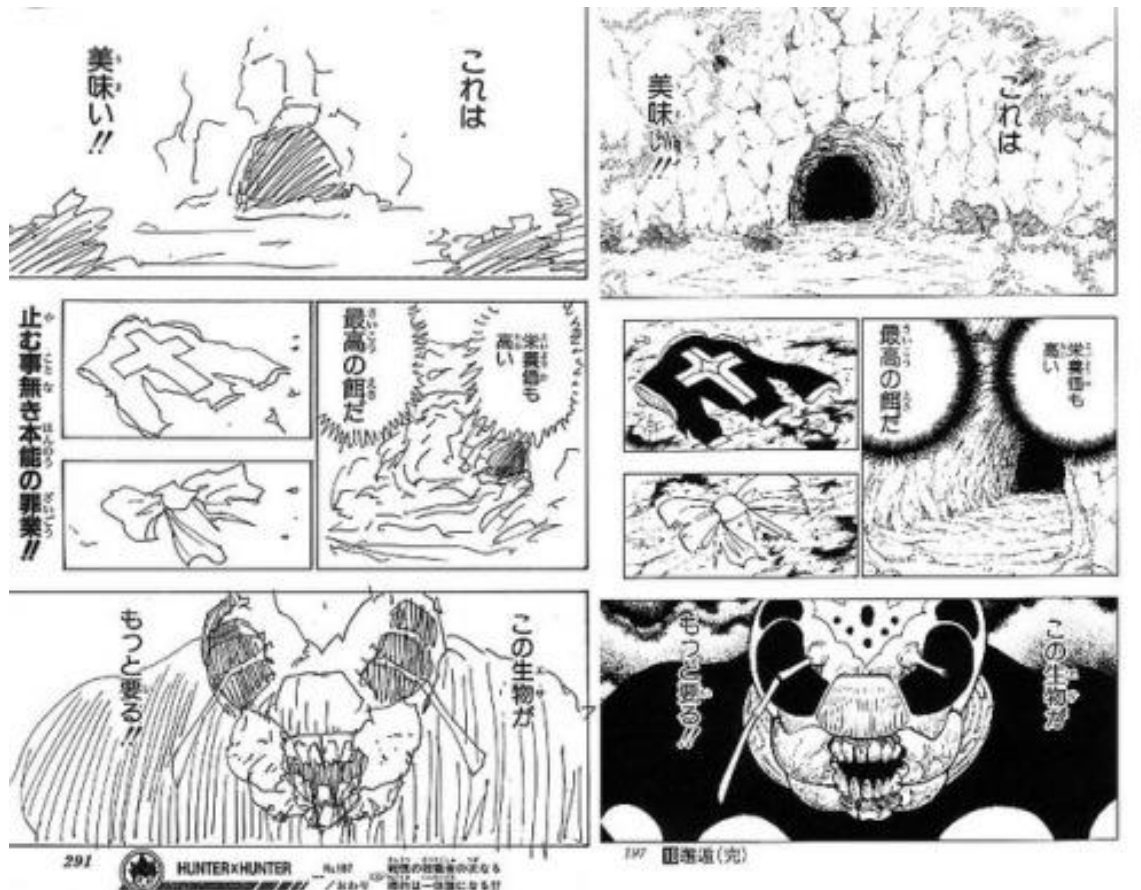
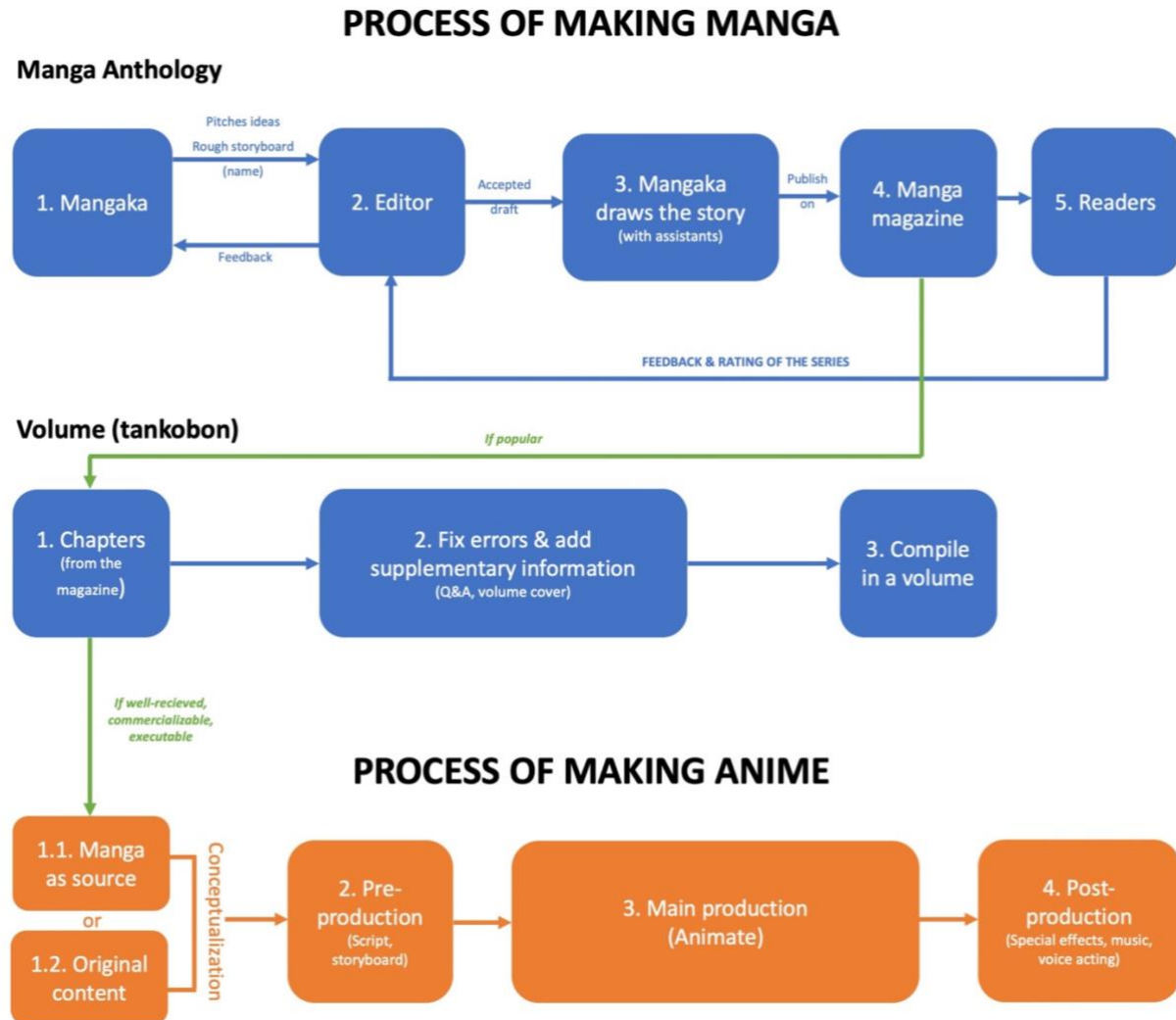


Figure 12. Hunter x hunter page published in Weekly Shonen Jump magazine (left) and redrawn in tankobon (right).

Source: (Togashi, 2003).

Supposed drawing a manga is akin to writing a book, adapting it into an animated spin-off can be as demanding as filming a movie. For the most part, the Japanese animation industry leans toward a more traditional, hand-drawn method, i.e. similar to old Disney movies. There have been no successful domestic CG movies—even legendary studio Studio Ghibli failed to make it happen. Aside from the aesthetic differences, the anime business model is a great hindrance: Series are produced back to back and some productions do not break even with broadcast fees. Unlike Pixar, anime productions cannot spend hundreds of millions of dollars while waiting for four to seven years before the cash flows in, that is, if the animation becomes successful (Milsom & Kaplan, 2020). Consequently, anime has become well recognized for its hand-drawn aesthetics but is still comparable to, and in some aspects, exceeds modern CGI animation. In Figure 13, the process of anime creation is added as an extension to manga-making process as this flow is the most commonplace practice in the industry, with most anime production divided into three stages: Pre-production, main production, and post-production.

Figure 13. Process of creating manga and anime.



Anime production starts with pre-production which contains numerous steps, of which conceptualization holds the most weight to the venture. Conceptualizing a story is usually performed by a production committee to decide on, for example, which content to execute, how profitable it is, and what kind of budget can be allotted to the show (Washi, 2011). In contrast to manga, which can be written and drawn by as few as one individual, producing an anime on one's own is nearly infeasible, which draws the first big distinction between the productions of two intertwined industries.

The biggest challenge at this stage is picking a good story, which can significantly diminish financial risks before any hard work is put in. When a manga—or in other instances, light novel—receives a good reaction from consumers, an anime adaptation follows suit. Even anime with original screenplays are adapted in manga format to gauge readers' responses prior to being chosen (Tu, 2019). Since the business model requires a certain level of popularity to sell derivative products, juvenile manga, i.e. shonen and shojo, are more fitting due to their

themes, cool scenes,²³ and lesser restrictions compared to others (Tu, 2019). Furthermore, whether a manga gets animated depends on the capability of the studio in charge. For *seinen* manga,²⁴ such as *Vagabond*,²⁵ their detailed art and darker themes are more challenging to execute as well as commercialize.

The rest of pre-production takes place within the anime production company, which usually begins with staff assignment to work on the script. If it is a series, the director has to plan out the story to fit an anime season.²⁶ Following the screenplay is character and background design. The designs of characters are on par with script-writing for two reasons: First, manga and anime fans are more enamored by cool or cute characters so it is easier to sell merchandizes; And second, simple designs allow animators to redraw the same character over thousands of frames with consistency. In this light, the success of an anime hinges more on form, that is, the visuals, than the content, the story—as plots chosen for anime screenplay are “good enough” because they have survived the meritocracy tournament.

With character sheets completed, written scripts are then translated to storyboards (visual scripts). A good storyboard brings forth not just the story but ripples out to subsequent stages. On average, a 20-minute-plus episode has 3000 frames, and more fluid ones can go up to more than 10,000 per episode (Washi, 2011). Unlike movies, each scene in a hand-drawn animated movie is a painting with a new setting, different special effects, and background characters. If a director manages to come up with interesting compositions for static scenes—where nothing but focal points like mouth or eyes move—they can save budget and time for more dynamic shots. After several revisions, the storyboard is then further polished into layouts to indicate character positions, background placement, camera movement, etc. (Washi, 2011). A layout is the “blueprint” for how the final cut will turn out and, once approved by the director, will be sent to background artists and key animators for the production stage (Washi, 2011).

²³ Usually fight scenes that have specially effects and exceptional choreography.

²⁴ Manga marketed toward the young adult male readership.

²⁵ *Vagabond*, written by Takehiko Inoue, is an epic martial arts tale recounting the life of a Japanese swordsman.

²⁶ An anime season can be as short as eight and as long as two dozen 20-plus-minute episodes.

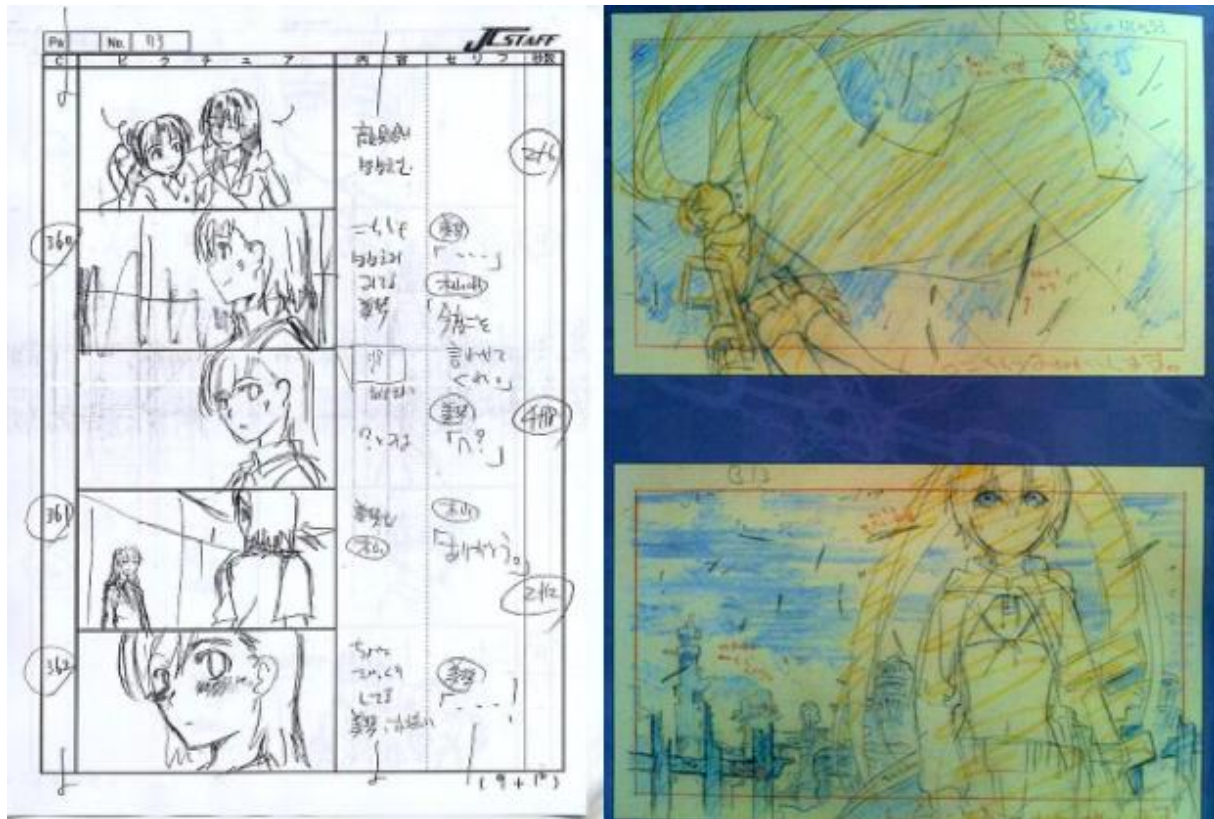


Figure 14. Storyboard from anime *To Aru Kagaku no Railgun* (left) from left to right: cut number, rough layout, action, dialogue, and running time; Layouts from *Black Rock Shooter* (right).

Source: (Washi, 2011).

The most notable concepts in main production are key and in-between animation. Working off the storyboard and layouts, key animators flesh out the most crucial frames that complete a course of action, for instance, a character turning from profile to three-quarter in cut 360 (see Figure 14, left). They are the skeletal structures that can convey the story effectively even as still pictures because the human brain can fill in the gaps with context. Nevertheless, still images alone are not animation, which is where in-between animators come in. Their job is to draw out the “gaps” between keyframes. In other words, between the profile and three-quarter keyframe in cut 360 in Figure 14, there can be one to three three-quarter in-betweens. For example, a frame where the face is turned as such the nose overlaps the character’s right cheek and her right eye is not visible, then a subsequent frame where the nose is tangent to her cheek and the right eye becomes slightly visible, and so forth. The higher the quality and quantity of the in-between animation, the smoother the animation appears to the viewer’s eyes. Owing to the sheer number of in-betweens, this “grunt work” is handled by less skilled animators and frequently outsourced to other countries in Asia, notably Korea (Washi, 2011). The reason being the Asian labor market is cheaper, more resourceful, and, to a certain extent, capable of following the “manga and anime style” thanks to the medium’s popularity in the region.

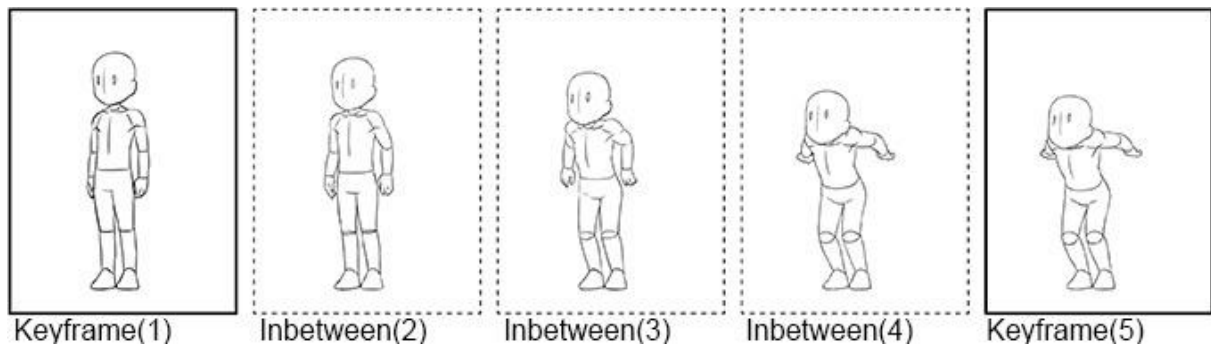


Figure 15. Key animation (1, 5) and in-between animation (2, 3, 4).

Source: <https://tips.clip-studio.com/en-us/articles/954>.

A noteworthy difference between two-dimensional (2-D) animation and three-dimensional (3-D) animation is consistency. Pixar 3-D animators puppet and photograph every minute movement of a computer-generated model, giving its animation a level of uniformity and fluidity as though it was a live-action, whereas 2-D animators have to draw every frame anew. Even when multiple Pixar animators puppet the same character on a computer, the consistency is kept throughout the movie, but it might not be the case for the latter. To overcome this drawback, an animation director is required to ensure a decent level of consistency across all keyframes (Washi, 2011).²⁷ If something goes awry, they have to redraw the whole sequence to ensure movement and timing work in tandem.

Animation directors or key animators can, however, elevate the visual storytelling with creative use of in-between frames. In lower-budget anime, random pauses could result in uncanny in-betweens. Highly talented Japanese animators and directors, on the other hand, often bent physics—in Figure 16, the human joints—to achieve the highest effect. Richard Williams, the author of *The Animator's Survival Kit*, suggests that sandwiching between two keyframes an exciting in-between brings about higher dynamism (Williams, 2001). These talented artists sometimes have their own fanbase called “sakuga fans”²⁸ who keep track of cuts they did and compile them in AMVs (Washi, 2011). Norio Matsumoto, one notable sakuga artist, is well-known for his proclivity to warp his characters to the maximum (see Figure 16).

²⁷ Animation director is not episode/movie director who oversees the entirety of the production.

²⁸ Sakuga literally means anime drawing, but in this context it refers to exceptional animation.



Figure 16. In-between frame in anime *Naruto: Shippuden*.

Source: (Date, Kobayashi, Kon, Watanabe, & Murata, 2007-2017).

As characters are animated, background paintings are drawn simultaneously. Thanks to the advancement of digital software, the process of inking, painting, and constructing 3-D modeling for background scenes has been made less arduous. The RETAS application series, developed by the same company that built CLIP STUDIO PAINT for manga,²⁹ are widely used in the main production stage (Washi, 2011; Handjaja, 2018). Adobe Photoshop and Adobe After Effects play a big part in post-production, namely photography and visual effects (Handjaja, 2018).³⁰ A big trade-off of mass 2-D production is the reduction of detail, hence, anime often rely on special effects to emote feelings in order to make up for the simplicity of the drawing. Even in the blockbuster *Demon Slayer* by *Ufotable* studio, the character form shadow is a mass of darker shade, rather than a smooth, chiaroscuro gradient like in Pixar's or Disney's movies—or real life.³¹ The most famous scene in season one of the series was made spectacular with the use of myriad special effects (see Figure 1, right). Subsequent steps such as voice-acting and music composing are handled by other entities, such as a music production company, but larger studios like Toei Animation can manage all steps in-house.

Even though the production of manga demands significantly less man power and capital than that of anime, the two processes share in a common principle: a consumer-centric philosophy. The involvement of editors and rating system in manga anthologies ensures the

²⁹ Celsys, Inc. created RETAS in 1991 and modern-day CLIP STUDIO PAINT in 2012.

³⁰ Adobe is an American company famous for its multimedia and creativity software applications.

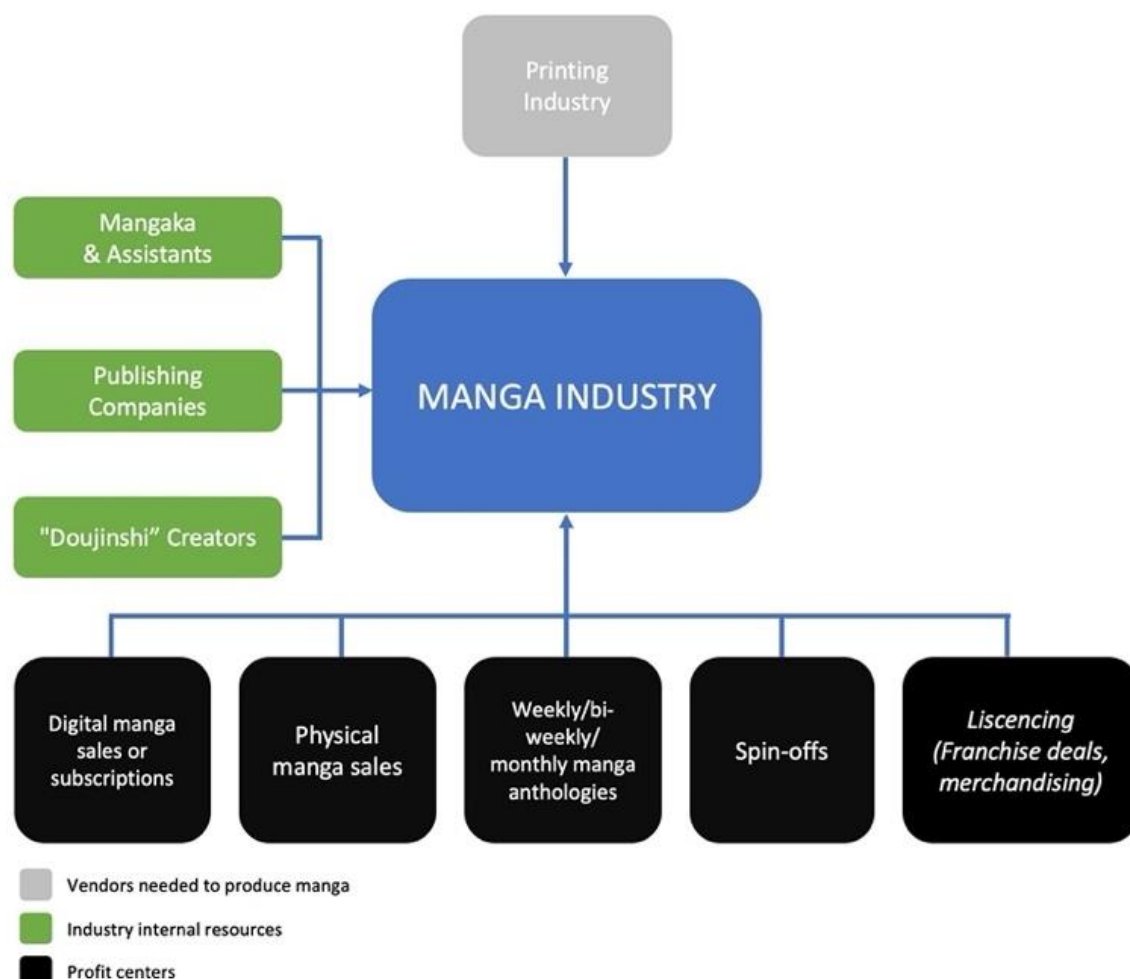
³¹ Chiaroscuro is the style of drawing that suggests the transition of form from light to dark, hence suggesting three-dimensionality. Leonardo da Vinci is a prominent user of this technique.

stories are to the reader's liking. Moreover, owing to short waiting time to acquire consumer feedback, publishers can rapidly eliminate losing horses, thus keeping costs as low as possible. On the other hand, manga that are well received get selected for an anime adaptation to reduce financial risks—for a low-quality anime is still costly due to the amount of work needed to make it. Even an original anime script is often made into manga to test the water before getting the green light. The anime production flow also clarifies numerous business decisions such as employing still frames to save budget.

3.2 Manga Industry Structure: Meritocracy Trumps

The organizational structures of the manga and anime industry are intricate yet interconnected. To begin with, both of them are relatively *self-sustaining*, which means they do not rely on a pantheon of industries to produce their respective goods and services.

Figure 17. Manga industry structure overview.



The manga industry's main dependence is the *printing industry* due to the nature of Japanese manga being paper-based, but it is likely to change with new technological

development of digital distribution. Mangaka & Assistants and publishing companies form the major internal actors of the industry, whereas *Doujinshi* (fan-comic) creators are an informal member of the composition.

During the run of a series, a manga artist works with a publisher that takes care of all peripheral activities such as market research, advertising, and promotions. In the United States, making a comic is a long-term strategy with an ensemble of writers, artists, inkers, and letterers who are in a work-for-hire agreement (Schodt, 1996; Davis, 2016). Hence, American publishers like D.C. Comics own all rights to a story. On the other hand, the copyright ownership is more complicated in Japan as the manga complex hinges on a *meritocracy mechanism* (Schodt, 1996). Because mangaka are paid by page count during the publication of their series, if their story receives low ratings, it is canceled and so are the payments. They cannot enjoy the safety net of wages that their counterparts in America do. In exchange, they get to decide what story to tell and how to execute it, making manga more diverse and engaging. *Chainsaw Man* by Tatsuki Fujimoto was a series in a popular teen boy magazine (age 13-17) but stretched the limits of storytelling by, at one time, displaying uncensored lesbian orgy then pondering what apathy and dissociation to society do to the human psyche. The series became a hit in Japan and America without an anime adaptation to promote (Hazra, 2021).

Intense competition between mangaka brings about meritocracy which keeps publishers thriving. For mangaka, they accept this trade-off because a successful manga is a *winner-take-all* situation since it will probably have its own anime adaptation and several cross-media licensing revenues. While a large portion of new manga is axed within dozens of chapters, a few have managed to stay in print for hundreds or, in rarer cases, thousands of chapters. When the previews of the graphic novel *I'm not Starfire* by D.C. Comics starring a lesbian protagonist came out, the story received a tremendous amount of backlash for pushing political agenda to appeal to teenagers. Despite that, the American comic book behemoth did not cancel the story because they had invested too much in the product before testing the water. However, the manga industry lets its readers decide which story to continue with a popularity contest. In this regard, the manga industry is reliant more on content than form, as with the example of Shueisha allowing Yoshihiro Togashi to publish poorly-drawn chapters in their lead magazine since the story was intriguing enough, which would not be the case elsewhere.

A Japanese company acquiring the copyright via the employment of the artist is therefore unlikely due to the short-term nature of the selection process. As a result, most manga creators do freelancing, with successful mangaka owing a studio and legion of assistants (Motivist Japan, 2015; Schroff, 2019). Best-selling author Takehiko Inoue had his first hit *Slam*

Dunk serialized in *Weekly Shonen Jump* magazine by *Shueisha*, but drew his next masterpiece *Vagabond* in *Morning*, a magazine from *Shueisha*'s direct competitor *Kodansha*.



Figure 18. One Piece editors across the years: current three (from right).

Source: (Artur, 2020).

A common practice between publishers and mangaka is *joint ownership through creative contributions* (Schroff, 2019). The credit of a manga goes to its author, sometimes authors, if, for instance, a writer and illustrator are involved. Nonetheless, the workload required for a weekly, bi-weekly, or even monthly publication makes it challenging to be done by one person. One helping factor comes from editors, the people employed by publishers to ensure the story and art are up to standard. But they often carry out more tasks, such as conducting market research by surveying bookstores. In particular, editors are not credited in the magazine or tankobon because their piece of the ownership pie goes to their employer, the publishing agent (Schroff, 2019).

Assistants are the other helping factor enabling mangaka to keep up with the intense pressure of back-to-back deadlines. As they normally follow the creator's instructions, such as how to letter or draw background scenes, assistants are, in theory, only following the mangaka's creative visions. When 19-year-old Eiichiro Oda³² was working as an assistant for Nobuhiro Watsuki in *Rurouni Kenshin*, he was responsible for the creation of a cross-dressing antagonist. Oda was acknowledged by Nobuhiro Watsuki in a later interview but not in co-authorship (Watsuki, 2005). Their subservience is "definitely presumed in the industry: only the Mangaka is considered the creator" (Schroff, 2019). Assistants acquiesce in because they can gain a lot from the on-the-job training system. A prospective artist, who is typically young and has garnered some accomplishment through manga contests, is recommended to work under an experienced mangaka. By joining the mangaka's crew, they get some financial support and technical guidance on how to produce a work from start to finish. Besides serving as an assistant, that person can work on their personal project on the side until they meet their big break. While the industry is a tough uphill climb, for which many assistants have had their jobs for a decade

³² Eiichiro Oda is the author of the best-selling manga in history: *One Piece*, which has more than 490 million copies in circulation globally as of 2021.

or more, those who managed to climb through can be traced back to the mangaka that guided them.

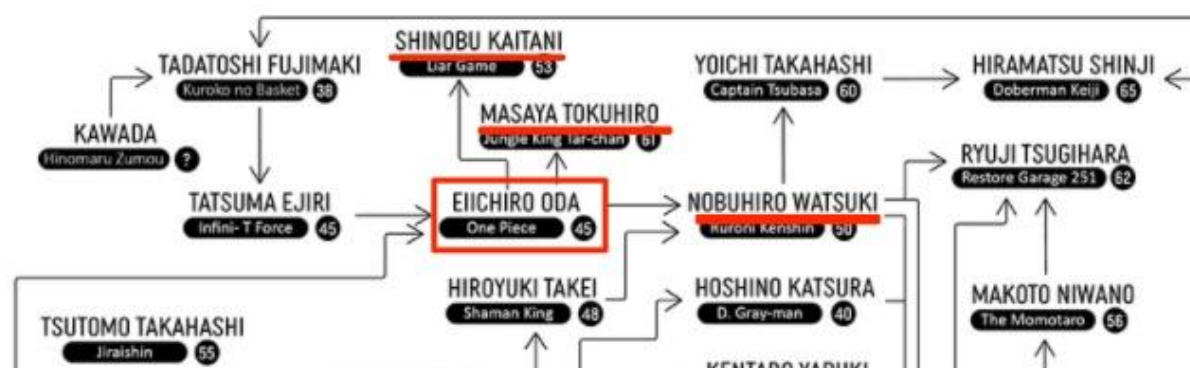


Figure 19. Successful mangaka and assistants tree: Best-selling author Eiichiro Oda worked under three famous mangaka (red underscored).

Source: (Lopez, 2020), self-edited.

The copyright issue complicates further when it comes to *doujinshi* artists, non-professional creators who are part of the industry's internal resources but not formally recognized. Approximate 90 percent of on-sale *doujinshi* star characters of existing manga with a different plot twist, for example, romantic shipping (Pink, 2007). These amateur mangaka dedicate a huge portion of their time to making *doujinshi*, often doing all the work—which are done by a mangaka and their crew—by themselves, i.e. drawing, inking, lettering, printing, etc. *Doujinshi* works, at times indistinguishable from or technically better than the original manga, are sold from as few as a dozen copies up to the thousands (Pink, 2007). Nevertheless, the industry came to an unwritten agreement that permits self-publishing artists to “violate” Japanese intellectual laws to a certain extent. First and foremost, overlooking this transgression is a part of a “customer care program” since *doujinshi* creators are often the most devoted fans who are willing to lavish their money on the series (Pink, 2007). More important is *doujinshi* brings about a playing field for publishers to scout new talents. In addition, *doujinshi* festivals where thousands of amateur players present their works are powerful yet cheap market research (Pink, 2007). Editors can determine which series is popular or falling out of the public's grace by surveying fan discussions and the number of *doujinshi* about a particular work at that moment in time (Pink, 2007).

On contrary to the complex cogs of the industry, manga revenue streams are simple: manga sales and licensing fees. At first glance, the nationwide popularity of thick-like-phonebook periodicals might seem to contribute greatly to manga sales. Nevertheless their impact on the industry profitability is rather indirect. They are printed on low-quality paper and ink for one-off weekly, bi-weekly, or monthly consumption, hence low prices and low profit margins (Babeg, 2013). Even Shueisha, one of the biggest manga publishers, only regard their

magazines, namely Weekly Shonen Jump and Weekly Young Jump,³³ as a marketing tool for tankobon (Babeg, 2013). In this regard, manga anthologies nowadays serve the same purpose as free supermarket catalog.



Figure 20. Weekly Shonen JUMP magazine VOL. 14 as thick as a phonebook: exterior (left), interior with cheap paper and ink (right).

Source: (Japanimedia, n.d.).

As a series from a magazine becomes popular, its chapters are collected into a paperback format called *tankobon*. A manga anthology is comprised of multiple stories, each story having one new chapter per publication. Meanwhile, a tankobon focuses on a single series covering 10 to 12 chapters, or roughly 200 pages, compiled from the magazine. Tankobon can be equivalent to graphic novels in the West, with two distinct differences: They are predominantly black and white B6-sized paperbacks,³⁴ and contain extra information such as Q&A. In issue 36-37 of *Weekly Shonen Jump*, Japan's most successful manga anthology,³⁵ there are 21 new chapters from 21 running series, coupled with 4 wide color pages. Although the magazine is 18.2 cm (in width) by 25.8 cm (in length) by 0.35 cm (in height), it cost only Yen 300 Japanese (Mandarake, n.d.). On the contrary, Jump's most successful title, *One Piece*,³⁶ had its volume 100 priced at Yen 484 Japanese (amazon.co.jp, n.d.). Despite being printed on better paper, volume 100 is all black and white and significantly smaller in size (11.2 cm x 17.3 cm x 0.15 cm). The book's content has half the number of chapters compared to the magazine (amazon.co.jp, n.d.). As a result, tankobon allow for a significantly higher profit margin. The reason is volumes make for

³³ Weekly Shonen Jump aims at a young teenage boy–shonen–demographic, while Weekly Young Jump targets an older audience with more violence and sexual content.

³⁴ Japanese B6 paper size is 12.8 cm × 18.2 cm, or 5.04 inch × 7.17 inch.

³⁵ From October 2018 to 2019, Weekly Shonen Jump's weekly circulation was 1.6 million units, more than double its closest competitor, Weekly Shonen Magazine at 700,000 units. Japan Magazine Publishing Association (2019). JMPA マガジンデータ : 【男性】 少年向けコミック誌. Retrieved from JMPA: <https://www.j-magazine.or.jp/user/data/magdata/1/12>

³⁶ One Piece follows the journey of 17-year-old Monkey D. Luffy (or Luffy D. Monkey in Western naming order) aiming to become the pirate king via adventuring the world.

a more satisfying reading experience and ease of collection, which entices readers to buy in bulk if a series piques their interest. When a consumer enjoys volume 100 of *One Piece*, they are prone to purchase the other 99 volumes, but a liking to a series in *Weekly Shonen Jump* would not cause the buyback of the previous 99 *Jump* issues.

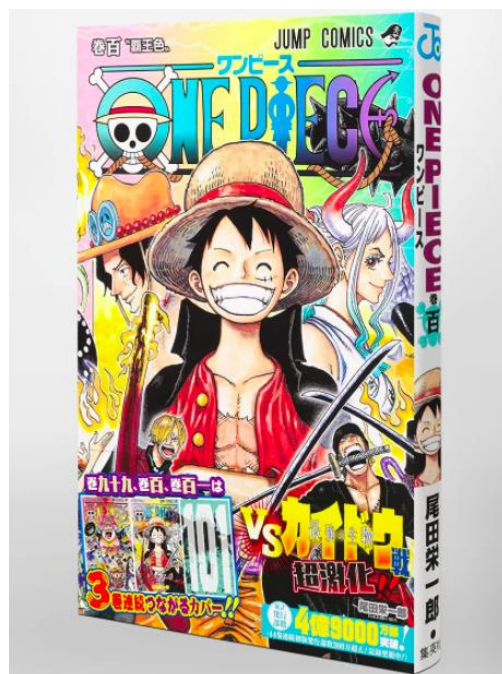


Figure 21. One Piece volume 100 with 11 chapters.

Source: (amazon.co.jp, n.d.).

Nowadays, another profit center of the manga industry comes from digital comics. E-book manga are priced the same as the paper-based version owing to Japanese regulations. In many manga reading applications and websites, readers can either pay per chapter/volume, or a subscription fee (Anime Expo, 2020). Even “free” app MANGA Plus by Shueisha³⁷ only displays the first and latest three chapters of its popular titles, fundamentally acting as an online catalog like the traditional magazine.

If doujinshi is the “grey area” derived from original manga, spin-offs of popular manga are legitimate works created by another artist from the same publisher as a side character gains popularity. Spin-offs are published independently of the source material with the purpose of incentivizing readers to purchase more from their favorite series. The famous ninja manga *Naruto*³⁸ by Masashi Kishimoto has many spin-offs, such as comical gag manga *Rock Lee’s Springtime of Youth*³⁹—which was well-received enough to have an anime (DBK Admin, n.d.).

³⁷ Shueisha is a giant Japanese publishing house that owns popular magazines like *Weekly Shonen Jump*.

³⁸ *Naruto* tells the story of Naruto Uzumaki, an orphan ninja who dreams of becoming the leader of his ninja village.

³⁹ Rock Lee is a fan-favorite side character in *Naruto* due to his tenacity to achieve his goals despite not having special powers like his peers.

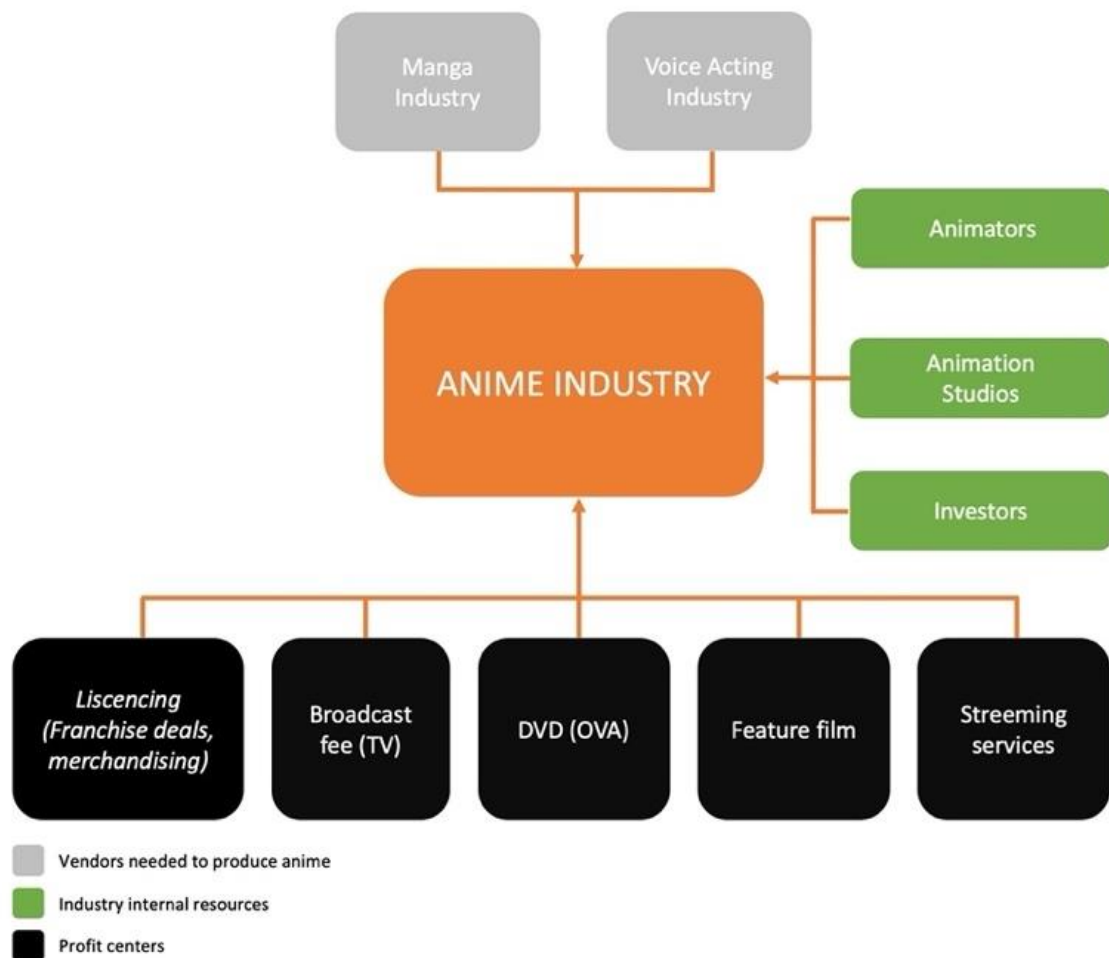
Nonetheless, *Naruto*'s most well-known and controversial spin-off is its prequel, *Boruto*, taken up by Kishimoto's former assistant, which follows the adventure of the *Naruto*'s son alongside the off-springs of the original *Naruto* cast. The follow-up was developed under the proposal of Shueisha to continue the success of an already loved story, but many fans saw the spin-off as "[over]-milking" a cash cow (YanderePanda, 2016; Llewellyn, 2020). A rare occurrence is when an author makes a spin-off to their own story. Japan's mega-hit shojo⁴⁰ manga *Sailor Moon* (1992) is actually a spin-off of its shot-lived predecessor *Sailor V* (1991). Both stories were written and illustrated by Naoko Takeuchi, but the spin-off outshined the original story by miles. In the grand scheme, spin-offs' revenue pales in comparison to that of the original work's but they can at times contribute a bigger portion, as with *Sailor Moon*.

3.3 Anime Industry Structure: Put Your Eggs in Many Baskets

The reason why the anime industry is so reliant on the manga enterprise is the level of risk entailed with each anime production (Schroff, 2019). Producing an anime is so costly that popularizing a successful product, i.e. popular manga, with animation can significantly reduce financial losses down along the line. The industry also has stakes in the voice-acting business. Many Japanese voice actors and actresses are idols with concurrent singing careers and fanbases who are willing to follow a show just to support them (Poitras, 2001). This industry was—and still is—so in demand that by the beginning of the 2000s alone *The Daily Yomiuri* estimated 130 voice-acting schools across Japan (Otsu & Kennard, 2002).

⁴⁰ Shojo genre is a counterpart of shonen genre, meaning teen girl manga.

Figure 22. Anime industry structure overview.



Mangaka and animators, as well as publishers and animation studios are each other's equivalents in their respective fields (see Figure 17 & Figure 22). Animators are similarly employed as freelancers as anime companies can exploit labor law loopholes in light of self-employed workers (Anno, 2015). However, the key separation between the two industries is the manga market is not in dire shortage of talents. Each year there are approximately 200 TV animation series produced in Japan but there are not enough budget and skilled animators (Margolis, 2019). Japanese studios instead use cheap freelancers who are "passionate about anime," and when that is not enough, outsource productions in China, Korea, and elsewhere in Asia (Margolis, 2019; Okeda & Koike, 2014).



Figure 23. Animator Ema Yasuhara in *Shirobako*, an anime tackling real-life struggles in the animation industry.

Source: (Mizushima, 2014).

Even as a popular manga is chosen for adaptation, the attempt is still an expensive endeavor, for which the role of investors is inconsequential. It used to be the case that to produce a show, a studio had to find sponsors that were willing to invest in the production (Tu, 2019). The *sponsorship* per show became less popular due to several drawbacks, yet can still be observed in anime that have been running for long, such as *One Piece* which has 3 sponsors: Shueisha Inc. (the manga's publisher), Toei Animation (anime production), and Fuji TV where the show is aired on Sunday morning (YonkouProductions, 2018). Whilst many fans blame weekly episodes' slow pacing on Toei Animation, it will violate Fuji TV's needs if the series is produced seasonally (YonkouProductions, 2018). *One Piece* animation still has the sponsorship system for Toei is a financially resourceful establishment that is not going bankrupt if *One Piece* fails. In addition, *One Piece* has proven itself to be a safe property, with the source being the world's best-selling manga (Oricon News, 2021). That being the case, the series' 20-year-plus run has made it hybrid with the adopting of a new system in recent theater productions.

Nowadays, the *committee system* has successfully replaced the sponsorship mechanism as common industry practice. In a similar vein, an anime production committee includes various stakeholders who are willing to share the risks and simultaneously profits of the show (Tu, 2019). Even though the composition of a committee can vary from as few as two, in the case of *Nausicaa of the Valley of the Wind*,⁴¹ to as many as 10, the risk-bearing responsibility is not

⁴¹ 1984 anime by *Studio Ghibli* about the relationships between humans and nature in a post-apocalyptic world.

equally distributed (kVin, 2017). The share of risks and revenues depends on how much a member invests in a show, which usually is not disclosed to the public but can be deducted from the listing order in the credit scene. Organizations listed first infused more capital in the show than the others (kVin, 2017).

In a committee, however, investors do not put all eggs in one basket like in a sponsorship, that is to say, they prefer to be in multiple committees to ensure safe income aggregated from all the shows they are involved in. A credits compilation shows that amongst 93 anime compiled, of which *Kadokawa Corporation*, a Japanese media conglomerate, were in 29 committees (kVin, 2017). Moreover, if you are not a giant enterprise like Toei Animation, it gets extremely challenging to manage all the phases to produce and profit off of an anime: casting voice actors, advertising and finding a broadcast channel, producing music and sound effects, making and selling merchandise, etc. This is where the second purpose of a committee shines: specialization (kVin, 2017). The aforementioned list reveals that many of the stakeholders include music production or video game companies who take care of their respective specialties, allowing the animation studio to focus on what they do best: animate (kVin, 2017).

Traditionally studios earn broadcast fee by selling their anime to TV stations which in turn get paid by airing commercials (Tu, 2019). As long as a studio keeps their budget under control, the broadcast fee is sufficient to break even (Tu, 2019). Nowadays, revenues from streaming services also make for sizable broadcast fee. These streaming sites can also participate in a committee to invest in an anime production in advance, thereby acquiring the rights to broadcasting. Netflix, Amazon Prime, or Crunchyroll⁴² have had original anime for their service via this method.

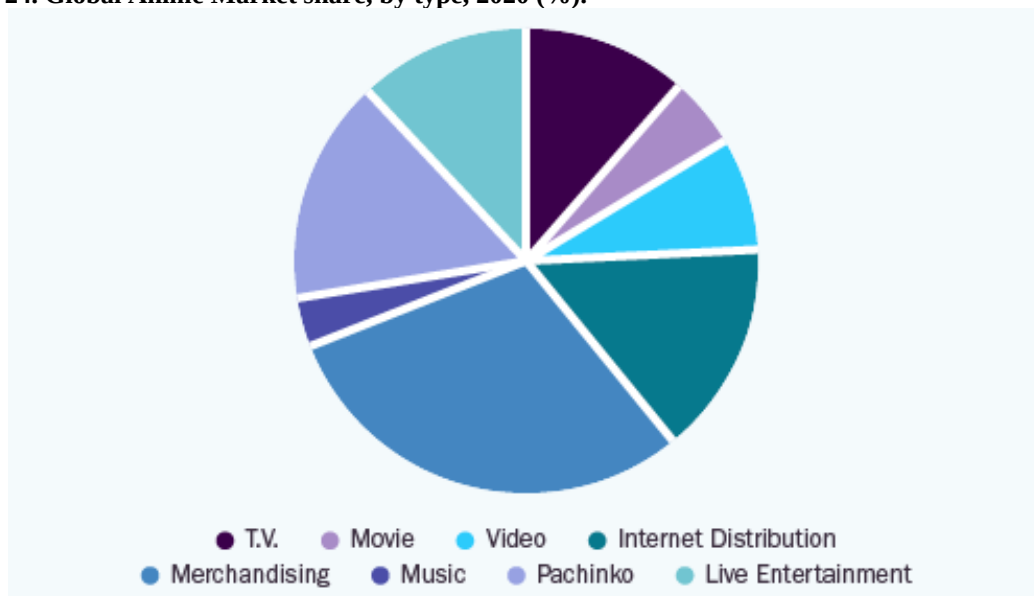
A step up from TV animation is full-length movies, whose purpose is to draw manga and TV anime fans to see more of their favorite content. Many of the features have a separate plot concocted by the production team, which is usually from the same studio doing the anime (Tu, 2019). Due to blockbuster production standards—albeit not on Pixar’s budget level—the revenues of cinema anime are normally impressive (Lin, 2006). *One Piece’s Stampede* (2019), though being an ensemble of fan-favorite characters without a special storyline, still grossed US\$93 million in the global box office by November of that year (Oricon News, 2019). In contrast, anime movies can have screenplays derived from the original manga: Record-breaking “*Demon Slayer: Mugen Train*” followed the end of *Demon Slayer’s* first TV season, or “*Jujutsu Kaisen 0*” is set to cover four prequel one-shots of *Jujutsu Kaisen* (Steen, 2021;

⁴² Crunchyroll, Inc. is a California-based company known for its anime streaming service outside Japan.

Lanham, 2021).⁴³ Both television animation and movies are then released in DVDs or Blu-ray discs (BD) for home-viewing. Mainstream late-night anime depend upon BD or DVD sales to recoup expenses (Anno, 2015).

Another kind of DVD and Blu-ray release is OVA (Original Video Animation), a short but higher quality version compared to TV anime. OVA titles offer directors and production staff more creative freedom compared to other formats (i.e. TV anime and feature films). The lack of time constraints means the production does not need to cut short the story or stretch it out with fillers. Moreover, unlike television series or movies, they do not attempt to appeal to the general public but a specific demographic with fewer content restrictions (e.g. violence or nudity). That said, OVA do not account for a big portion of the industry revenues (Tu, 2019).

Figure 24. Global Anime Market share, by type, 2020 (%).



Source: (Grand View Research, 2021).

The immersion of Japanese the audience in manga and anime gives a lot of room for franchising opportunities, a tremendous revenue avenue shared by both manga and anime. In many cases, anime barely breaks even because of high production costs and only serve as advertising for manga and merchandise. Excluding direct incomes from T.V., movie, video, and internet distribution in the Global Anime Market, more than 60% of the market is taken up by licensing activities (live entertainment, pachinko, music, and merchandising) (see Figure 24). Manga creators understand this situation to a great length, which gave rise to, for example, the trend of having at least one cute anthropomorphized character in many popular series. The merchandise business aims to capture most of the market: from general fans, who are invested enough to purchase a soft drink with their favorite character on the packaging, to high-value

⁴³ Jujutsu Kaisen is an action manga by Gege Akutami serialized in Weekly Shonen Jump. Its first animated season (winter 2020 and spring 2021) garnered widespread attention.

customers, who are not hesitant to invest big bucks on expensive cosplay costumes (Schroff, 2019).

In general, manga and anime merchandise can be categorized into 4 major segments: print,⁴⁴ figurines,⁴⁵ games, and miscellaneous.⁴⁶ “Games” is the most unique category in manga and anime merchandising—compared to Western or any other culture’s franchising. Aside from the obvious video games, this category includes Japan’s “national industry with no export potential” *Pachinko* (see Figure 24) (Rockwell & Amano, 2019). In short, Pachinko is a recreational pinball-like arcade game, but instead of keeping the ball from falling players aim to drop the ball into special “win-pockets” to earn more mini steel balls, the currency of the game (Rockwell & Amano, 2019). Although the mini balls can be exchanged for cash outside the parlor at a Pachinko center, Geoffrey Rockwell and Keiji Amano argue, Pachinko is far from a “destination form of gambling like the casinos in Las Vegas” (Rockwell & Amano, 2019, p. 78). According to the two writers, the medium is daily relief and “neighborhood play” for adults ranging from busy mothers to worn-out salary workers, (Rockwell & Amano, 2019). Moreover, one of Pachinko’s best-selling points is enthralling visuals, often starring popular anime franchises, explaining its high contribution to the anime market in Figure 24 (Rockwell & Amano, 2019).



Figure 25. Neon Genesis Evangelion anime (left) and Neon Genesis Evangelion-themed Pachinko machine (right).

Source: (Anno, Neon Genesis Evangelion, 1995-1996; Rockwell & Amano, 2019), self-edited.

The Japanese manga and anime franchising can be as—and arguably more—extensive as the Simpsons mania in the 90s United States. For instance, as a rebuild attempt after the 2016

⁴⁴ Print includes spin-off novels, data books, color books, magazines, etc.

⁴⁵ Figurines are small, but can get as big as life-sized, three-dimensional character statuettes. The existence of manga and anime gave birth to this thriving industry, which mostly designs its products in Japan and mass-produces in China or Taiwan where the manufacturing costs are low.

⁴⁶ Miscellaneous merchandise ranges from toys to customs, to bath salts.

earthquake, the Kumamoto Prefecture launched *ONE PIECE Kumamoto Revival Project* (Kyodo News, 2018).⁴⁷ The Revival Project began with a life-sized statue of One Piece’s protagonist *Monkey D. Luffy* outside Kumamoto Prefectural Government office (Kyodo News, 2018). Researchers from Shokei University estimated an annual Yen 2.67 billion boost⁴⁸ to the local economy just from tourists visiting this one Luffy statue—much less the statues of his nine other crews having been or soon being erected across the prefecture (Mainichi Japan, 2020).



Figure 26. The commencement of a One Piece statue outside the Kumamoto Prefectural Government office.

Source: (Kyodo News, 2018).

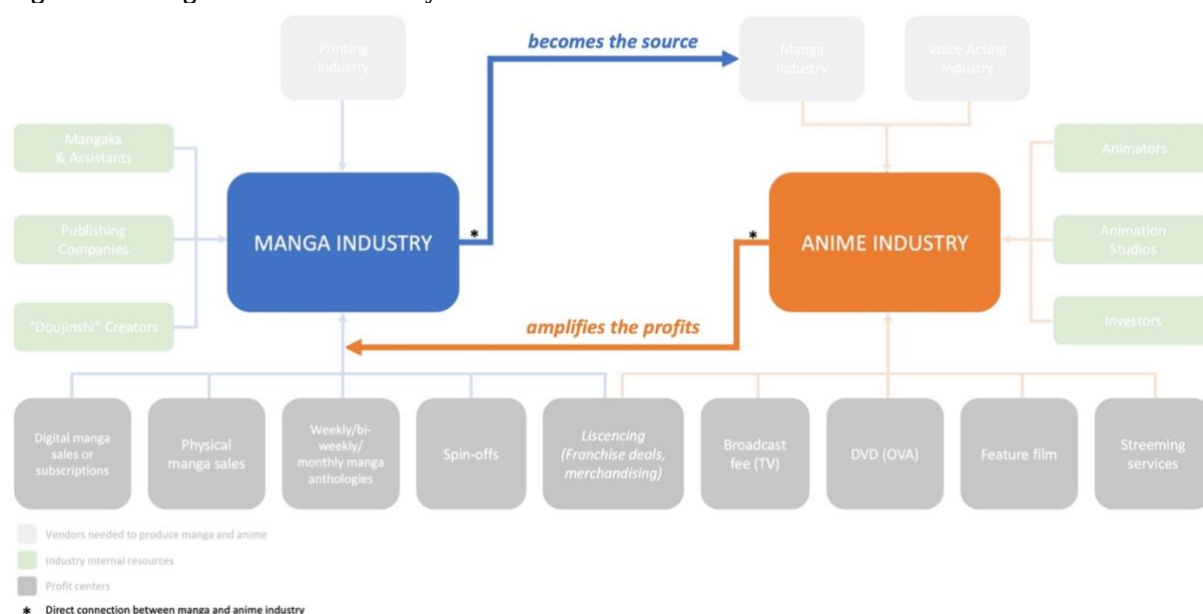
3.4 Synergy Wins

From a theoretical perspective, the monetization model of manga unveils in two steps: First, manga are sold as comic—which is a lucrative business in and of itself—and then turned into cross-media franchising, i.e. anime adaptation (Schroff, 2019). The second stage of expensive anime production only propels with the champions of the manga tournament (Davis, 2016). In this light, the relationship between the two is unambiguous: anime are spin-offs of successful manga, or “distinct media products with their own business strategies” (Schroff, 2019). Nonetheless, not all anime are derived from manga, some are adapted from light novels or have their original content such as Netflix’s 2020-released *Great Pretender*. The author developed Figure 27 to clarify how the two industries connect.

⁴⁷ A prefectures is a division of jurisdiction and administration in Japan. Of the country’s 47 prefectures, Kumamoto is numbered 43 geographically.

⁴⁸ Roughly US \$24 million, according to The Mainichi.

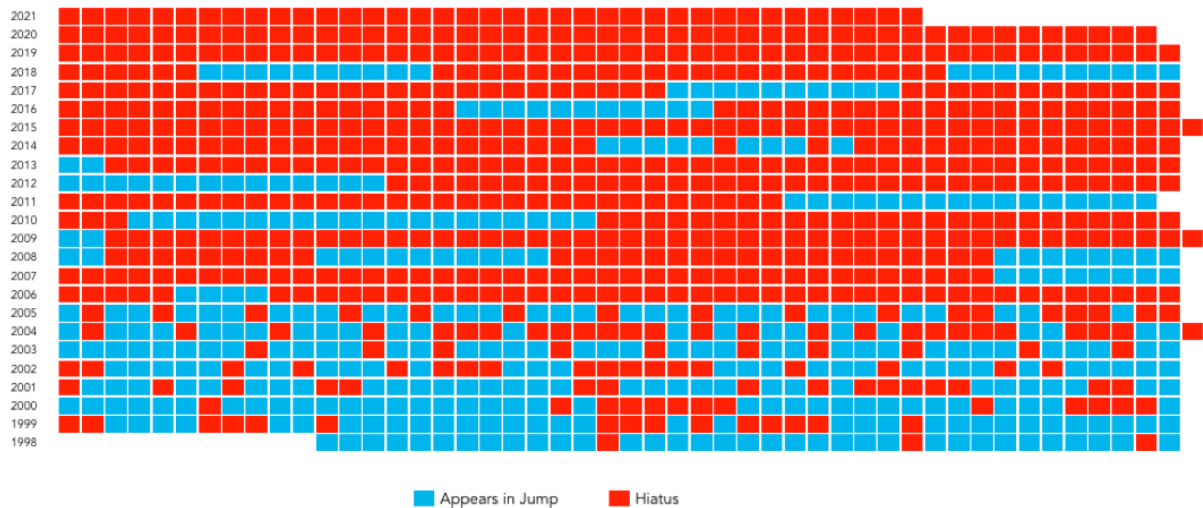
Figure 27. Manga and anime industry structure in connection.



There are other cases of anime influencing the writing of the manga that it is adapting from. One Piece's anime for the current *Wano* story arc is famous among its fans for fleshing out so many unclear single panels into minutes of fantastic action sequences, allowing its author to omit many details as he draws the story. This is partly because the page-limit per chapter in Weekly Shonen Jump has been reduced from 23 to 17 over the years. Its author Eiichiro Oda shared in *Weekly Playboy*⁴⁹ that he would be able to finish 30 pages per week if allowed, hinting at the supplementary role of the anime (Shueisha, 2021). Conversely, if a manga ceases its publication, e.g. canceled by the publisher, the anime adapting it is greatly affected. In the case of Hunter x Hunter by Yoshihiro Togashi, despite the story being critically acclaimed and loved by fans from Japan as well as overseas, its anime suffered from not having either a continuation or definite conclusion as the author took multiple hiatuses over the years—which fans jokingly dubbed the series “*Hiatus x Hiatus*.” These extended breaks resulted from a series of severe health issues as a mangaka. However, the Hunter x Hunter manga had become such a household name that Weekly Shonen Jump has not axed the series. Unlike Marvel or DC comics that own their titles, Weekly Shonen Jump cannot not put another artist in charge of Hunter x Hunter without its author's approval. The indeterminate hiatus of the source material affected not only the anime company but all invested parties, e.g. production committee.

⁴⁹ An adult magazine by Shueisha. It is not the Japanese version of the American Playboy magazine.

Figure 28. Hunter x Hunter hiatus chart (unit: weekly).⁵⁰



Source: Retrieved from: <https://hiatus-hiatus.github.io/>.

Even though peaking in recent times with the likes of *Demon Slayer* and *Jujutsu Kaisen*,⁵¹ anime playing as advertising for manga has always been the second step of the business model: successful manga is chosen to be animated, then anime brings in a larger audience for manga. *Demon Slayer* is an exemplary case of how a great adaptation can catapult the source material. According to the statistics from Oricon Inc.,⁵² *Demon Slayer* sold a combined of 3.5 million copies for its first 14 volumes between June 2016 and April 6, 2019 (Oricon Inc., 2021). After the *Demon Slayer* TV anime premiered its first episode on April 6, the series sold a splendid 5 million volumes in the same month, outselling its preceding three years of publication (Oricon Inc., 2021). In spite of an ending of the manga at volume 23 in 2020, Koyoharu Gotouge's manga still toppled the chart with 150 million units sold as of February 2021 (Oricon Inc., 2021). To a lesser extent, *Attack on Titan*⁵³ by Hajime Isayama received the same advertising boost from splendid animation. Owing to the release of the anime, Isayama's work jumped from the 15th top-selling manga (2012) to 2nd place (2013) (Oricon Inc., 2012; Oricon Inc., 2013).

⁵⁰ Each square represents a week in a year. Red squares indicate all absent weeks of the Hunter x Hunter manga from the magazine while blue squares mean publication.

⁵¹ Both series belong to Weekly Shonen Jump by Shueisha. *Demon Slayer*, by Koyoharu Gotouge, tells the story of a young boy in the Taisho period becoming a demon slayer to turn his demon-turned sister back to human.

⁵² A Japanese company that supplies statistics on entertainment content such as music, video games, and book sales (manga included).

⁵³ *Attack on Titan* tells the story of humanity driven behind impregnable walled cities to protect themselves from man-eating giants known as Titans. One day a Titan takes down one of the walls and mother of the protagonist.



Figure 29. Attack on Titan visual boost from manga (left) to anime (right).

Source: (Isayama, 2009; Araki, 2013), self-edited.

The role of the Demon Slayer manga is, however, irrefutable to the show's massive success. The Shueisha comic checks all the boxes of a hit series: comedy, cool characters design, and a decent story. The plot of Demon Slayer in recent times is not as well-crafted as that of One Piece's during its historic 2010 rise.⁵⁴ Nevertheless, the story was fitting with the current disturbances. In the face of losing all his family but a younger sister to demons, Demon Slayer's protagonist *Tanjiro Kamado* showed "unmatched empathy" and determination in times of hardships, which resonated with many people who lost their loved ones and livelihood during the Covid-19 pandemic (Brown, 2021).

In short, the relationship between manga and anime starts out as the former becomes the input for the latter, which in turn as advertising heightens the overall success of the franchise. At times, however, anime can influence the source material that it is adapted from, forming a cycle of successful co-operation. For a manga to achieve a big breakthrough, great storytelling is usually insufficient. Anime, on the other hand, is more accessible to consumers for it is easier to digest, since reading is a more demanding skill than watching TV, and stimulates more senses (moving visuals, sounds) than manga does (visuals). When an anime is executed properly,

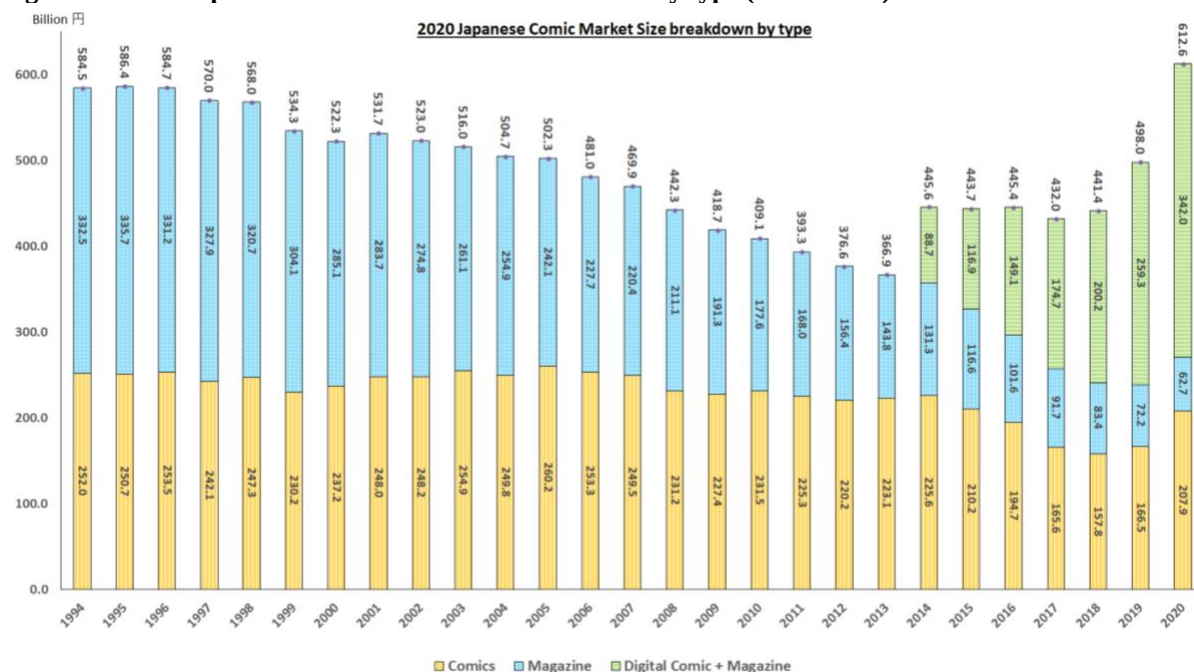
⁵⁴ Since One Piece's weekly anime began in 1999 and whose quality did not change significantly before or after 2010, the surge in popularity in 2010 is often credited to its gripping plot.

which is synonymous to making it visually thrilling and auditorily engaging, a decent story like *Demon Slayer*, even without the added benefits of the crisis, can evolve into a household name.

4 Economic Profile

Even though manga and anime industries were both hampered by the global pandemic Covid-19, the former came out of 2020 with an impressive Yen 612.6 billion,⁵⁵ breaking peak sales record of Yen 584.5 billion set in 1995 when manga anthologies were in their heyday (see Figure 30). In addition to being considered a proper form of literature, manga made up 38 percent of the Japanese publishing industry (Statista, 2021). Conversely, sales from Japanese anime dropped by 1.8 percent from the previous year—the first decrease in over a decade—down to Yen 251.1 billion in 2020 (KYODO, 2021).⁵⁶ *Shuppan Kagaku Kenkyujo*, Research Institute of Publication Science, accredited the rise of manga sales to “stay-at-home lifestyles” (Takizawa, 2021). Manga revenues also benefited from the massive success of highest-grossing-in-Japan *Mugen Train: Demon Slayer the movie*, whose box-office revenues were Yen 40 billion out of Yen 251.1 billion of the entire anime industry (KYODO, 2021; Takizawa, 2021). However, the meteoric rise of *Demon Slayer* could not offset the staggering damage from delayed production caused by the pandemic (KYODO, 2021).

Figure 30. 2020 Japanese Comic Market Size breakdown by type (Billion Yen).



Source: The All Japan Magazine and Book Publisher's and Editor's Association (AJPEA) | National Publishing Association / Publishing Science Institute.

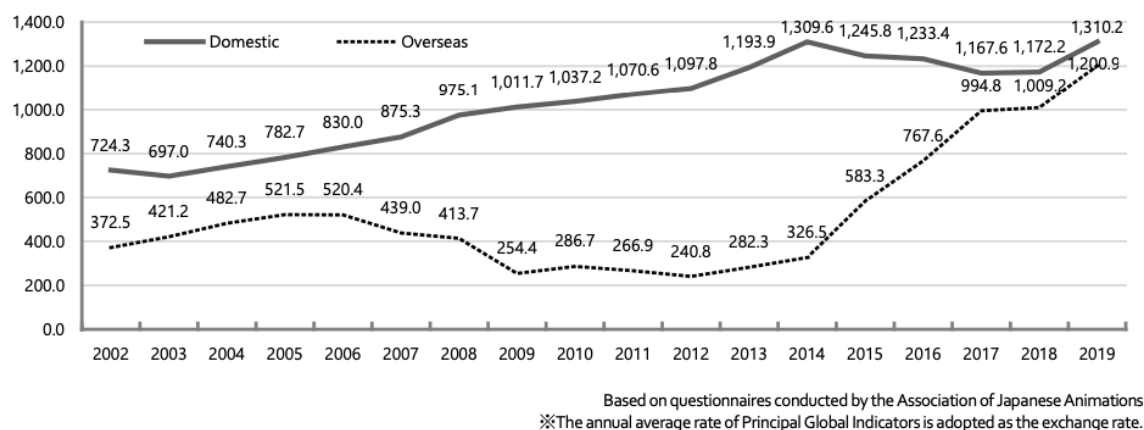
⁵⁵ Equivalent to 5.5 billion USD.

⁵⁶ Equivalent to 2.3 billion USD.

The composition of the manga market in 2020 was largely dominated by digital publications, accounting for 56 percent of sales, followed by printed manga at 34 percent (see Figure 30). Online manga in Japan is still managed similarly to its paper-based counterpart, where big-name publishers and editors are greatly involved in the production process (Nussey, 2021). Furthermore, online comics are prohibited from being priced lower than their cover price under Japanese commercial law, which grants some protection to paper manga (Nussey, 2021). However, these constraints did not prohibit online manga from raking in great numbers—nor will this trend wane any time soon.

Even excluding *Demon Slayer*’s sales from the equation, the print manga market is still up 24.9 percent from the past year (Takizawa, 2021). The sustained upward trajectory of print comics had not been witnessed in two decades (see Figure 30). At the pinnacle of their popularity in 1995, manga magazines were worth Yen 335.7 million, approximately 57 percent of the overall comic market, before dwindling to a meager 10 percent in 2020 (see Figure 30). The shift of the industry composition from anthologies to book formats, such as tankobon, had been gradual. Nonetheless, the shift toward digital manga is “at an accelerating pace,” said researcher Atsushi Mizuno from Shuppan Kagaku Kenkyujo (Takizawa, 2021). “The custom of reading [manga] in the form of magazines is disappearing,” he shared with *The Asahi Shimbun* (Takizawa, 2021).

Figure 31. The trend of the Domestic Market and Overseas Market in a Broad Sense (hundred million yen)

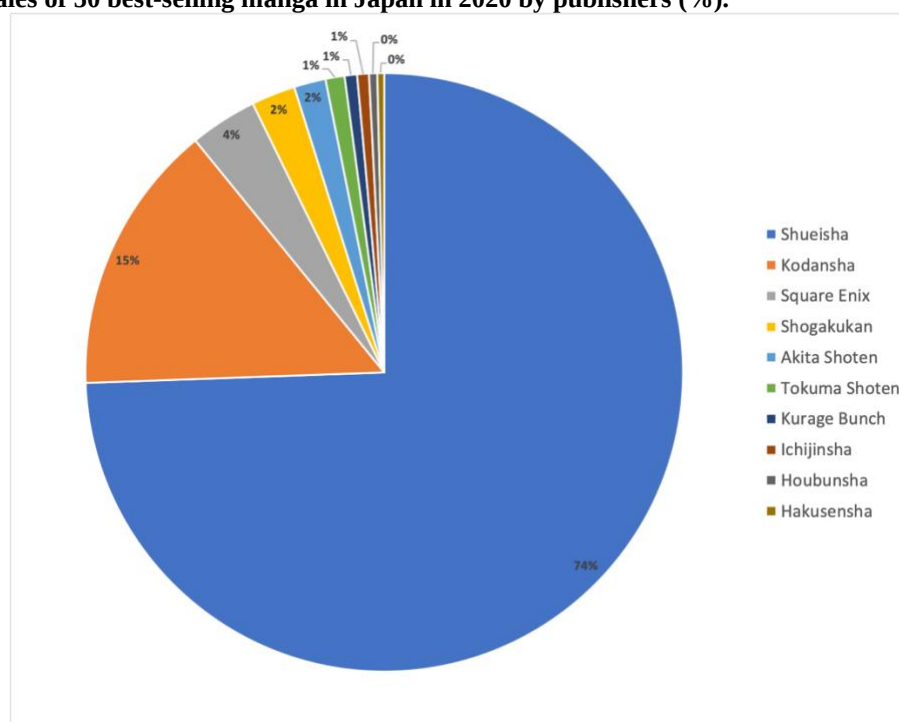


Source: (Masuda, et al., 2021).

In terms of big players, the conventional wisdom is that there exists “big four” Japanese manga behemoths: *Kodansha*, *Shueisha*, *Kadokawa*, and *Shogakukan*. These companies had implicitly acknowledged each other’s position in the field by banding together with the Japan Manga Association to fight manga piracy (SimpleNews, 2019). In spite of that acknowledgement, Shueisha Inc. overwhelmed the whole industry with an impressive 150

million units sold in the top 50 best-selling series in 2020, accounting for three-quarters of list (see Figure 35). Without the Demon Slayer epiphany, the owner of Weekly Shonen Jump still had scores of manga at the top of the Oricon chart in years prior.⁵⁷ Aspiring mangaka view Shueisha as the manga “Everest” to strive for. For instance, Kodansha’s mega-hit Attack on Titan, which almost overtook One Piece’s first place in 2014, was offered to Weekly Shonen Jump before being rejected and re-submitted to a Kodansha manga competition (Pineda, 2018).

Figure 32. Sales of 50 best-selling manga in Japan in 2020 by publishers (%).



Source: (Oricon Inc., 2021), self-edited.

According to research, the Global Anime Market is valued at USD 23.56 billion in 2020, or Yen 2,678 hundred million, with an anticipated growth rate of 9.2% for the forecast period between 2021 and 2027 (Bizwit Research & Consulting LLP, 2021). Another report estimated the compound annual growth rate for the 2021-2030 period to be 7.9%, expecting the anime market to double its size within a decade (Precedence Research, 2021). The overall trend is geared toward the overseas market which, in 2018, was expected to overtake the Japanese market but rumors about tightening regulations made Chinese buyers hold off their purchases (Masuda, et al., 2021). The researchers from the Japanese Animation Associations believe that the overseas market will supersede the domestic one due to Japan’s shrinking population and increasing interest in the medium from North America (Masuda, et al., 2021). On the other hand, while the Japanese animation sector slightly shrunk because of Covid-19, which was likely to be a one-off event, intensifying competition from China is the real threat that could

⁵⁷ Retrieved from: <http://mangacodex.com/yearly%20tops.html>.

curb the industry's incredible growth in the long haul. Chinese animation is advancing over the years because their enterprises are paying higher remunerations, which appeal to underpaid Japanese animators, and gaining stakes in Japanese studios, hence acquiring Japanese production skills, shares Teikoki Databank (KYODO, 2021).

The categorization of anime studios by sales figures is more challenging compared to manga publishers due to various nuances. First of all, owing to the anime business model, many companies are contractors paid upfront by the production committee so the success of a series rather impacts their popularity than pockets. Besides whether a studio is on the committee, the size of their share in the group makes ranking studios according to how their animation performs inaccurate. Among the committee of "Demon Slayer the movie: Mugen Train," *Aniplex*, the distributor of the film, and *Shueisha*, the publisher of the original story, each earned 45% of profits of the movie's box office, leaving *Ufotable*, the animating studio, a smaller portion of 10% profits and 10% success fee (Harding, 2021). Secondly, key players that are often studied include big names such as Madhouse Studio, Toei Animation, Production I.G., or Kyoto Animation due to their prolific portfolio (Grand View Research, 2021). Unlike smaller manga publishers who have not been able to challenge the top brass of the comic book industry, smaller anime studios like *Ufotable* and *Mappa* have produced stellar works, namely *Demon Slayer* and *Jujutsu Kaisen* respectively, which put their brands next to the big players. Fans jokingly dubbed *Ufotable* the "unlimited budget" studio for incredibly fluid animation, while, for example, Toei Animation is in actuality one of the game's big pockets but chooses to prioritize quantity over quality. Looking closely at the profit-sharing composition of *Mugen Train*'s production committee, the "unlimited budget" mostly came from *Aniplex* and *Shueisha*.

The perception of comics, e.g. American comics, is this genre is for male readership. The term when used to translate "manga" into English takes away the scope and nature of it in Japanese. Manga has more affinity to a medium than a genre for its diversity. It has four mainstream categories, being shonen (boy), shojo (girl), seinen (adult man), and josei (adult woman), and others—which range widely from alternative to queer manga. Moreover, the crossover of readership is specifically unique to Japanese manga. Some of the most popular titles in *Weekly Shonen Jump*, a teen boys' magazine, had a larger proportion of female to male readers (see Figure 33). Unlike shojo titles that usually highlight romance, these stories follow a young male protagonist in a pirate's world, basketball tournament, or ghostly realms of existence, often featuring a more endowed female cast and action-centered plots. And yet, the focus on comedy, fantasy, and human drama stimulates a kind of universal appeal (Danwen, 2013). The possibilities for combining demographics are therefore endless, such as the shojo

(teen girl) series *Orange* by Ichigo Takano published in *Monthly Action*, a seinen (adult man) magazine. Even though Figure 33 was recorded in 2012, the appeal-across-gender dynamics have not shifted much. Monitors Co.'s research discovered that the most popular anime titles for female viewership in 2021 were *Demon Slayer*, *Detective Conan*, and *One Piece*, all of which originated in *Shonen* manga anthologies (Monitors Co., Ltd., 2021).

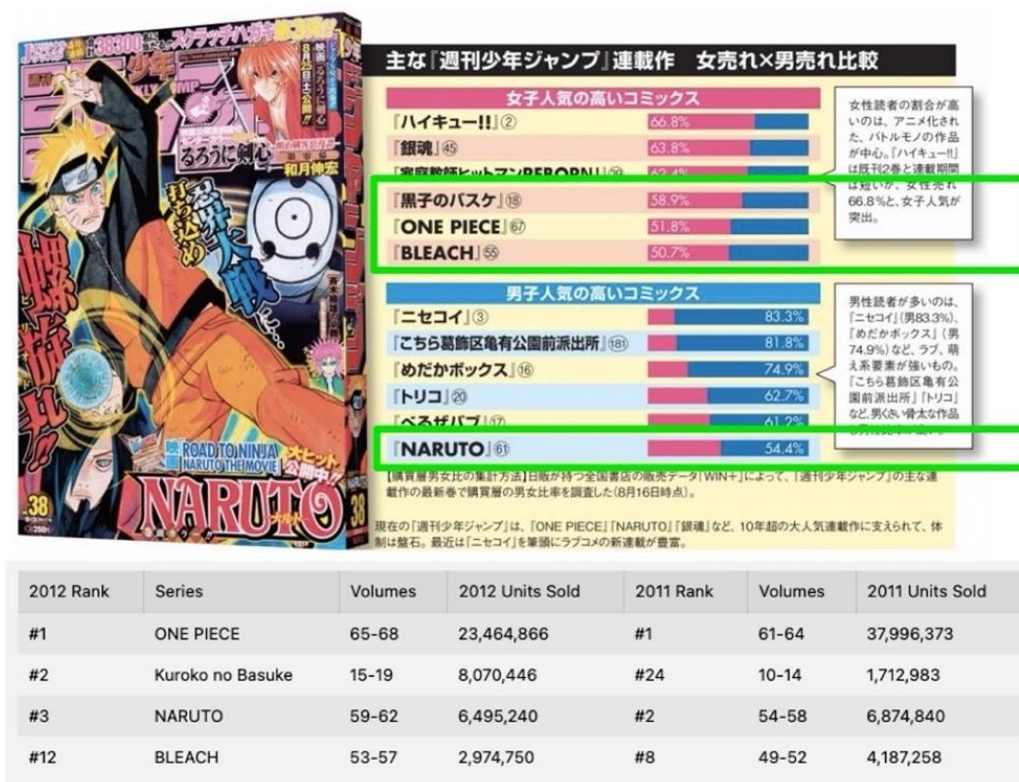
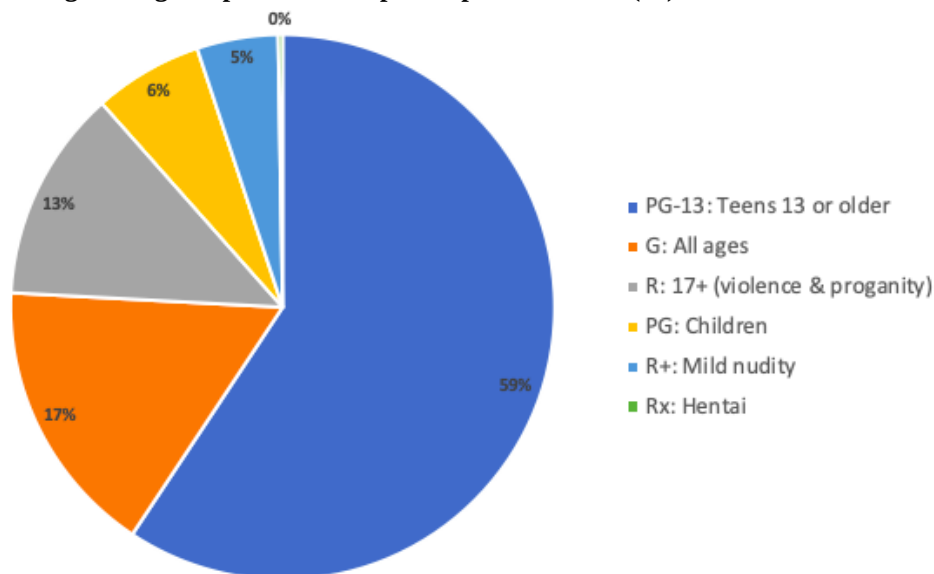


Figure 33. Nikei chart of readers of WEEKLY JUMP by gender in 2012 (Pink for Female, Blue for Male, Popular titles circled in Green).

Source: Nikkei Shimbun, Oricon Group, 2012. Retrieved from: <https://comicvine.gamespot.com/profile/foxxfireart/blog/challenge-of-the-demographics-men-and-women/87487/>.

It is often the case that anime is adapted from manga, for which its demographics can be similarly diverse and intertwined. That being the case, certain kinds of anime can be more of a focus due to their appeal to the general public, that is, they are produced more than others. Approximately 60 percent of the titles from top 20 studios in 2019 were categorized as PG-13, or teenage demographics (see Figure 34).

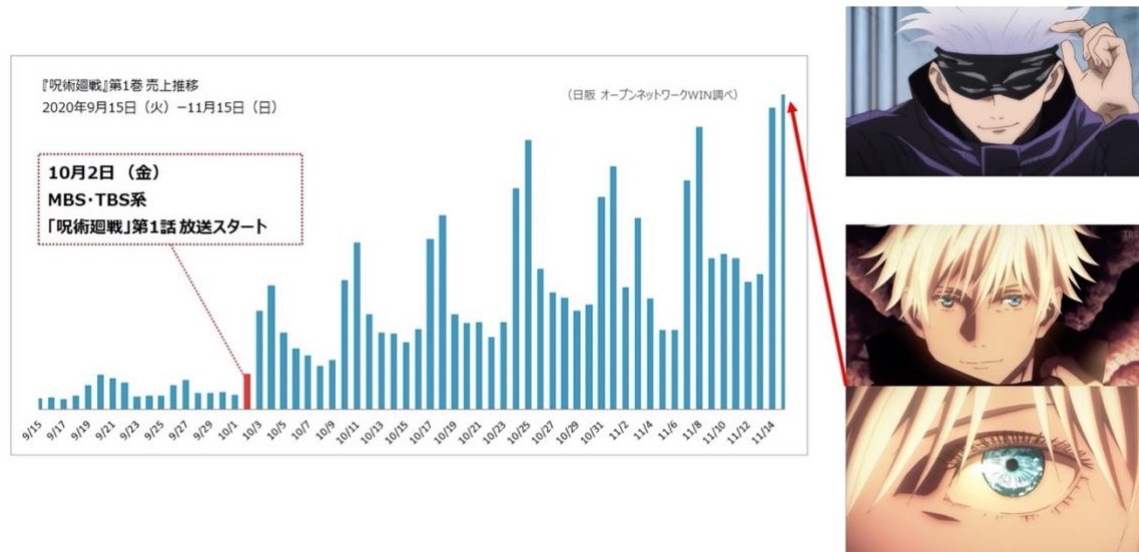
Figure 34. Anime age-rating composition of Top 20 Japanese studios (%).



Source: (Liu & Bellara, 2019), self-edited.

The manga industry operates all year round by releasing anthologies periodically and manga volumes when there are sufficient chapters. As a result, publishers enjoy regular income thanks to the number of the series they own. In the past, anime were also produced and released regularly. This situation, however, changed as anime studios shifted to producing seasonal anime. Rather than cramping to create one episode per week, companies now take one to two years to make a season of as few as a dozen to as many as twenty-something episodes. The perk of seasonal production is better animation, which generates high sales for its source materials and derivative products. The “less-but-more” production of anime peaked in recent history with *Demon Slayer* (2019) and it does not seem to be halting any time soon. For *Jujutsu Kaisen*, when a new episode was released there was an upsurge in volume sales (see Figure 35). On 14 November 2020, the face reveal of the strongest character in the series caused a sensation in the fandom which spiked its first volume sales 11.5 times higher than the first week of airing (Nissho Hon no Hikidashi Editorial Department Yoshida, 2020). To further advertise the story after the release of TV anime, long-running manga often have feature-film animation, whose story is usually written anew by the same anime studio. Having a low level of involvement from the mangaka, these feature films are often lackluster in storytelling. Nevertheless, the success of *Demon Slayer the Movie: Mugen Train*, which adapted a story arc from the source manga, set precedence for a new approach to theater adaptation. Toward the end of *Jujutsu Kaisen*’s first season, MAPPA Studio, the series’ producer, released the trailer of *Jujutsu Kaisen Movie 0* that covers four prequel chapters of the Shonen Jump hit. This business move might as well be MAPPA’s attempt to emulate the *Demon Slayer* sensation the previous year.

Figure 35. Sales figure for Volume 1 of Jujutsu Kaisen after first episode (Oct 3) compared to episode 7 (Nov 14) when exciting face reveal took place (right).



Source: (Nissho Hon no Hikidashi Editorial Department Yoshida, 2020), self-edited.

5 Conclusions

This study investigated the mechanics of the manga and anime industry using the “Industry Character Model” inspired by the PESTLE analysis to investigate the core question: “How does the Japanese manga and anime industry complex work?” The Industry Character Model analyzes this Japanese creative complex in various dimensions representing three sub-questions: backstory (How did the two industries develop to where they are today?), characteristics (What are the industry structures?), and accomplishments (How big and profitable is the industry complex?).

Although the history facet of the model looks back as early as the beginning of manga in the twelve and anime in the seventeenth century, the majority of the paper analyzes recent developments. A long history of establishment rife with trials and tribulations has not only honed the business model of the manga and anime industry to a sharp point, but acclimated generations of Japanese to the two mediums. The historical analysis further shows that manga and anime developed most fervently during its foreign intermingling at the beginning of the 20th century, and Western animation from this period inspired the manga god Osamu Tezuka to make great contributions in the latter half of the century. His efforts bridged the gap between the two formats, and whose connection is different from the clear separation that occurs in Western comics and animation. This combined synergy first elevated both of them to popular Japanese cultural products, then set the bedrock for capturing the global audience.

Individually, the manga and anime industries share several parallels in how they organize their respective business. If manga has the printing industry as a vendor then anime has the voice acting industry as an input. Moreover, the manga industry internal constituents have counterparts in the anime industry: mangaka & assistants parallels animators, publishing companies parallels animation studios. Whilst manga creators often work freelance because of the “competition leads to meritocracy” system, many animators are similarly employed as freelancers so studios can take advantage of loopholes in the Japanese labor code. Although the intricate manga-making process involves myriad participants, namely editors and assistants, the mangaka is seen as the sole owner of their work, with publishers acquiring joint ownership via creative contributions of editors. However, doujinshi creators belong to the manga grey zone where copyright infringements are overlooked to a certain extent for their existence also benefits the industry.

On the other hand, anime production is a lot more financially perilous, hence comes the anime production committee. Like in a stock exchange, a group of enterprises, for example, manga publisher, animation studio, and music company, bind together to bear the risks and profits of animating a series. Entities that have more to gain, i.e. more revenue streams from the success of a show, put more money in the production. This approach allows companies to invest in multiple productions at once, epitomizing the “don’t put all eggs in one basket” investment principle.

Contrary to Western productions by Marvel Comics or The Walt Disney Company, most anime are an adaptation of an existing manga. The reasons are twofold: First, a manga is inexpensive to make and has already been tested by the market, so adapting a successful manga is less risky. Next, even a sub-par animation is good advertising for manga because animation by itself is more engaging than comics. Together they form an intricate network where manga is the input of anime and anime amplifies the profitability of manga. In reality, anime also amplifies its own profits since these two industries share cross-media licensing revenues. *Demon Slayer* is a phenomenon that was analyzed throughout the paper. When the synergy was maximized, animation studio broke Japan’s box office record, manga publisher sold more than a hundred million units, and licensed products raked in big bucks.

Overall, the synergy of the manga and anime industry complex is a winning horse. The data showed that the anime industry is going to keep expanding in the global market, doubling its size before 2030, which in turn will introduce more fans to the source content: manga. The Japanese comic industry is vehemently shifting away from paper-based formats, specifically manga anthologies, toward the digital sphere. On the same note, *Demon Slayer*’s domination

on the market emphasizes the importance of and reinforces the trend for well-made seasonal anime. Lastly, the paper also found a broad range of demographics and possibilities for cross-readership in the two platforms, which not only attests to the popularity of the medium but signals a gateway to any parties that would like to get into the Japanese manga and anime industry complex to bring great stories to the world.

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I, the undersigned HOANG NHAT NAM aware of my criminal responsibility, I declare that the facts and figures contained in my dissertation correspond to reality and that it describes the results of my own independent work.

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