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- ▶ Deriving a conclusion from the discussion

Background

- Early studies on the agglomeration of the cultural industry
 - ▶ Flexible specialization (Christopherson and Storper, 1986; etc.)
→ emphasis on “efficiency”
 - ▶ Creative region (Florida, 2002; Scott, 2004; etc.)
→ emphasis on “creativity”
 - ▶ Relationships between distribution sector and production sector
(Cornford and Robins, 1992; Coe and Johns, 2004; etc.)

Research interests1

■ Important agglomeration factors

- ▶ **Inter-firm relationships** and **urban resources** underpin industrial agglomerations

■ The subdivisions of inter-firm relationships

- ▶ Distribution system
 - The degree of distribution sector's power over production sector decides the independency of each production company
- ▶ Production process
 - Generally, a lot of firms of production sector are involved in production of cultural products

Research interests2

■ Urban Resources

- ▶ Local labor market
 - Tolerance and liveliness of the city attract creative people
- ▶ Various category of business
 - Some demands are generated by related industry
 - A industry is backed up by supportive industry

■ The difference of agglomeration factors and advantages

- ▶ Cases: **animation** and **game** industries
- ▶ Investigation into their inter-firm relationships and urban resources

World Market Share of the Japanese Representative Cultural Industry

■ Animation

- ▶ 60% in ?

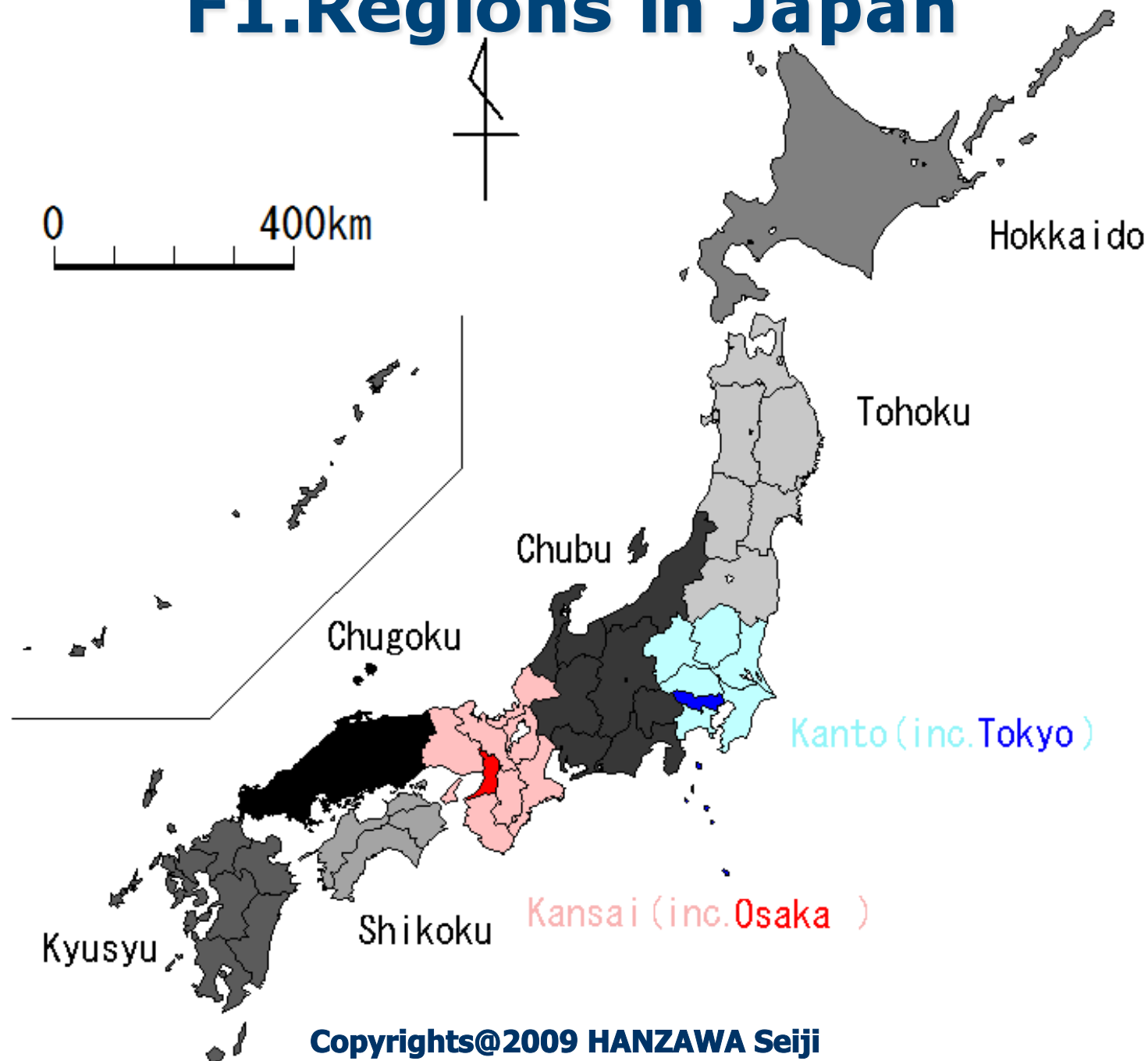
(Japanese Ministry of Economy, Trade and Industry(2002), http://www.meti.go.jp/policy/media_contents/downloadfiles/anime02sep.pdf)

■ Game

- ▶ About 20% in 2007

(<http://www.j-cast.com/2009/01/18033655.html>)

F1.Regions in Japan



T1. Market Share of Regions in Japan

Regions	visual image		music & voice		game		publishing & newspaper picture & text		Total	
	bil. yen	%	bil. yen	%	bil. yen	%	bil. yen	%	bil. yen	%
Kanto (inc. Tokyo)	2,538	52.8	1,028	54.5	716	68.4	3,608	64.3	7,890	59.7
Kansai (inc. Osaka)	620	12.9	252	13.4	140	13.4	772	13.8	1,785	13.5
Others	1,651	34.3	607	32.2	191	18.2	1,233	22.0	3,544	26.8
Total	4,809	100.0	1,887	100.0	1,047	100.0	5,613	100.0	13,219	100.0

Source:

1) DCAJ(2008), 2) Keizai Jin, p.3, 2007 December

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Outline of **animation** industry survey

■ Survey period

- ▶ Questionnaire: 07/2000 - 09/2000
- ▶ Interview : 10/2000 - 12/2000

■ Questionnaire survey

- ▶ Sent : 287 animation firms (all Japan)
- ▶ Returned: 71 (response rate: 24.7%)

■ Interview

- ▶ 33 animation firms

Outline of **game** industry survey

■ Survey period

- ▶ Questionnaire: 05/2002 - 06/2002
- ▶ Interview : 07/2002 - 11/2002

■ Questionnaire survey

- ▶ Sent : 441 game firms (all Japan)
- ▶ Returned: 54 (response rate: 12.2%)

■ Interview

- ▶ 49 game firms and 1 game school

T2.Locations in Japan

Prefecture	Animation		Game	
	no.	%	no.	%
Tokyo	220	80.9	309	72.4
Osaka	8	2.9	33	7.7
Others	44	16.2	85	19.9
Total	272	100.0	427	100.0

Source:

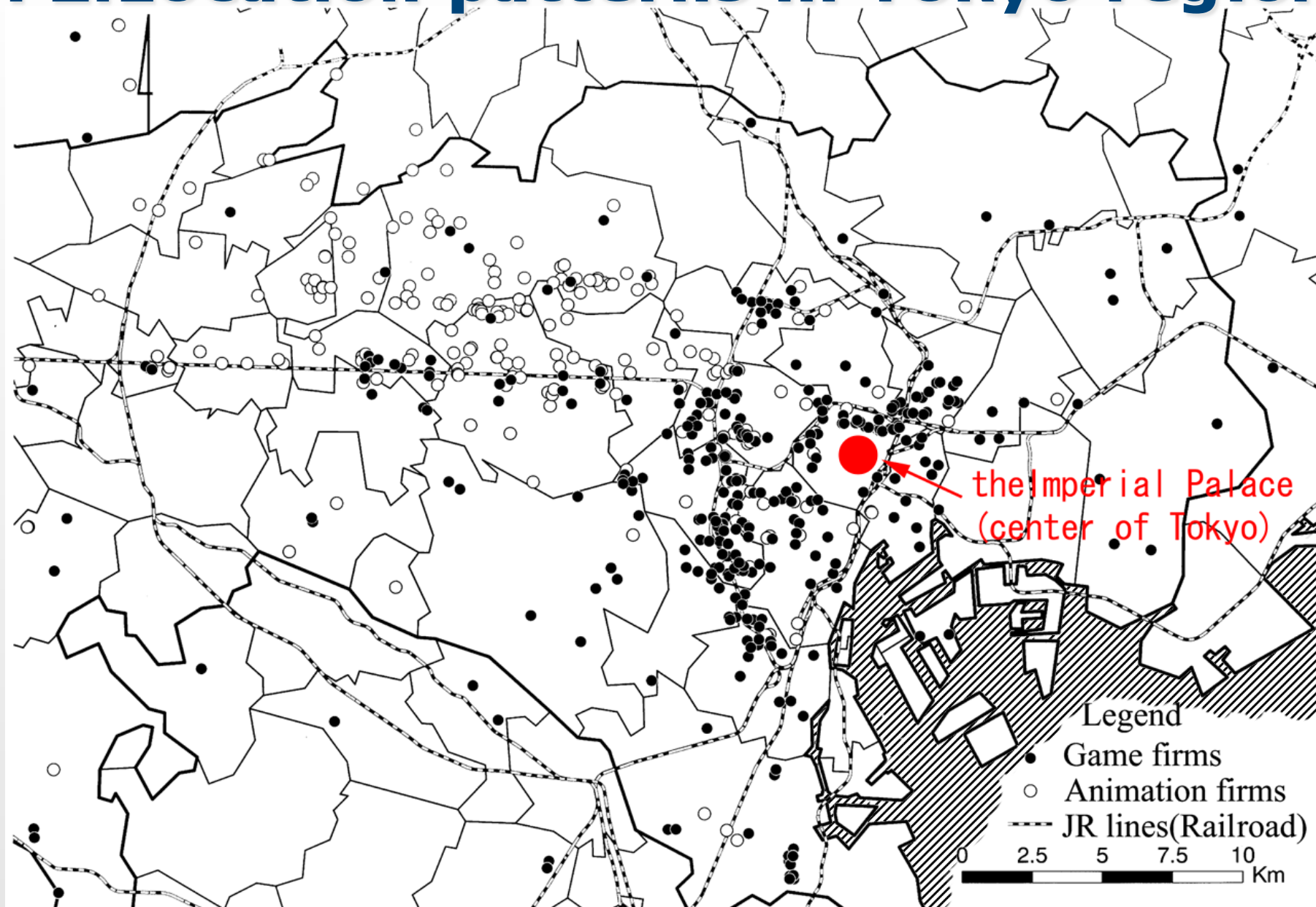
1) <http://itp.ne.jp> (in June and July, 2000)

2) Risuto seisaku iinnkai., eds., Animage anime pokketo deta 2000, Tokuma Syoten, 2000

3) Questionnaire survey.

4) Web site of each game company.

F2.Location patterns in Tokyo region



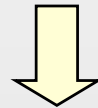
The characteristics of the **animation** distribution system

■ Distribution firms

- ▶ Key TV stations

■ Power over production sector

- ▶ **Strong**
- ▶ Why?: legal oligopoly because of a limit to airwaves



Typical distribution sector in cultural industries

The characteristics of the **game** distribution system

■ Distribution firms

- ▶ Console makers and some large software houses

■ Power over production sector

- ▶ **weak**
- ▶ Why?: Little incentive to make profits in distribution activity
 - Console makers: To control market and promote to sell consoles
 - Software houses: To save the cost of marketing their software products and obtain economies of scale by means of distributing other game software firms' products



Untypical distribution sector in cultural industries

T3.The size of the firms

Parameter	Category	Animation		Game	
		no.	%	no.	%
Total Sales (million yen)	0đ 100	20	39.2	13	23.6
	100đ 500	23	45.1	18	32.7
	500đ 1,000	2	3.9	2	3.6
	1,000đ 5,000	4	7.8	11	20.0
	5,000đ	2	3.9	11	20.0
Total in subset		51	100.0	55	100.0
Employment size (both temporary and permanent)	1đ 19	36	52.2	24	38.7
	20đ 49	20	29.0	12	19.4
	50đ 100	7	10.1	9	14.5
	100đ	6	8.7	17	27.4
	Total in subset	69	100.0	62	100.0

Source:

- 1) questionnaire survey
- 2) interview
- 3) the financial reports of each firm

Development

Plan

Preproduction

Plot
settings

Storyboard

Layout

Original picture

Production

Scene paint

Moving image

Scan

Digitization

Postproduction

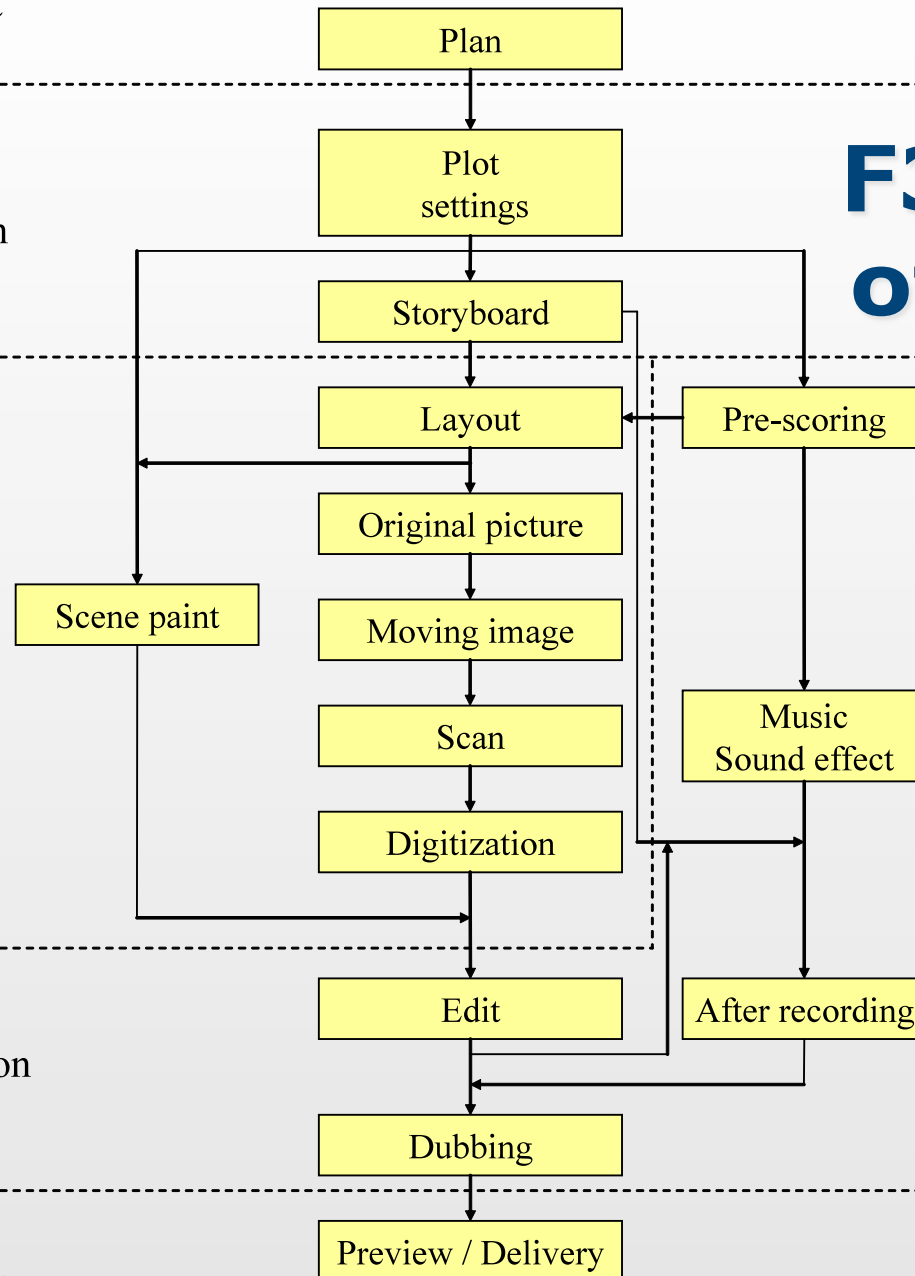
Edit

Dubbing

Pre-distribution

Preview / Delivery

F3.The flowchart of the **animation** production



Source: compiled by
presenter from

1) Nikkei BP sya gijyutsu
kenkyuu bu eds., *Anime
bijinesu ga kawaru*,
Nikkei BP sya, 1999,
p172.

2) URL: [http://
www.meti.go.jp/policy/
media_contents/
downloadfiles/producer/
New_Folder/3/03-17.pdf](http://www.meti.go.jp/policy/media_contents/downloadfiles/producer/New_Folder/3/03-17.pdf) 15
(8 August, 2004)

T4.The number of each firm's processes in the animation industry

Number of having processes	no.	%
1	23	32.4
2	11	15.5
3	7	9.9
4	5	7.0
5	4	5.6
6	7	9.9
7	7	9.9
8	5	7.0
9	2	2.8
Total	71	100.0

Note) In this case, the author divides processes into 9 parts: “plan”, “direction and scenario”, “original picture and moving image”, “scene painting”, “painting”, “voice and music”, “filming and development”, “assemble”, “CG” .

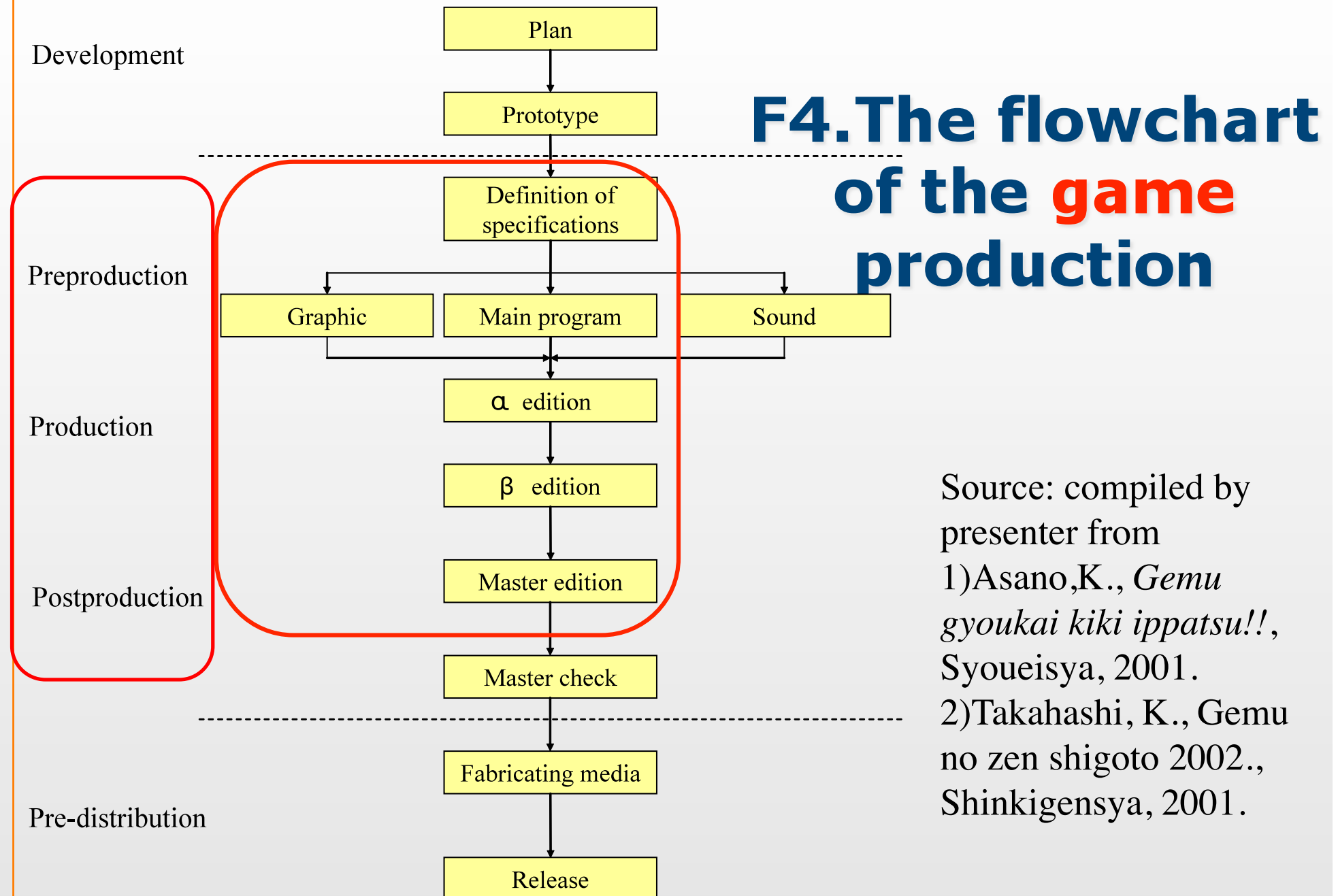
Source: questionnaire survey

T5.Outsourcing rate in the **animation** industry

Outsourcin rate (%)	Group U		Group D	
	no.	%	no.	%
0	3	9.7	9	40.9
0d 20	4	12.9	4	18.2
20d 50	8	25.8	4	18.2
50d 80	8	25.8	5	22.7
80d 100	8	25.8	0	0.0
Total	31	100.0	22	100.0

Note) It is defined that the firms having “plan” or “direction and scenario” are in the upstream processes (Group U), and that ones having other processes are in the downstream processes (Group L). Outsourcing rate

Source: questionnaire survey



Source: compiled by presenter from

- 1) Asano, K., *Gemu gyoukai kiki ippatsu!!*, Syoueisya, 2001.
- 2) Takahashi, K., *Gemu no zen shigoto 2002.*, Shinkigensya, 2001.

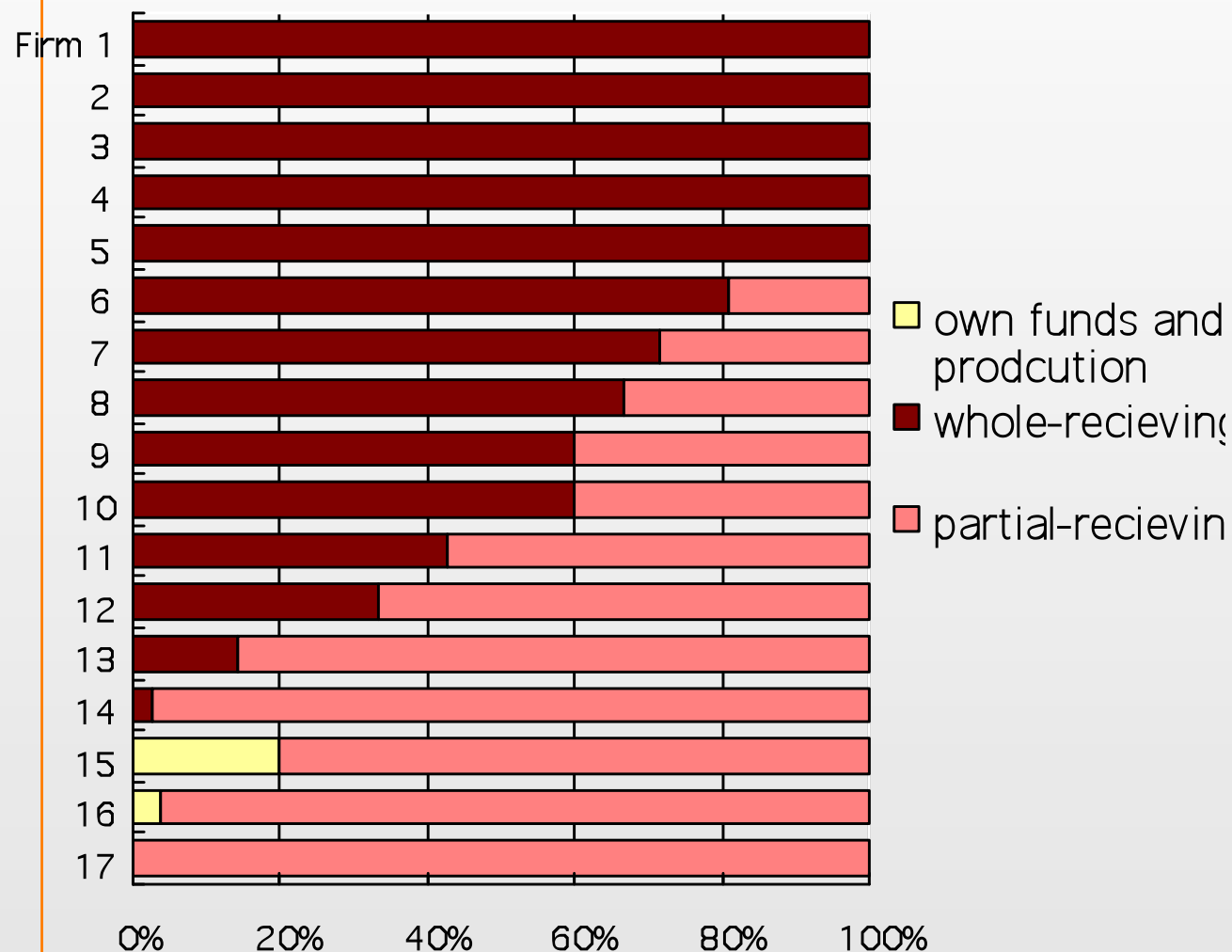
T6.The number of each firm's processes in the **game** industry

Number of having processes	no.	%
1	2	3.7
2	6	11.1
3	3	5.6
4	5	9.3
5	10	18.5
6	16	29.6
7	12	22.2
Total	54	100.0

Note) In this case, the author divides processes into 7 parts: “plan”, “system development”, “coding”, “graphic”, “CG movie”, “sound and music”, “debugging”.

Source: questionnaire survey

F5. Classification of receiving orders of the game developers in Tokyo Metropolitan area



Note) The number of the titles (from 1999 to 2001) classified by types of orders is counted.

Source: questionnaire survey

The characteristics of production process

Animation

- ▶ **Clear** boundaries between each process
- ▶ **Developed** vertical disintegration or division of labor
- ▶ About a half of firms have **only one or two** processes
- ▶ **Multi-layered** transactions

Game

- ▶ **Obscure** boundary between each process
- ▶ **Only a few or none** subcontractors participate in one game software production
- ▶ **Most firms have all processes**, specialized firms always exist in exceptional processes (mainly CG movie, sound and debugging)
- ▶ **Single-layered** transactions

Discussion on the agglomeration factors

■ Animation industry

- ▶ Proximity to the distribution firms is **important**
- ▶ **Flexible specialization theory** meets
- ▶ **Dense** networks of firms and labors

■ Game industry

- ▶ Proximity to the distribution firms is **not important**
- ▶ Convenience of partial-transactions
- ▶ **Huge local labor market** due to mid-career labors' preference to working in central area of Tokyo
- ▶ **Thin** networks of firms and labors



In short

Game firms have **fewer** inter-firm relationships and **less flexibility** in changing subcontractors than animation firms

Discussion on the agglomeration advantages

■ What is the flexibility for?

- ▶ It is useful for the **efficiency** in production
- ▶ In-house production is **most effective** for creativity, but needing fixed-costs
- ▶ Cultural industry firms **compromise** between creativity and efficiency in production.



In this sense

Deciding locations, the **animation firm** values **efficiency** rather than creativity, while the **game firm** values **creativity** rather than efficiency



In other words

■ The essence of each agglomeration advantage

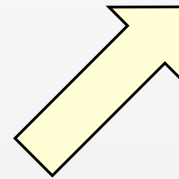
- ▶ Animation: **efficiency**
- ▶ Game: **creativity**

Game and Animation Originated from Comics 1

Comics



Animation

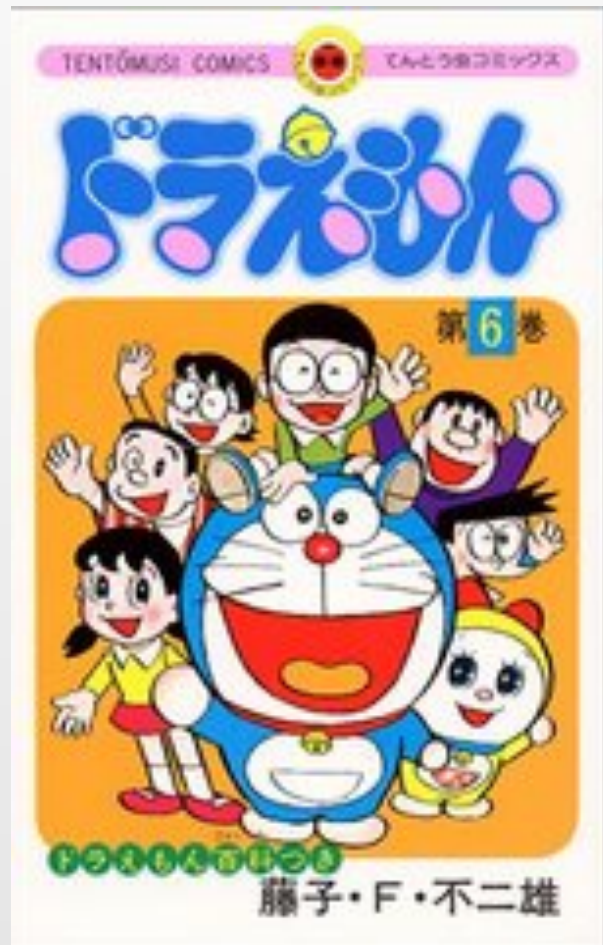


Game

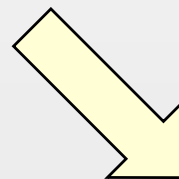
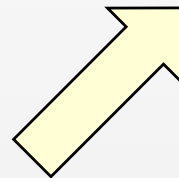


Game and Animation Originated from Comics 2

Comics



Animation



Game



Conclusion

■ Inter-firm relationships

- ▶ Agglomeration factors are different in each industry
- ▶ Distribution system and production process affect these factors
- ▶ The characteristics of the agglomeration are determined by those of the inter-firm relationships

■ Urban Resources

- ▶ The other industry supports and cooperates with a cultural industry
- ▶ Some industry compensates a cultural industry for its creativity
- ▶ Creative people is attracted by urban fascination



The agglomeration of the cultural industry is **not** explained by simple factors **but** amalgam of efficiency and creativity