

Involution: a perspective for understanding the Japanese animation's domestic business in a global context

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Abstract: This paper proposes the concept of ‘involution’ as a perspective to understand the socioeconomic dynamics of the domestic business practices within the Japanese animation (anime) sector in relation to its overseas performance. There is a counterintuitive gap between the prevalent assumption that anime is globally popular and its weak overseas performance. Leaving the detail of anime’s business aspects relatively unexamined, the literature on anime has particularly failed to address the ‘inward-looking’ feature of the business of the Japanese anime sector. This paper, based on long-term fieldwork of the business players in the Japanese anime sector in Tokyo, suggests ‘involution’ as a key concept to fill this void. This concept, developed by anthropologist Clifford Geertz, refers to the process by which a group develops internally by sticking to existing modes of operation rather than by opening up to the outer world. This paper depicts how we might understand the socioeconomic dynamics of the Japanese anime sector’s mainstream domestic market centrist mode of operation in the context of involution. It also explores how the concept could catalyse us to envision the alternative future of anime, other than assuming anime’s global popularity: the involuting Japanese anime sector might be allowing Euro-American and Chinese Internet conglomerates to intervene and take over, turning the Japanese anime sector into one of their subcontractors from which they can exploit the sector’s creativity.

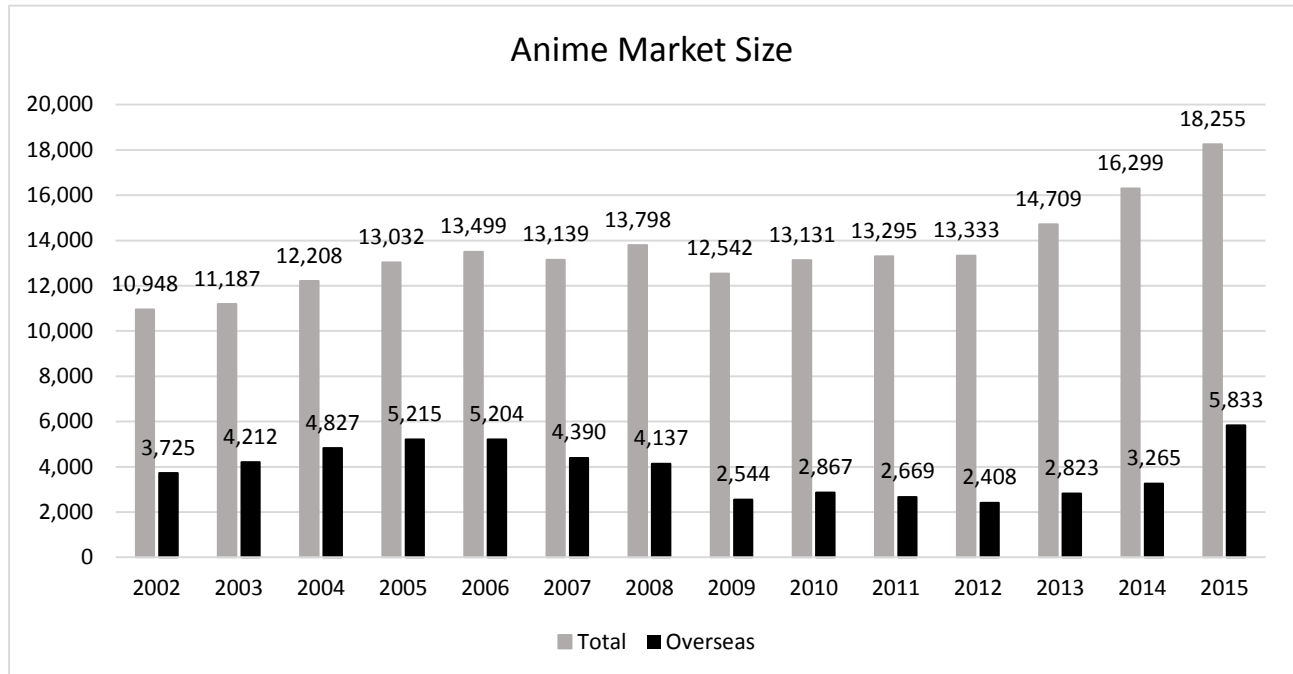
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Introduction

Over the past two decades, Japanese animation (anime) has become one of the most popular discussion topics in and outside Japan. Anime has become one of the most globally prevalent elements of Japan, influencing the world’s entertainment, creativity, and youth culture. It is now one of the crucial lenses through which people interested in Japan can examine the country’s presence in the world.

Many reports, articles, and books attest to anime’s growing global popularity. The journalist Douglas McGray suggested that the growing influence of Japan’s popular culture (including anime) on the world was making Japan a global cultural superpower (McGray 2002). Anime has been celebrated for its influence on Euro-American creativity (e.g. Sugiyama 2006). The number of attendees to anime conventions held outside Japan is reported to be growing (e.g. Sudo 2017, pp. 175-176). As anime spreads world-wide, it has everywhere changed its audiences’ lives and lifestyles (e.g. Allison 2006). Given such an increasing impact on the world, one might assume that the future of anime must be bright.

Figure 1: The development of the market size of anime



(Source: the author based on AJA 2016, p. 150; in 100 million yen)¹

When we turn our eyes to the business aspect of anime, however, we see the very different picture presented by the weakness of anime's global performance. Figure 1 shows the shift in the market size between 2002 and 2015 of the Japanese anime sector as a whole (sales from the end-users regarding anime and its related business: AJA 2016, p. 150). The grey bars on the left represent the total revenue of the sector, and the black bars on the right show the revenue from overseas markets (included in the total). What we can see from these figures is the considerably small share of overseas revenue within the sector's overall revenue, and the highly volatile ups and downs experienced by the overseas revenue between 2002 and 2015. Overseas revenues have never reached 40% of the overall business of the Japanese anime sector (2005 being the exception). This performance forms a sharp contrast with Japan's game sector, which has been earning about 46-90% of its revenue from overseas markets over the same period (METI 2016, p. 7). It also contrasts with the American film sector, dominated by 'Hollywood major'² (with which the Japanese anime sector and its advocates dream of catching up), which has been generally understood as earning more than 50% of its sales from outside North America (e.g. Kawashima 2009, pp. 137-138). The amount received by the Japanese anime sector from overseas revenue is surprisingly unstable: it first peaked in 2005, experienced 'recession' during the late 2000s and early 2010s, and then suddenly went up again in 2015 (experiencing about 78% growth from the previous year) to exceed the peak it had previously reached in 2005. That record-

setting overseas revenue in 2015 was, however, still about 32% of the sector's overall revenue. One can strongly infer that the Japanese anime sector continues to rely heavily on the domestic market, performing only weakly on the overseas stage.

When observing such realities, one may wonder how it could be possible for the Japanese anime sector to be so globally weak at the same time as it is euphorically celebrated as being globally popular. What is happening in the business of the Japanese anime sector? What makes its business so domestic, and what impedes the sector in cultivating the overseas market? How can we assess the future of anime in terms of its business?

Previous literature on anime has not sufficiently addressed these questions. It has left anime's business aspects relatively unexamined. Since its global rise, anime has been approached from various perspectives, including film studies/text analysis (e.g. LaMarre 2009, Napier 2005), media and communication studies (e.g. Steinberg 2012), political economy (e.g. Daliot-Bul 2009, Otmazgin 2013), cultural studies and globalisation (e.g. Iwabuchi 2002), and fandom/consumer studies (e.g. Allison 2006, Ito 2012a, 2012b, Leonard 2005). This literature tends to be predominantly interested in understanding how anime is created, read, and consumed, while neglecting a detailed examination of how anime is managed as a business: it even states that '[i]nvestigating anime as a cultural force is even more fascinating than inquiring into its commercial aspects' (Napier 2005, p. 8) and emphasises the significance of not following the money when approaching anime (Condry 2013, p. 2). The limited literature on the business-managerial issues of anime includes the ethnography of entry-level production operators at anime production studios in Tokyo (Morisawa 2015) and works regarding the role of anime in facilitating Japanese inbound tourism (e.g. Seaton and Yamamura 2015). These works nonetheless rarely address the socioeconomic dynamics of the anime business on how the players in the Japanese anime sector coordinate their business, and how such behaviours impact anime's overseas performance and future.

In the practical circle of anime business and policy, the Japanese anime sector's 'inward-looking' (*uchimuki*) attitude (e.g. Sudo 2017, pp. 193) is often pointed out as impeding its members from establishing their business channels outside Japan, failing to 'fully transform' anime's 'attractiveness into business' in the global marketplace (METI 2015, p. 2). It seems that the Japanese anime sector has long been (and still is) indifferent to the growing demand for anime beyond the Japanese national border. Anime business players are considered as latecomers in the worldwide enthusiasm for anime, whose groundworks were laid not so much by the sector's strategic market cultivation as by the overseas anime fan's altruistic but unauthorised distribution of anime works through their grass-roots networks (in the physical form of videotapes in the pre-Internet era, and in the electronic form of 'fansubs'³ in the post-Internet era) (Condry 2013, Leonard 2005). The Japanese anime sector's minor and reactive attempts to capitalise on anime's overseas popularity (e.g. Mihara 2010, Mihara and Yamazaki 2010) have mostly borne little or no fruit (as statistically shown in Figure 1). The sector is

also mostly indifferent (or even hostile) towards the public support for developing its business overseas, including the Japanese government's, especially METI's (the Ministry of Economy, Trade and Industry), 'Cool Japan' policy (an export promotion policy targeting creative industries). Although the policy has been trying to provide financial and other support to help the Japanese anime sector establish anime's global distribution infrastructure (Mihara 2014), hoping anime's global popularity will reboot Japan's currently stagnating economic growth, the Japanese anime sector's sentiment towards such initiatives seems to be that the government should leave the sector alone as their intervention will damage anime's creativity (see Daliot-Bul 2009, Ōtsuka and Ōsawa 2005). In what terms their business is 'inward-looking', especially at the level of daily business practices, and how such attitudes impact on the performance of their overseas business, is nonetheless rarely examined in detail.

This paper proposes a perspective through which we might understand the socioeconomic dynamics of the Japanese anime sector's domestic business practices in relation to its overseas performance: the concept of 'involution'. This concept was developed by the anthropologist Clifford Geertz (1963), and refers 'to a changing process in which an organism facing external impingement for change turns inward and increasingly elaborates existing modes of operation and internal relationships rather than turning outward and adopting new modes' (Lü 2000, p. 263). This paper depicts how the Japanese anime sector's mainstream domestic market centrist mode of operation is becoming more and more intense in the midst of growing external and peer pressure to globalise. It also shows how we could understand such socioeconomic dynamics in terms of the concept of involution, and explores how such concept could catalyse us to envision the alternative future of anime (other than euphorically assuming its future to be bright).

The above perspective has been generated as a result of the fieldwork I conducted for 12 months over 2014-2015 in Tokyo, Japan (and subsequent follow-up research).⁴ As is shown below, Tokyo is virtually the only city where the Japanese anime industry has accumulated, and is the very source of anime's global flow. The fieldwork includes the participant observation of a start-up venture (referred to by the pseudonym 'DTA' in this paper) that tries to expand anime business into the Asian emerging markets. It also includes the interviews to the sector's more than 30 business players to whom I asked their visions, stances, and practices in anime's overseas business. The range of my fieldwork interlocutors was designed to be diverse: they include executives of big and small anime companies, a middle-manager of a middle-size anime company, independent and organisation-affiliated producers, experts on anime business, and an entrepreneur who had recently joined anime from outside the Japanese anime sector. The list of the key fieldwork interlocutors is shown in Figure 2.

Figure 2: List of key fieldwork interlocutors

Interlocutor number	Background	Date of observation/interview
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1	Entrepreneur who started DTA	Throughout the fieldwork term
2	Producer of an anime production studio (informally collaborating with DTA)	Throughout the fieldwork term
3	Person in charge of the legal affairs of anime companies and anime production committees	July 2014 and April 2015
4	CEO of a small-size anime producing company	July 2014
5	Executive of a big anime company	February 2015
6	Producer of a TV station in charge of its anime channel	February 2015
7	Middle manager of an anime merchandising company	February 2015
8	Independent anime producer	February 2015
9	Film producer	March 2015
10	Representative of a governmental agency in charge of the Cool Japan policy	March 2015

The fieldwork was an exploratory attempt to find the preliminary analytical clues through which we could develop our understanding of the anime business's socioeconomic dynamics. I do not claim that this paper comprehensively explains the business of anime, especially its involutionary dynamics, in a perfectly positivist manner. Japanese anime is a highly complex, decentralised, multifaceted sector that refuses any kind of analytical simplification. However, I do intend to argue that this paper at least depicts certain 'partial truths' (Clifford and Marcus eds. 1986) regarding the Japanese anime sector. This research, including my fieldwork, provides the perspective for interpreting the business of the Japanese anime sector in a way that allows us to think differently about it.

The Japanese anime sector in Tokyo

The players in the Japanese anime sector develop anime business projects on the basis of their spatial cohesion in Tokyo (cf. Hanzawa 2001, Wakabayashi et al. 2009). The sector generally seems to share the spatial characteristic of creative industries accumulating in large city areas: since creative business projects are in many cases coordinated on a project basis (project members will disperse after a project finishes and go on to become members of different projects), relevant players are incentivised to reside closely to each other in order to carry out their businesses smoothly (cf. Goto 2013). The anime business is a multi-party project involving not only anime production studios but also manga publishers (which provide the original work for anime), TV stations (which air anime episodes), music companies (which provide anime's background music and theme songs), advertising agencies (which promote anime), and so on. All such relevant players are in close proximity in central Tokyo (i.e. in the 23 Wards of Tokyo: see, for example, Tokyo Metropolitan Government 2010, p. 6, AJA

2016, p. 71).

The current business mode of developing anime projects is the production committee model, in which multiple relevant players enter into a partnership agreement to create and develop anime projects as a business (cf. Taniguchi and Asou 2010, p. 98). This coordination is necessary for project participants to cope with the risk and opportunities involved in the business of anime. As with other creative industry sectors (cf. Caves 2000), the level of risk in the anime business is high. It is extremely difficult to predict what kind of anime will succeed, and the cost of producing anime is driven up mainly due to the labour-intensive nature of the shows. Many players are SME-sized (or at least much smaller than the Japanese big national brands), and each player is unable to incur the whole cost of the project by themselves. On the other hand, there are many possible secondary uses of anime (such as using its characters on products), and such opportunities are attractive for many players. They thus join together in the form of a production committee, sharing costs while aiming to maximise its benefits from the anime project (cf. Joo *et al.* 2013, p. 15, Taniguchi and Asou 2010, pp. 98-99). Each player invests in the committee and incurs a part of the project's cost. They share the rights generated from the project, and each player exercises a certain right related to anime as a business. For example, when a video maker invests in an anime project, they get the right to make videograms of the anime episodes. In the same manner, a toy maker will make toys, a game maker will make games, and so on, using elements of the anime project in which they have invested (cf. Taniguchi and Asou 2010, pp. 75-76, 80-85).

The general picture of the flow of an anime business project under the production committee model is as follows. The financial resources are aggregated in a production committee. Using this budget, the production committee outsources the creation work to the animation studio, which hires or outsources the creative human resources (such as directors, playwrights, sound directors, animators, and voice actors/actresses) to make the anime shows. When they finish making anime episodes, they deliver them to the TV station to be aired. After airing the anime, which makes the anime and its characters widely known to the public (the fans), the anime business players start to make and distribute relevant goods to monetise on that popularity and recoup the costs of creating the work. Committee meetings are held on a regular basis, normally in a conference room provided by one of the members. All the representatives from the production committee member companies attend the meeting, and they collectively discuss various managerial issues involved in their anime project, including reporting on the sales of relevant goods, checking the quality of the merchandising, and considering new business directions. The committee will disperse, or simply become inactive, after the dust of the anime project settles, and each member will move on to another anime project in alliance with different partners (Interlocutor 2).

The 'enigma' of domestic market centrism

The fieldwork in the Japanese anime sector detected what I refer to here as its 'domestic market

centrism': the sector's tendency to prioritise the Japanese domestic market and treat overseas ones as peripheral. Its dynamics could be characterised as what sociologist Howard Becker (1982) calls a 'mixed blessing' (p. 6) in optimising and conventionalising its mode of operation to the Japanese domestic market.

[...] by using other than the conventional means of distribution or no channel of distribution at all, artists suffer some disadvantages, and their work takes a different form than it might have if regular distribution had been available. They usually see this situation as an unmixed curse, and hope to gain access to regular channels of distribution, or whatever other conventional facilities they find unavailable. But since [...] the regular means of carrying on support activities substantially constrain what can be done, not to have them available, inconvenient or worse as that may be, also opens up otherwise unavailable possibilities. Access to all the regular means of doing things is a mixed blessing.

(Ibid.)

What I observed in the fieldwork is that the Japanese anime sector's domestic market centrism is making overseas business an 'unconventional' practice, which requires players suffer considerable 'disadvantages' in doing it, although cultivating overseas markets may open up 'otherwise unavailable possibilities' for the Japanese anime sector.

During my fieldwork, many anime businesspeople pointed out that overseas business is marginal to their business project agenda, and admitted that their main focus is on competing with their rivals in the Japanese domestic market. The dominant understanding of the players in the Japanese anime sector was that the Japanese domestic anime market is (still) big enough to support the sector as a whole. It is not even 'economically rational' for the Japanese anime sector to try and reach out to prospective consumers overseas because Japan is the world's third biggest economy (Interlocutor 9). According to some players, the fact that anime business generally still relies heavily on domestic TV stations is relevant to this priority. Domestic TV is anime's first 'window' for being aired; their primal interest is in winning the ratings race against other rival stations in Japan (Interlocutor 8). Since their programmes (including anime shows) are only aired within Japan, anime's committee business is hugely gravitated and optimised towards the Japanese domestic market (cf. Mihara 2010). This bias of the Japanese anime sector's business towards the domestic market was in fact the very reason for DTA to start its venture business: it tried to 'innovate' the sector by changing its business flow from domestic market centrist to overseas market oriented (Interlocutor 1 and 2).⁵

In the everyday work of anime production committees, overseas businesses often seem to be outsourced to overseas external agents and relegated outside their main scope. The relationship between anime production committees and overseas agents that I detected during my fieldwork could be summarised as follows. Anime production committees routinely license out 'overseas business rights' (the right to make anime's videograms, to stream the anime, to produce the anime's

merchandise, and so on) generated by their anime projects to overseas agents (in the United States and Hong Kong, for example) and let these agents develop the rights for them (for example by selling the rights to overseas TV stations and merchandisers). Once they are licensed out to the agents, and once they get minimum guarantees of those rights from the agents, the production committees lose interest in the agents' performance and in further developing those rights in foreign markets. The anime production committees rarely attempt to sell their overseas business rights to overseas markets themselves. One interlocutor stated, typically:

The anime shows aired on the channel during my term were mainly targeted at Japanese domestic anime audiences. [...] They had a low affinity for overseas markets. The basic way for the production committee of each anime show to expand their businesses overseas was to license out the rights to the overseas distributors and leave the overseas business to them (*omakase*). The committees didn't peddle their anime overseas by themselves. We first got MG (minimum guarantee) from the distributors at the time we licensed out the rights to them, and the contracts said that the committees could get a certain percentage of the revenues that the distributors generated in the overseas markets after they recouped the costs of developing the overseas business rights. However, we never received such additional revenues from them. The committees were not even informed by the distributors how much they produced in sales in which countries, or in which countries their anime shows were aired. Moreover, the committees could not spend any money to visit the distributors' office to acquire such information.

(Interlocutor 6)

It seems that to outsource the cultivation of the overseas market to overseas agents – rather than doing it themselves – is the Japanese anime sector's 'routine' in carrying out its anime business (Interlocutor 5). This practice seems to be so conventional that the Japanese anime sector seems not to take research on overseas anime business seriously if it does not ask any questions about overseas agents.

This convention also seems to have resulted in an oligopoly over the overseas business rights of Japanese anime controlled by a limited number of overseas agents, which prevents such rights from being traded openly in the global marketplace (such as international trade shows) (Interlocutor 3). I also found during my fieldwork that the value of the overseas business rights of anime projects is considered to be extremely low by the anime production committees, and that these are sold at low prices to overseas agents (although the actual prices were not disclosed) (Interlocutor 3). This seems to be due to the anime production committees' indifference and inability to maximise their value and price, and the fact that the committees are uninterested and unable to check the agents' performances, enabling existing overseas agents to hold down the price of the overseas business rights.

Management scholar Hugh Whittaker (1997) uses the term 'friendly rivalry' (p. 14) to describe the socioeconomic relationship between the manufacturing SMEs accumulating in southern Tokyo, and

this phenomenon was also observed in the business coordination of anime production committees, preventing committee members from trying to raise the value of their overseas business rights together. Many players in the Japanese anime sector suggested to me during my fieldwork that an anime production committee is not monolithic in carrying out its anime business. Rather, the members of the same anime production committee are ‘friends but rivals’ (*nakama dakedo raibaru*): although they carry out the same anime project together, they know that each member is likely to ‘steal a march’ (*nukegake*) on the others at any time and pursue or secure their self-interest at the expense of other committee members. This is why they frequently hold *nomikai* (drinking sessions): they ostensibly hobnob together in a friendly manner but probe under the surface for the true intentions of their fellow committee members (Interlocutor 7). I have already mentioned that under the production committee system each member exercises a certain right related to anime in their businesses. This ultimately means that a video maker cares *only* about making videograms, a toy maker cares *only* about making toys, a game maker cares *only* about making games, and *nobody* cares about doing business overseas. Representatives of each member company are employees sent to participate in the anime production committee (and attend committee meetings). The top priority of such a representative is not so much to maximise the profit of the committee as a whole, but to maximise the profit of the company he/she belongs to (Interlocutor 8).

The marginality of overseas issues in the works of anime production committees is often attributed to the lack of established distribution platforms for their business in the overseas markets (Interlocutor 4: see also Mihara 2010), and the over-competition in the Japanese domestic anime market that deprives the committee members of the time to contemplate overseas business.

Why are Japanese anime industries reluctant to cultivate overseas markets? There are several reasons. One reason is that they are too busy handling their domestic anime works at this precise moment to think about the overseas market. From my own experience in anime-related works, it is true that it is absolutely impossible to have time for overseas issues.

The other reason is because there are no established distribution channels for the overseas market. For the domestic anime market, the system for distributing and using their anime work commercially is established. If you toss your anime works into such a system, they will almost automatically spread nation-wide. Such a system is not established in the overseas market. [...] The Japanese anime industry does not have the system into which they could throw their anime works and spread them world-wide.

(Interlocutor 3)

Under such conditions, proposals to develop overseas businesses other than by outsourcing them to overseas agents seem strongly discouraged in the everyday work of anime production committees. One anime producer told me that anime committees often allow themselves to consider developing

their business overseas only after they have succeeded in the domestic Japanese market. He lamented that ‘the level of accountability’ in the overseas anime business was extremely high compared with that in the domestic anime business: although the anime sector is generally tolerant of failures in the domestic market, the sector does not allow for anime projects to fail overseas (Interlocutor 8). Many players told me that the revenues from overseas markets are considered no more than a ‘bonus’ in their anime projects (cf. Sudo 2017, p. 193).

One of the prominent characteristics that could be highlighted in the above ‘conventional’ mode of operation in the Japanese anime sector is its highly paradoxical insistence on remaining in its domestic market. It is paradoxical because, throughout my fieldwork, nobody in the sector denied that the Japanese domestic anime market will shrink in the mid- to long-term (e.g. Interlocutor 3) due to the low birth rate and rising longevity, which means that the numbers of Japanese youth (the sector’s central customers) are decreasing (Interlocutor 7). Nor did anyone deny that overseas markets are becoming an important alternative source of income for the sector (Interlocutor 3 and 5). It is also evident to virtually everybody in the Japanese anime sector that some anime business projects have succeeded in cultivating the overseas market and establishing their own distribution channels. The most famous case is *Pokémon*, which earned roughly the same amount of money from the US, Europe and Asia, including Japan (about ¥1 trillion each: see, for example, Humanmedia 2013, p. 30). If that is the case, how can players justify the Japanese anime sector’s domestic market centrism? Is it really ‘economically rational’ for the anime sector to stick to a shrinking market and ignore the growing ones? How can one conclude that anime’s overseas business rights have low value, without even trying to maximise their prices by themselves, particularly when some of their peers have succeeded in this?

One anime producer described this paradox as the Japanese anime sector’s ‘enigma’ (*nazo*). He wondered what made the Japanese anime sector concentrate on a domestic market its members themselves well know (at least theoretically) to be futureless, and what prevented the sector from changing its current way of doing business to optimise its business model to an overseas market in which its members know their future lies (again, at least theoretically: Interlocutor 8). The players in the Japanese anime sector know what they should do, but they can’t, or don’t want to, take action.

This situation appears unsatisfactory for those who see uncultivated potential in the overseas market, in other words those who aspire to open up anime’s ‘otherwise unavailable possibilities’. During my fieldwork, some players in the Japanese anime sector showed grave concerns over the sector’s conservative attitudes of rejecting change. This attitude was one of the biggest barriers hindering DTA in its attempts to involve the players in the sector in their business: the more dominant and mainstream the players in the Japanese anime sector become, the less they are incentivised to embark on ‘risky’ business in growing Asian countries (Interlocutor 1). According to one anime producer, the reason for this is simply that it is safe to stick to the current business model, which minimises the players’ risk of being responsible for breaking convention in coordinating their anime

business. ‘But if you keep on avoiding that kind of risk,’ the producer says, ‘you will accumulate more fatal risk in the long run – the risk of losing your income resource as a whole’ (Interlocutor 2).

This enigmatic domestic market centrism is indeed a ‘mixed blessing’. Although everybody in the sector knows that the current situation is killing them slowly, and although they know that there are ways to escape it which lead them to the growing opportunities, they stay in the current structure, willingly or unwillingly, because it keeps them safe and alive – at least for now.

The Japanese anime sector involuting

Here we observe the tautological ‘circular flow’ (Schumpeter 1934, p.71) of the logic and practice of domestic market centrism. Does the existence of the established system make the sector busier and busier in its domestic anime business, or has the sector only become optimised to the Japanese domestic market because that is the only market in which the sector is interested? Does the lack of an established system to develop overseas anime business make the sector indifferent to such business, or is it because the sector is indifferent to overseas business that a system for it has never been established? This chicken-or-egg controversy overlaps with what anthropologist Fredrik Barth (1966) called the ‘skipper’s dilemma’ (p. 10). Barth ethnographically depicted the strong tendency of the herring-catching vessels off the coast of Norway to follow other vessels rather than the herring itself in deciding where to fish:

The pattern of movement of vessels on the fishing banks is so extreme that it cannot fail to strike an observer immediately: the several hundred vessels of the fleet constantly tend to congregate in small areas of the immense, and potentially bountiful, expanse of sea; most attention is concentrated on discovering the movements of *other vessels*, and most time is spent chasing other vessels to such unplanned and fruitless rendezvous.

It is for the skipper to take the decision of choosing the vessel’s course [...]. There can be no doubt that a vessel’s chance of finding herring is greater if it strikes out on its own than if it follows other vessels. [...] But if a skipper, without special information to justify the move, decides to go elsewhere than where other vessels go, he demands more trust in his transaction with the crew. [...] The skipper also risks more by not joining the cluster: if a few vessels among many make a catch, the crew and the netboss can claim that it might have been them, had the skipper only given them the chance. If the vessel on the other hand follows the rest, they are no worse off than most, and the onus of failure does not fall on the skipper.

(Ibid., emphasis in the original)

The way a vessel chronically loses the chance to strike out ‘on its own’ to profit from the ‘immense, and potentially bountiful, expanse of sea’ by focusing too much on competing with rival vessels, thus

leading to all the vessels congregating ‘in small areas’ of the ocean, forms a striking parallel with the way the Japanese anime sector is prevented (or prevents itself) from cultivating the overseas market. The Japanese anime sector accumulating in Tokyo similarly seems so concentrated on its domestic ‘friendly rivalry’ that it is failing to head itself off its circular flow of domestic market centrism.

I would argue that this spiral of domestic market centrism in the Japanese anime sector is ‘involuting’. In other words, the Japanese anime sector is sticking more than ever to its way of carrying out the anime business by concentrating on the Japanese domestic market: this is leading the sector to a position that allows global distributors to take over, and not to the position that enables it to proactively distribute its works and products globally. The Japanese anime sector as a whole seems to be becoming subordinate to globalisation: it is becoming little more than one of the many subcontractors of the global entertainment conglomerates rising in Euro-American and Asian countries.

The term ‘involution’ seems to have become a common term in social science to ‘refer to a changing process in which an organism facing external impingement for change turns inward and increasingly elaborates existing modes of operation and internal relationships rather than turning outward and adopting new modes’ (Lü 2000, p. 263). The concept was famously developed by the anthropologist Clifford Geertz (1963) to explain the development or survival pattern observed in the Javanese farming villages in colonial and post-colonial Indonesia in the 1950s and 1960s. Borrowing the concept from anthropologist Alexander Goldenweiser (1936), Geertz defined involution as ‘the overdriving of an established form in such a way that it becomes rigid through an inward overelaboration of detail’ (Geertz 1963, p. 82). He depicted how the Javanese agricultural system had failed ‘either to stabilize or transform themselves into a new pattern but rather’ continued ‘to develop by becoming internally more complicated’ (p. 81) to absorb the growing surplus labour that could not be absorbed by the country’s tiny industrial sector, and to cope with the pressure of globalisation led by Dutch colonial corporation.

The concept of involution has been employed by a number of social scientists interested in organisational or social change, and applied (partially or wholly, and with or without explicitly referring to Geertz) to a number of sectors, clusters and organisations. They include the post-Soviet Russian economy (Burawoy *et al.* 2000), the Chinese Communist Party (Lü 2000), SME manufacturing clusters in Nigeria (Meagher 2007), and urban slums (Davis 2004). Sociologist John Lie (2014) once briefly argued that the ‘involved’ nature of Japanese popular music market impeded the entry of the Korean popular music business. Such mechanics, according to him, included highly established domestic business conventions supported by tightly interconnected network of major domestic players, and the fierce competition within that closed system (pp. 12-14). Although these features generally seem to be in parallel with those of the Japanese anime sector, Liu nonetheless used the concept to contextualise the market’s protectionist mechanics *vis-à-vis* Korean music business, and did not apply it to examine the globalising of Japanese popular music business itself (which is

the main perspective adopted by this paper in terms of anime).⁶

Sociologist Kate Meagher's work (2007) regarding the chronological impact of involution on the Nigerian SME manufacturing clusters *vis-à-vis* their global socioeconomic environment is worth referring to for the purpose of this paper. Focusing on three manufacturing clusters (weaving, shoe and garment clusters) in two different regions of Nigeria, she depicts how 'the challenges of liberalization and globalization,' with the 'state neglect' to mitigate them, 'have triggered the process of involution' in the clusters. The features of their involution include 'an intensification of low-road strategy of copying, undercutting, sweated labour and declining quality,' 'a dynamic of under-training, high labour turnover and extreme competition,' and '(t)echnical regression [...] owing to poor facilities and a downward spiral of low prices and low incomes' (p. 496). She also depicts how such 'involutionary dynamics' within the Nigerian manufacturing clusters 'have been accompanied by' a process driving them to become 'nodes' of a more informal and exploitative side of the global commodity chain (such as 'smuggling networks') that operate 'under the radar of the global trading system' (p. 497). This has further allowed the transnational and global religious organisations (such as Pentecostal Christianity) to intervene in the clusters for such organisations to 'provide alternative support linkages': the clusters' approach towards such global organisations has 'emerged as a means of securing channels of access to resources in the face of collapsing markets' (p. 498).

There is a striking parallel (and overlap) between the Japanese anime sector's dynamics in the circular flow of domestic market centrism and the features of 'involution' depicted above: the sector's domestic market centrist mode of operation is becoming more and more involuntarily intense. As one interlocutor straightforwardly depicts:

As for overseas market cultivation, we just can't do anything because the more we try to do something, the more we lose our money in the current situation. We know that we will not be able to stand in the mid- and long-term if this goes on, but we cannot take any specific actions right now.

(Interlocutor 3)

This vividly suggests that the Japanese anime sector is currently caught up in the 'incoming involutionary tide' (Burawoy *et al.* 2000, p. 47) of domestic market centrism, with its irresistible institutional inertia imposed on everyday anime business practices. Similarly, in his book on current anime business trend in Japan, journalist Tadashi Sudo (2017) introduces a metaphor for the Japanese anime sector's persistence in adhering to its shrinking Japanese domestic market: the sector is 'playing musical chairs while the number of chairs are decreasing' (p. 193). The point here seems not only that the number of chairs are decreasing, but also that the sector is still following the same rules within the game of musical chairs.

Chronologically speaking, some minor attempts have been made by the Japanese anime sector to cultivate overseas market in 2002-2006 (as shown in Figure 1 in the growth of overseas revenue). Some players who saw their business' 'otherwise unavailable possibilities' in the rising popularity of anime overseas (and in *Pokémon*'s global hit that started to take place from the early 2000s) tried to establish their business infrastructure in the overseas markets, especially in the US market: this included establishing US branches and contracting with localisers and distributors there (such as DVD mass retailers) to sell their works on the US market. These attempts nonetheless virtually ended in failure, not only because of the sector's domestic market centrism, but also because of the rise of the Internet (this made DVDs – which the sector mostly relied on in its business plan for US sales – an outdated media for watching anime) and of the global economic downturn in 2008 (which destroyed many of their local US business partners). As a result, the amount and the percentage of revenue from the overseas market started to go down from 2006. This is referred to among players in the anime sector as the 'bubble burst' of anime's overseas market (for an overview of the history of the anime business in North America, see Daliot-Bul 2014, Mihara and Yamazaki 2010, Otmazgin 2014).

This 'bubble burst' seems to have made the Japanese anime sector more unwilling than ever to do overseas business. Although Figure 1 shows that the market size of anime as a whole revived after 2009, the nature of this growth seems to be domestic-market-driven rather than overseas-market-driven. For example, although anime's market size in 2013 surpassed that of 2008 (the year in which the anime market was at its biggest prior to 2012), the amount and percentage of the revenue from the overseas market in 2013 were considerably lower than in 2008 (in 2013 the amount and percentage of the revenue from the overseas market were ¥2,823 hundred million and about 19% respectively, in contrast with ¥4,137 hundred million and about 30% in 2008).

As mentioned above, it is highly unlikely that the growth of anime's market size will last in the mid- and long-term, at least insofar as it relies on the Japanese domestic market. The revival of the anime market after 2009 seems to have been driven by 'an intensification of low-road strategy' to stick to the 'existing modes of operation and internal relationships', including the 'extreme competition' in the domestic market and increasing 'sweated labour' under the 'overelaboration' of the current anime production committee model.

Many people in the Japanese anime sector told me during my fieldwork that the member companies of most anime production committees were just repeatedly constituted (i.e. overelaborated) from the established pool of the limited number of players in the sector, forming a small-town community (*mura shakai*) with cohesively interconnected members who show implicit (sometimes explicit) hostility towards outsiders (e.g. Interlocutors 4, 7). As briefly mentioned above, players in the Japanese anime sector are already too busy competing with each other domestically ('friendly rivalry') to think about overseas markets. This trend seems to be becoming worse. For example, the number of anime titles created for airing on domestic TV seemed to resume its growth from 2010 and has been constantly growing ever since, showing about 60% growth from 200 titles in 2010 to 322

titles in 2014 (and 341 titles in 2015: see AJA 2016, p. 26). According to Figure 1, however, anime's domestic market size (revenues excluding overseas ones) during the same term 2010-2014 only showed about 27% growth (from about ¥1.02 trillion in 2010 to about ¥1.3 trillion in 2014), and even shrank from 2014 to 2015. These statistics suggest that the domestic anime market has been overelaborated: in other words, the share of the pie of the domestic anime market per anime title is becoming smaller and smaller. One interlocutor told me during my fieldwork that the domestic anime market is currently undergoing 'excessive competition' (Interlocutor 3).

The work of creating anime shows also seems overdriven. Anime creators' difficult working conditions makes them increasingly poor as well as increasingly busy, and this is currently one of the most hotly debated topics in the Japanese anime sector. For example, the association for anime creators, JAniCA (the Japan Animation Creators Association), in its annual report on the working environment of anime creators (JAniCA 2015), reported that creators were complaining that the payments they received for their work were declining, while the deadlines were becoming shorter and shorter and the quality required becoming higher and higher (e.g. pp. 54-55, 82).

It is worth noting, in terms of Meagher's aforementioned insights (2007), that such an involution of the Japanese anime sector seems to have developed in parallel with its 'neglect' of the growing opportunities (and recommendations) of globalisation, provided not only by the increasing demand of overseas fans but also by the state with its attempt to promote the exportation of anime. The Cool Japan policy, especially in terms of facilitating anime's overseas business, is widely recognised as unsuccessful, due not only to the government's struggle to communicate effectively with the sector (cf. Interlocutors 5 and 10: see also Mihara 2014) but also to the sector's strong sentiment that the government should leave the sector alone (cf. Ōtsuka and Ōsawa 2005, p.190): there is an assumption that governmental intervention might mould anime's potential to make it serve the national interest (cf. Daliot-Bul 2009). It is also worth noting that the sector's involution seems to have been 'accompanied' almost constantly by the 'informal' globalisation of anime through the grass-roots distribution channels of overseas fan communities (a copyright grey zone) which operate 'under the radar of' official anime distribution tracks (e.g. fansub distribution). This has long been justified by the overseas fans themselves as activities that have made anime globally popular on behalf of the Japanese anime sector (see Leonard 2005), and has been sympathetically referred to by some scholars as one of the most important features of transnational fan culture's rebellion against the power of global media conglomerates (in which, I am afraid, most players in the Japanese anime sector does not take part) (e.g. Condry 2013, Ito 2012a, 2012b). It has, however, virtually 'exploited' the Japanese anime sector, returning no direct monetary revenues to its players.

The sudden sharp jump in the overseas revenue of the Japanese anime sector in 2015 in Figure 1 (about 78% of growth from the previous year, the biggest since 2002) has been attributed to the entry of the overseas Euro-American and Chinese Internet platformers into the sector, performing the big purchasing and investment power of anime (AJA 2016, pp. 7-8, 17, 61-70). This seems to show, by

referring again to Meagher (2007), that the Japanese anime sector has not so much taken the ‘high-road strategy’ of proactively ‘striking out’ into the global export market; rather, it suggests that the sector’s involution is approaching the stage of allowing the intervention of transnational and global media conglomerates that ‘provide alternative support linkages’ to the sector, which might result in the exploitation of the Japanese anime sector as a whole by such global conglomerates.

The Japanese anime sector nonetheless seems to welcome their intervention as its ‘channels of access to resources’ to continue and scale up anime business, and as its distribution channels through which it can stream its anime works world-wide ‘in the face of’ shrinking Japanese domestic anime market. The sector was indeed in a buoyant mood when I was doing my fieldwork, as one of the world’s biggest Internet streaming platformers, Netflix, had entered the Japanese market to purchase numerous anime works at unbelievably high prices. Many players in the sector told me that Internet streaming was now the ‘mainstream’ method for doing overseas business. One interlocutor stated, typically:

The ‘overseas fever’ has currently been reignited in the realm of Internet streaming. As for the major cases, Netflix is accelerating its activity to purchase Japanese anime. I have the experience of being in charge of the deal for Netflix to buy a certain anime work. [...] As the case of Netflix shows, it could be said that Internet streaming is the current mainstream trend in expanding anime business overseas.

(Interlocutor 3)

Within that trend, the presence of Chinese Internet platformers, alongside with the Euro-American ones, seemed to become bigger and bigger.

Neighbour countries such as China are rapidly rising in the field of the entertainment business, including anime. [...] The corporate values of the Chinese Internet streaming companies such as Youku and Tudou are growing very big. The companies in the field of social networking service and electronic commerce such as Tencent and Alibaba are rising rapidly as well.

(Interlocutor 5)

In fact, many news items (and rumours) suggesting such a rise in the presence of Euro-American and Chinese Internet conglomerates in the Japanese anime business scene have started to circulate. Sudo (2017) reports how the Chinese media conglomerates (including Baidu, Alibaba, Tencent, and their affiliated companies) have started to play key roles in the anime business scene in Japan. This includes not only purchasing Internet streaming rights from existing anime production committees, but also investing in (i.e. becoming members of) those committees, forming committees as their central members, investing independently in the Japanese anime projects without forming committees,

providing original comic works to be animated and aired in Japan, and ‘rescuing’ an anime project from being cancelled by injecting funds after the business failure of the Japanese anime production studio originally in charge of making that title (pp. 18-28). He also reports how the American ‘big IT companies’ such as Netflix and Amazon have started to seek business opportunities in the Japanese anime sector. He indicates the high levels of loyalty they offer to the Japanese anime production committees for their anime works’ streaming rights, which are even able to cover most of the costs of making the whole anime series, and reports how the Japanese anime players have therefore started to crowd into such American IT conglomerates (pp. 54-66).

Ironically, the above approach of big IT conglomerates to the Japanese anime sector seem to be perfectly compatible with the sector’s involuting domestic market centrism, i.e. its ‘low-road strategy’ of not leaving Japan. The sector still does not need to care about how to distribute their anime overseas: now Netflix or Baidu will do it for the sector. In this regard, the above welcoming attitude of the Japanese anime sector towards the global and transnational Internet platformers could be evaluated as a sign that the sector is still retreating from the overseas market, despite the numerical growth in the sector’s overseas revenue. Another irony is that the Japanese government’s struggling Cool Japan policy seemed to have aspired to the same approach with the aforementioned big IT conglomerates towards the Japanese anime sector in facilitating the globalisation of anime business. In 2014, the Cool Japan Fund, a public-private fund established in 2013 at METI’s initiative, invested ¥1 billion (alongside the investment of multiple Japanese anime-related companies) into a Japanese business corporation that operated an overseas anime Internet streaming service, expecting to establish the overseas anime distribution infrastructure in an ‘all Japan’ framework.⁷ However, not many players in the Japanese anime sector seemed to be crowded onto this platform: the corporation ‘exited’ the Cool Japan Fund’s investment in March 2017,⁸ and eventually closed their overseas Internet streaming service in the following October.⁹ Put bluntly, it seems the Japanese anime sector welcomed the Internet platformers run by Euro-American and Chinese capitals, while neglecting the Internet platformers run by Japanese capital.¹⁰ Although examining this gap is beyond the scope of this paper, it is worth investigating further in another setting, especially in terms of the ‘state neglect’ (or neglected?) aspects of the involution (Meagher 2007, p. 496).

It could also be said that my fieldwork has ethnographically witnessed a critical sea change in the Japanese anime sector’s overseas business scene, especially in its relationship with overseas players (Sudo 2017). It seems that, while the Japanese anime sector is sticking to its domestic market centrism, the business coordination in the sector is shifting from the ‘conventional’ method (i.e. anime production committees licensing out their overseas business rights to overseas agents) to a new method (in which the overseas players make anime – by involving the players in the Japanese anime sector – that they think is worth distributing world-wide by themselves). While in the formal mode the sector is outsourcing its overseas works to overseas agents, in the latter mode the Japanese anime sector as a whole is *outsourced* to the global and transnational Internet conglomerates, providing them

with entertainment content to enhance their global presence. The Japanese anime sector seems to have been captured on the ‘radar’ of the global trading system of creative industries, and has been subordinated to the state of a passive node, from which the global entertainment conglomerates can exploit its creativity.

During my fieldwork, one interlocutor expressed his concern that the Japanese anime sector might be swallowed up by such big IT conglomerates:

I have a sense of trepidation that if we do nothing, China will take over the Japanese market itself. I think the Japanese anime industry is in danger of becoming China’s ‘premium subcontractor’ if we sit around and do nothing.

The possible scenario of our relationship with China in the near future is that Chinese anime companies will place orders for their own anime projects with Japanese anime creators by offering them compensations that are higher than those offered by Japanese anime companies. Since Japanese anime creators are generally not interested in going overseas, I think most of them would not migrate to China. But if the Japanese anime creators are allowed to do work ordered from Chinese anime companies by staying in Japan and following the same procedure as they do when working with Japanese anime companies, I think many creators would be attracted to the Chinese companies.

(Interlocutor 5)

The AJA (2016) suggests that the investment from overseas internet streaming companies (including Netflix, Amazon, and Chinese Internet companies) is approaching the possibility of exceeding that of Japanese ones. They also suggest that the ‘next business model’ of anime may be centred around such Internet streaming (p. 45).

On the one hand, some seem to welcome this entry of the global and transnational Internet platforms into the Japanese anime sector as a way of revitalising the anime business (e.g. Sudo 2017). On the other, this trend is sometimes seen as a process by which such IT conglomerates might ‘take hold of’ Japan’s anime contents (AJA 2016, p. 8) and swallow the Japanese anime sector as their subcontracted manufacturer of anime (p. 70). There still seems to be no consensus in the Japanese anime sector on how to cope with this sea change. The extent to which it will affect anime’s creative quality remains to be seen.

Conclusion

This paper has shown how the socioeconomic dynamics of business within the Japanese anime sector, especially in terms of its overseas performance, could be contextualised using the concept of

involution. It has also shown how such a perspective can catalyse us to envision anime's (somewhat gloomy) alternative future: the involuting Japanese anime sector might be becoming subordinate to the rising global/Asian entertainment conglomerates. This forms a sharp contrast with the existing debate on anime that mainly celebrates its global popularity.

I would again emphasise the explorative nature of this paper: it is not a comprehensive analysis of the anime business in Japan, claiming that the involutionary dynamics in the Japanese anime sector have been verified in a positivist manner. As Geertz (1984) himself responded to criticisms made by formal economists on the empirical validity of the concept of involution in explaining Javanese agriculture, the aim for the paper in summoning the concept is to capture the socioeconomic and 'cultural dimensions of change' (p. 511) in the Japanese anime sector that could not be reduced into a positivist analysis. In other words, the paper represents the 'shamelessly *ad hoc* grappling with the whole grand conglomeration of social practices' (p. 524) about 'what is now happening' (p. 511) in the Japanese anime sector.

In fact, the trend of involution that this paper has ethnographically depicted seems to have developed further after my return from the field (even since I have been writing this paper). In October 2017, the AJA (2017) issued the latest industry report on the Japanese anime business. It celebrated the fact that anime's overall market size exceeded ¥2 trillion in 2016, generated by another 'big jump' in overseas sales (¥ 7676 hundred million, about 31.6% of growth from 2015) (pp. 6-7) that had marked 'the maximum in the past' (p. 75). This rapid growth in overseas revenue in 2016 was continuously attributed to the big purchasing power of the Euro-American and Chinese Internet conglomerates (pp. 8, 22-23, 46, 75). The report went on to show concern that overlaps with what this paper has demonstrated. Concluding provisionally that the Japanese anime sector's attempts to develop its overseas business alone have ended up bearing little fruit, the report suggests that the further intervention of overseas big IT conglomerates in the sector might undermine its autonomy in terms of its business and creativity. It claims that the sector 'should not settle for' this trend (*anjyuu wa yurusarenai*) and should avoid becoming another 'subcontracted manufacturer' of anime for such overseas IT platformers by considering 'what kind of measures are needed in critically strengthening the capacity of the Japanese anime industry *vis-à-vis* the overseas market' (p. 76).

Put differently, especially in the face of the rising presence of Asian countries in the global business scene, what this paper has depicted in terms of the Japanese anime sector might be a part of broader socioeconomic question now confronting Japan: how can Japan accept and cope with the shift in its relationship with Asia? Is Asia no longer Japan's low-wage workforce supplier or the recipient of international aid and technology transfers, but now the investors, employers, clients and customers for Japan? These questions seem already to have been recognised by other Japanese industrial sectors, especially by the consumer electronics sector with the collapse of the sector's several national brands and one of their take-over by the Asian company.¹¹

Although previous literature on involution tells us little about how one can invert such an

‘involutionary tide’, it does suggest that entrepreneurship might be a key factor (Burawoy *et al.* 2000, p. 47: cf. also Interlocutors 1 and 2). How does entrepreneurship function in carrying out overseas anime business, especially in terms of its conflict with the inertia of involutionary domestic market centrism, especially accompanied by the intervention of global/transnational media conglomerates? Several scholars have begun addressing the question of entrepreneurship in anime studies (e.g. Daliot-Bul 2014, Mihara 2017, Otmazgin 2011, 2014). Entrepreneurs and entrepreneurship could become one of the critical analytical points of reference (*vis-à-vis* involution) in approaching anime in future.

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List of figures

Figure 1. The development of the market size of anime

Figure 2. List of key fieldwork interlocutors

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¹ 'Overseas' (*kaigai*) is defined as 'sales from the end-users regarding anime in overseas (screening, broadcasting, videogames, merchandizing, etc.)' (AJA 2016, p. 150).

² 'Hollywood major' generally includes the big film studios located in Hollywood, Los Angeles, such as Disney, Sony Pictures, Paramount Pictures, 20th Century Fox, Universal and Warner Brothers (Kawashima 2009, p. 139).

³ Fansub 'indicates an anime which are translated into non-Japanese languages (mainly English) by fans (mainly the U.S. anime fans), subtitled into the translated languages, and distributed by the fans mainly for free on the Internet. [...] Technically speaking, therefore, to make a fansub of an anime infringes its legitimate rights of their holders' (Mihara 2009, p. 6).

⁴ The follow-up research is based on the publications (in English and Japanese) published up to October 2017.

⁵ For the full ethnography of DTA, see Mihara (2017).

⁶ See also Ueno (2012, p. 190).

⁷ https://www.cj-fund.co.jp/files/press_141030-1.pdf (accessed 8 November 2017).

⁸ https://www.cj-fund.co.jp/files/press_170331-1.pdf (accessed 8 November 2017).

⁹ <http://animationbusiness.info/archives/3563> (accessed 8 November 2017).

¹⁰ For example, see <https://www.nikkei.com/article/DGXLZO20267910S7A820C1TI1000/> (accessed 25 December 2017).

¹¹ For example, see <https://www.wsj.com/articles/taiwans-foxconn-completes-deal-to-acquire-sharp-1470994207> and <http://money.cnn.com/2017/04/11/investing/toshiba-earnings-delisting-westinghouse-crisis/> (accessed 8 November 2017).