

New Possibility of Local Broadcasting Station using Local Animations

Takafumi YOKOYAMA*, Atsuyoshi SUEKANE*
Kochi University of Technology*

ABSTRACT: The Japanese broadcasting industry has been developing their business mainly from advertising. However, the decrease in advertisement has been continuing in recent years. Also, audience's TV viewing habits have been changing, and the contact time has been decreasing every year. Also, the channels of distribution and devices for using visual image content have been changing greatly.

Previously in Japanese broadcasting networks, the branches in Tokyo were the main producers and sales of programs and the relationship with local broadcasting stations had a factor as their infrastructure. However, because of the changes in recent years, there has been a demand for reform in Japanese broadcasting networks. Therefore, it is forecasted that management of local broadcasting stations will be extremely difficult due to the change in the relationship with broadcasting station in Tokyo. Hence, the local broadcasting station must structure a new business model.

In Japan, content such as music and animation have been produced mainly in Tokyo in the same way programs have been produced. It is basically because they are labor intensive so it is necessary to complete these projects with many people using division of labor. Therefore, it has had the disadvantage of being expensive.

However, because of the development of content production environment, it is possible to produce content with low cost and with few people. This has the possibility of spreading the content production, which has been mainly done in Tokyo, in local broadcasting stations, and content production that is originated in local broadcasting stations has been increasing.

So in this research, I would like to research the new development of local broadcasting stations, mainly on animation that was produced by creators who live in the local areas, and examine the possibility of a new business system of local broadcasting stations with the new relationship of the local community and broadcasting station using the development such as digging up the content produced in the local area, training, and cooperation with the local area..

KEYWORDS: broadcasting, animations, business model, Local activity, Inter-organizational relation

1. INTRODUCTION

Broadcast networks in Japan were structured around the Tokyo Key Stations (hereinafter called Key Stations) and content production and management were mainly operated from Tokyo. Therefore local broadcast stations (hereinafter called Local Stations) had to rely heavily on the Key

Stations .

Regarding the content industry, they have been cooperating with the broadcasting industry, however, audience's usage of content such as music, animation movies, have been largely changing, due to the Internet and diversification of devices.

Recent changes in the field of broadcasting may also be causing a change in how people view

broadcasting networks. Therefore, Local Stations, which produce less content than Key Stations, will certainly suffer without the development of a new business system.

The content industry also has been concentrated in Tokyo to better cooperate with the broadcasting industry. By doing so, the content industry has produced mass consumption and grown larger.

However, their conventional business model has been losing its effect due to the change in users' taste toward content.

Furthermore, conventional labor-intensive methods have been changed through computerization, now it is possible to produce content using fewer people.

From the view of the development of local stations through the creation of their mini-animations, I would like to consider how the development of content including the animation, their characters and music produced in local areas can relate to the local communities, and the possibility of a new business system construction centered on Local Stations by using this unique relationship.

2. The Broadcasting Industry in Japan

Currently 128 private terrestrial stations exist in Japan. 115 stations of them belong to the "Japan News Network" centered on the 5 Key Stations, such as the Nippon Television Network, Tokyo Broadcasting System Television, Fuji Television Network, TV Asahi and TV Tokyo. The network includes the Osaka stations as the Sub-key Stations and other local stations; however, here I categorize the Sub-key Stations as local stations to make a clear contrast between the Tokyo Key Stations and the local stations.

2.1 Japanese Broadcasting Network

From the perspective of production cost, Collins & Locksley (1988) said, "Because television

broadcasting is built on public finance (1 audience is non-competitive, non-exclusionary and collective consumptive with others.) , within the range of the radio wave, even if 1 customer (audience) is added, production cost(program production) will not increase, the so called economy of scale can be applied." Moreover, from the perspective of program creation, Nossiter (1986) said, "To make an independent creative program, better to have larger organizational size and something affluent" From the above, the economy of scale can be applied to broadcasting industry from those two perspectives.

Table2.1 program production rate of the broadcasting station

| program production rate (%) | Tokyo | | large-scale prefecture | | small scale prefecture | | total | |
|-----------------------------|--------|-----|------------------------|-----|------------------------|------|--------|------|
| | number | % | number | % | number | % | number | % |
| 0~6 | 0 | 0 | 0 | 0 | 17 | 18.1 | 17 | 14.3 |
| 0~10 | 0 | 0 | 4 | 20 | 54 | 57.4 | 58 | 48.7 |
| 10~20 | 0 | 0 | 8 | 40 | 23 | 24.5 | 31 | 26 |
| 20~40 | 0 | 0 | 8 | 40 | 0 | 0 | 8 | 6.7 |
| 40~90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 90~100 | 5 | 100 | 0 | 0 | 0 | 0 | 5 | 4.2 |
| total | 5 | 100 | 20 | 100 | 94 | 100 | 119 | 100 |

First of all, the characteristics of network business means a physical network is necessary between service providers and service receivers. Regarding the broadcasting industry, they have their network infrastructures connecting broadcasting stations to transmitting stations and linking stations in local units. Because of this, broadcasting industry are classified as one of the network industry which include the railroad, electric and gas industry. Once an infrastructure is established, the economy of scale can be applied till reaching a certain level.

Moreover, using the infrastructure established by the broadcasting stations and the Tokyo Key Station as the center, a larger scaled station network is

possible. By doing so, the economy of scale is applied in another perspective.

In principal, terrestrial stations in Japan are quite independent. However, after 1958 when JNN (Japan News Network), whose purpose is cooperation of the gathering and reporting of information centered on the Tokyo Broadcasting System, was arranged, the network consists of 5 major networks now. This network is used by the program distributors in order to distribute production programs of Key Stations according to the economy of scale.

2.2 Classification of Local Stations

There are 5 or 6 stations in a big city. On the other hand, compared with areas where 4 stations exist, an economic gap among the areas exists from Shizuoka Prefecture whose gross prefectural product in fiscal 2006 was 16 trillion yen to Yamagata Prefecture, 4 trillion yen, Local Stations which are located in economically weak areas are struggling businesses.

Key Stations and Local Stations share the same destiny. There is a system whereby Key Stations support Local Stations.

When TV programs are produced, fee for spot advertisements which are broadcast during TV programs are paid by sponsors through advertisement agencies. Key Stations collect the fees which are necessary for production of programs and give some of the collected fee as a network distribution fee to Local Stations.

In many Local Stations, about 80% ~90% of their whole network programs come from Key Stations, however, about 30% of their profits come from the network distribution fee.

The effectiveness of spot advertisements, which are broadcast between programs, are influenced by the programs audience rating. From program distribution to spot advertisements, Local Stations are depending on Key Stations to a large degree.

As a result, a lot of Local Stations were to lose their

autonomy of program production, because rather than taking risks by producing programs and selling advertisements themselves, depending on Key Stations appears more profitable to them.

3. Components of Broadcasting Programs

Broadcast programs are in a mass copyrights condition and cover many contents, such as original copies, scripts and music etc. This content and the broadcasting industry has been developed together through close cooperation. I would like to examine cooperation among the conventional broadcasting, musical and animation industry.

3.1 Music Industry

The music industry in Japan also has been concentrated in Tokyo the same as other content industry such as broadcasting, film, and the publishing industry. Because of this, musicians who are resources of the music industry have been concentrated in Tokyo, and have avoided working in local areas. Most major music companies are concentrated in the Shibuya and Minato Wards in Tokyo. From the perspective of industry accumulation, the geographical proximity caused by the over-concentration could bring some benefits such as convenience of human interaction, reduction of transportation cost, generation of employment and cooperation among broadcasting media.

However, the system of the music industry in Japan has been responding to the changing times, and I would like to consider it from the perspective of their history.

Before World War II, about 40 recording companies existed not only in Tokyo, but also in Osaka, Kyoto, Kobe and Nagoya. The first popular hit music in Japan was launched from Kyoto in 1914.

Film companies have their studios in both Tokyo and Kyoto. This means that music content companies in

Kyoto might also be connected to the film industry. If so, the cooperation between music and other media industry also might begin that time.

After World War II, the music industry was re-organized under the U.S. military administration. To five recording companies, such as Columbia, Victor and others, which were established in the early Showa era. Two companies ,CBS Sony and Toshiba Record ,were added and those seven companies in total had been dominating the market until the 1980's.Those recording companies are vertically integrated from music production to distribution. Therefore, they also had been handling matrix production.

In the 1960's, the music industry faced a big turning point. Matrix production started to be handled by management companies and music publishers and also cooperation with TV stations enhanced music production by management companies.

In the 1970's, musicians and small management companies started matrix production of folk songs and new music fields. In addition to that, major recording companies in Western countries such as Warner, BMG and MCA entered Japan as well as broadcasting stations and film companies also joined the music industry.

In the 1980's, some musicians became independent and started their own management companies, creating their own labels and producing matrixes. This shows the music industry has been responding to the changing times.

In order to stimulate consumer behavior towards music content, it is necessary to ensure the consumers hear the music again and again for recognition and acknowledgement. Therefore, it is essential for music to cooperate with other media, and this cooperation has been achieved through movies or radio for a long time.

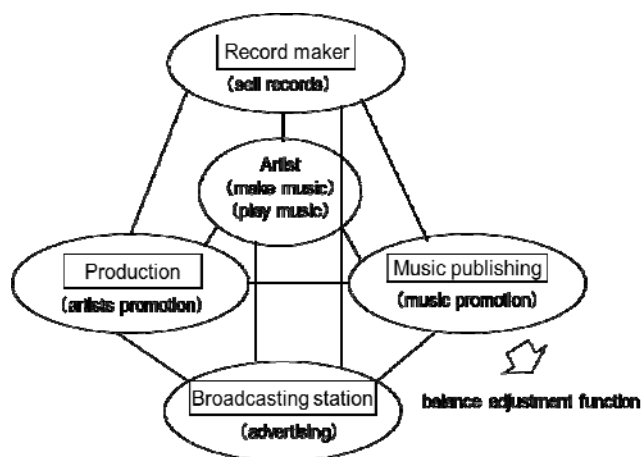
That is the reason why the music industry has

developed significantly with the advent of television. About 40 record companies existed in Kansai and Nagoya before, however, to cooperate with the broadcasting industry, most music companies moved to Tokyo. Masubuchi (2008) said that 96% of the earnings from the entire music content industry were from companies in Tokyo.

Until the 1990's, the music content markets in Japan entered into the mass-production generation due to its interdependence with television, which had significantly changed the music content industry.

The cooperation is mainly tied-up with TV programs or advertisements. However, also a new business system, which is the sharing of music publication rights with broadcasting music publishers in order that both sides get a profit when music content is sold, was established. Music publishers also started to have a controlling function connecting management companies and broadcasting stations, as a result, a new inter-organizational relationship was built.

Figure3.1 The relation with music industry and the broadcasting station



3.2 Animation Industry

In recent years, the market size of animation in Japan was 229 billion yen in 2010 ,and the animation production companies' sales revenue amounted to 147.7 billion yen, even though TV animation

production has been decreasing. The biggest share was TV animation at 47.2 billion yen(31.5%) followed by film animation, 33.4 billion yen(22.3%). This shows the television markets is important for the animation industry. I would like to consider the market forming history.

In 1917, the first animation was produced in Japan. In the beginning, animations were theatrical animated short films or educational ones, whose length was about 10 minutes. In 1930, feature-length animation started to be produced due to national policy and integration of the companies.

In 1945, Shin Nihon Dogasha was established by 100 animation cartoonists. Later, it was split into some groups; the mainstream part, however, remained. TV broadcasting started in 1952, and this created a new field, CM animations. In 1956, Toei Doga in Tokyo took over Nichido Eiga, which was following the way of Shin Nihon Dogasha, in order to increase staff and equipment as well as a better system for creating feature-length animation films.

Thanks to the launch and success of 30-minute weekly TV animation series in 1963, the first animation boom occurred; many animation companies started producing TV animations. As a result, small and medium-sized production companies were specialized in each process, as well as large sized production companies made progress in vertical separation. The animation industry came to be established in the northwest part of Tokyo, especially in the Nerima area.

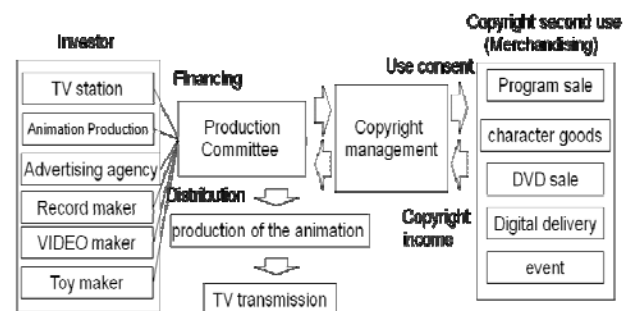
In 1997, the second animation boom occurred. During this boom, the range of animation audiences expanded to the younger generation. This is a unique phenomenon and still now, it is one of the characteristics of animation in Japan.

In 1995, the third animation boom occurred, which has been continuing till now. The range of audience has extended to Ghibli fans who are general people,

female audiences who hadn't watched animation before, young adult audiences who don't make a distinction between live-action and animation and also people abroad. Production methods of animation has been changing with time. Before World War II, shadowgraph was used, then came celluloid and now the digitalized method has been used since the 1990's and productivity has significantly improved. Many 3D animations are being produced today.

In addition, the animation industry has been actively involved not only in television programs but also in the secondary use of content through the development of package media such as DVDs or the commercialization of character products.

Figure3.2 Production Committee method



Regarding the production of TV animation series, there are some restrictions such as high production costs as well as preparation has to start 1 year before the broadcast. Due to this fact ,after a program has started airing, even if its audience rate is low, it can't finish in the middle of the broadcasting period. If animations are popular, much profit can be gained, however, if not, much debt and dead stock of related products will be the outcome.

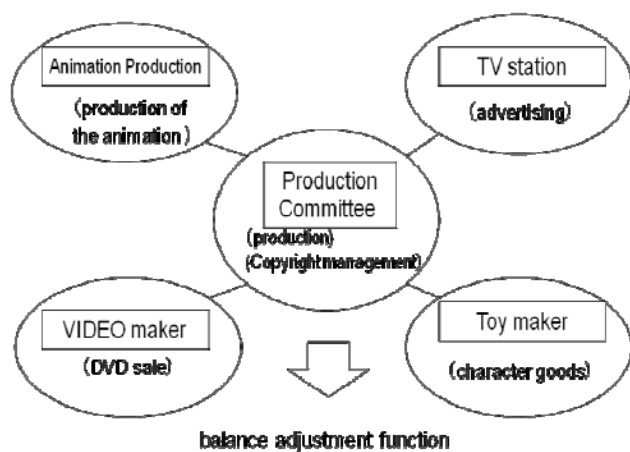
Production committee method is a production finance method, which collects the funds from many companies to scatter the risk, as well as profit is distributed according to the investment ratio. This method is widely and mainly used today.

A wide range of companies, which include TV

stations, film companies, productions, advertisement agencies, trading companies, publishers, recording companies, video-gram production companies, entertainment companies, toy makers and Internet related companies, etc, fund animation productions. Recently, another finance system which collects funds from contributors who aren't involved in the production directly, such as general companies, credit companies, and corporate and private investors, is also used.

However, there are some demerits to the production committee method. For example, each company gets most of its profit from related businesses more than character copyrights, therefore contributors who aren't involved in the animation get less income, as well as the copyright income is scattered, consistent marketing is more difficult due to differences in each contributor's ideas. Basically, the committee introduced a unanimity rule, they frequently have decision making problems.

Figure3.3 Adjustment function of Production Committee



4. Example of Regional Contents

With the digitalization of animation production, the production methods were not restricted to division of labor anymore, and it became possible for one person to produce everything .

I would like to consider the three cases of development of mini- animations in Local Stations.

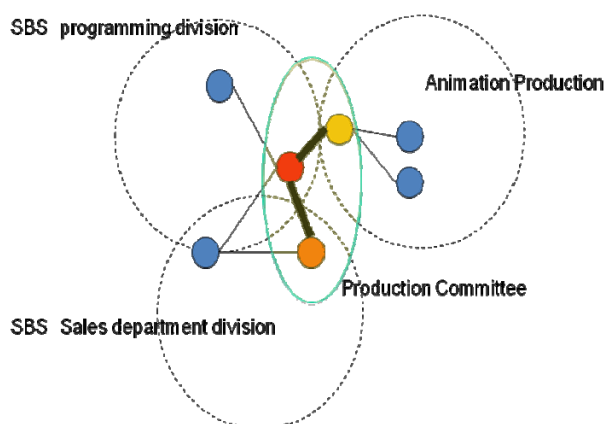
4.1 Shizuoka broadcasting system

Shizuoka broadcasting system succeeded in developing their own local program consisting of 60 second animations with original characters and music, which were made into a series since 2008.

The animations are short and have no dialogue, but just combine funny characters and music together. By repeating their broadcast, the animations are easily recognised by people. Moreover, the production cost is quite low, therefore the animations were replaced every 1~3 months over an 8 month period and the most popular ones were selected from among them to make a series. Since the animations are short, selections were made according to the number of downloads, and not by conventional audience analysis. Selected animations have been popular for over 3 years.

A new business system has been developed through spreading local based contents into the local populace, such as by promotion of animation character products in collaboration with local companies.

Figure4.1 A detailed analysis of production Committee in the example of Shizuoka (SBS)



Basically the broadcasting station and a production company produce the animations, however during DVD production, a music publisher joins them.

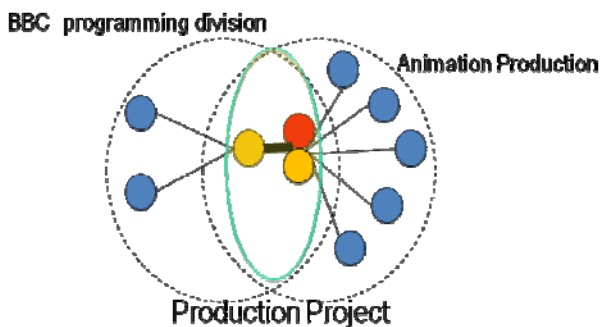
Later due to consideration for the production committee's merit, the producer decided to keep the previous styles whereby only 2 companies, the broadcasting station and the production company produce the animations.

4.2 Biwako broadcasting system

Furthermore, similar initiatives have ensued in other regions. Biwako broadcasting system has launched the broadcast of a 4-minute cartoon show in collaboration with local creators since 2008.

Usually, a broadcasting station pays a creator to produce an animation, or a creator pays a broadcasting station to buy a broadcasting frame. In this case, both of them are aiming at community revitalization through animations, therefore a creator offers his work for nothing as well as a broadcasting station also offers a broadcasting frame for nothing. This is a new business system development.

Figure4.2 A detailed analysis of production Committee in the example of Biwako (BBC)



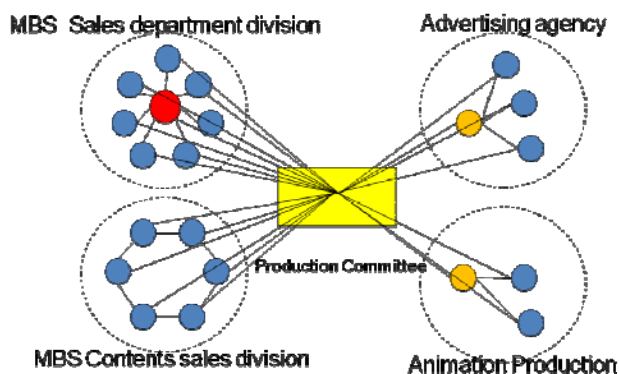
They make the animation characters easily familiar to the local community. Furthermore, besides DVDs and character product commercialization, but also by setting royalties low, various organizations including local governments and local companies are likely to use the characters. Those characters can be seen on various occasions and have enduring popularity. The animation production is aimed at community revitalization and produced by the broadcasting

station and creators, not by the production committee.

4.3 Mainichi broadcasting system

Mainichi broadcasting system is a sub-station, which has been developing mini-animations combined with music the same as Shizuoka broadcasting station since 2009. Their production committee consists of a broadcasting station, an advertisement agency and a production company. Mainichi broadcasting system is the only station of the cases mentioned here, who generally broadcast animation series, as well as the number of members related to the committee is high. These factors cause difficulty for them to reach an agreement. It's not too much to say that their committee is a conventional animation type. However, the important things in producing mini-animations are swift judgment and speedy implementation. Therefore, by selecting 3 representatives from each group to control the basic plan, the control function of the production committee is covered.

Figure4.3 A detailed analysis of production Committee in the example of MBS



4.4 Summary

When considering the production committee in view of the inter-organizational relationships theory, it is a resource dependant relationship, where the members of the committee use necessary resources

which belong to others. In this case, by having a relationship with other organizations, power over other organizations is generated. Then, a mechanism which controls the power among the organizations will be necessary. In the production committee, its regular committee meeting is the occasion to achieve this. However, in principle, the committee follows the unanimity rule, therefore because of their power balance, sometimes reaching an agreement becomes very difficult.

An animation producer is an official “producer” under the copyright law, who “has initiative and responsibility for his animation work”. As Davit J. Luck (1969) says that brand managers’ functions can be classified into 3 parts, such as “information headquarters”, “controlling function” and “action center,” directors are responsible for planning, obtaining the author rights, financing, organizing staff, production window control after completion and sales, etc.”

However, regarding Local Station content production, which have small scale inter-organizational relationships, fewer contributors and smaller production committees, power control by their resource dependants is less important than their main producers’ roles.

In these cases, I found that producers control their project plans using internal and external private networks. And they also handle member replacement or organizational change as necessary just before getting their plans off the ground.

Furthermore, since contents are quite flexible, decisions should be made swiftly. To do this, Shizuoka broadcasting station cut back the number of companies in their production committee from 3 to 2 companies, and the main producer of Mainichi broadcasting station arranged to select producers from each company in the committee, which became too complicated, to control.

The main producers are emphasizing “fun” and

“enjoyment”, such as “creating fun work”, “making production itself fun”, “enjoying working with internal and external companies” and “promoting change”. As a result, project members also share in the “fun”, and it is different from other companies.

All of these 3 cases develop the contents with enthusiasm, which can be explained by the “flow state” in the “flow theory” of Csikszentmihalyi Mihaly (1990). And also the main producers need to have the “flow sharing function” for their members.

5. SUMMARY

Conventional animation development required more processes and labor as well as the production committees consisting of the resource dependent perspectives, therefore power balance was important. However, smaller scale Local Station contents have smaller inter-organizational relationships, and less workers are needed, therefore, power control by their resource dependants is less important than their main producer roles.

As Davit J. Luck pointed out that a brand managers’ functions can be classified into 3 parts, such as “information headquarters”, “controlling function” and “action center”. All of the main producers have those 3 functions. Their differences in the “control function” show the difference of the inter-organizational relationship structure.

I found that the sharing flow among members of content productions by a small number of people is important. I think that those main producers require the function of generating flow sharing.

When considering business including animation production, their development in local areas is done by fewer people and smaller inter-organizational relationships, this business model can also be applied to business in local areas. I would like to examine the “flow function” of main producers (leaders) in more detail.

REFERENCES

Collons, R. ,N. Garnham and G. Locksley 1988. The Peacock Committee and the Economic Analysis of Broadcasting The Economics of Television, London : SAGE Publications

Nossiter T.J. 1986. British Television ; A Mixed Economy ,Research on the Range and quality of Broadcasting Services. H.M.S.O

David J. Luck, 1969. The Interfaces of a Product Manager, Journal of Marketing;Oct69, Vol. 33

Csikszentmihalyi, Mihaly 1990. Flow: The Psychology of Optimal Experience. New York: Harper and Row.

The Japan Commercial Broadcasters Association, 2010, "commercial broadcasting 2010 in Japan", The Japan Commercial Broadcasters Association.

Toshiyuki Masubuchi, 2007, "The accumulation formation and dispersion possibility of the music contents industry in Japan", Tokyo University graduate school synthesis culture study section doctoral dissertation.

Kenshi Yamakura, 1993, "The relations between organizations", Yuhikaku.

Toshihiro Sasaki, 1990, "Composition and the strategy of the modern organization", Chuokeizai