REVIVAL OF THE JAPANESE FILM INDUSTRY THROUGH MEDIA MIX PROMOTION ALLIANCES: THE POWER OF FILM PRODUCTION CONSORTIUM

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First Question?

• How many times did you watch movie in film theater this year?

• People really enjoy films in theater or in DVD?

• How consume films today?
Content

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2. Film Production Consortium
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I. Introduction

• Revival of Japanese films in Japanese market
  • Media mix promotion for films

• Several reasons
  1. Avoidance of Expensive Hollywood Movies
  2. Huge Increase of Screens by Cinema Complex Theaters
  3. Japanese young people’s preference for domestic cultural contents
  4. Film Production Consortium enable to make more films

• Emergence of Film Production Consortia (FPC: Eiga Seisaku Iinkai) in Several Content Industries
  • Video game, tv dramas, online movies, etc

• FPC is sequentially organized in interfirm alliance networks
  • social capital for new film business
Re-increasing share of Japanese Films in Japanese Markets
II. Film Production Consortium

- **Definition**
  - a temporary, inter-firm project organization employed for film production joint ventures. Companies across different industries jointly organize

- **Features**
  - Mainly major TV broadcasting firms leading
  - Team of corporate producers
Advantages

• Main Contribution for Japanese Film Business
  • More investment for Japanese films

• Advantages for Film Business
  • Joint investments in film productions
  • Share the business risks associated with film business
  • Share intellectual properties and extending their multiple-use in other industries
  • Short-time and national–wide media mix promotion for films attract more audience.
    • TV commercials, websites, convenience store, mobile phone screens.
Case: Promotion Strategy of EVANGELION:3.0 with 100 firms

Source: *Monthly Nikkei Entertainment*, 2012 Sep., p103
Forming Value Chain of Film-making in Digital Era

Selling Original Content in Various Media in Short term!

Publisher: Comic or Novel
TV Company: Promotion Initiative
Various Media Films, TV, Video, Game, Internet
Character Toy, Figure, Publicity Goods

Film Production Consortium
III. Social Capital for Film Business

- Social capital for film making
  - Previous research stress that film-makers’ high networking and embeddedness are very useful for their business

- Behind revival: film production consortium (FPCs)
  - Evolution of “film production consortium (or Eiga Seisaku linkai)” and interfirm production alliance networks
  - TV broadcaster initiative
    - Create new ways to attract firms in different business and get production money => Increase of number of films

- Social capital for new film business in two-sided Markets?
  - FPCs link segmented audience and TV media / sponsors by networks of sequential corporate producer networks among firms
  - Money-making by not only box-sales but also character goods and promotion fees
Theory and Framework in IOL

- Learning advantages in alliance network (Inkpen & Tsang, 2005)
  - Access channels to resources and knowledge
  - Acquisition knowledge of possible alliance partners
- Network contingencies for learning (Gulati, 1998; Henderson et al., 2001)
  - Bridging ties: Formal trust and explicit knowledge transfer, combination of heterogeneous ideas and creation of novel concepts
  - Cohesive ties: Frequent interactions and deep trust, transfer of tacit knowledge
- Interfirm Networks for Interorganizational Learning
Social Capital for Film-making

• Interfirm or Interorganizational Networks benefit for making films
  • Access to Resource, Team-building, Trust-building, Knowledge Transfer, Creative Collaboration.
  • Learning alliances among producer and distributor companies
• Previous major research focus on bridging tie effects in Hollywood
  • Bridging ties important for radical innovation
    • Effects: Connectivity and centrality (Cattani, et al., 2008); cohesive ties (Stark and Vedres, 2006); past or bridging ties (Soda et al., 2004); small world (Uzzi and Spiro, 2005)
• However, Incremental innovation effects of cohesive interfirm ties
  • Accelerating learning
  • Quick and serial formation of business platform for two-sided markets: (1) public audience and (2) advertisement fee from business
Japanese Film Business May Access to Two-sided Market via Cohesive Ties

- New revenue of films
- Two-sided Market (Rochet & Tirole, 2003)
  - one business platform links two different customer groups with different payment and facilitate interactions between these
- Platform = Sequential Film Project Formation
  - Through interfirm corporate producer networks

- Box office sale
- FPCs (Business Platform)
- TV broadcasting fee
- Character business
- Media Mix Promotion fee

Advertisement and supports
IV. History

• Decline of Big Studios in 1970’s
  • Lay-off of film-makers from studios
  • Move into TV production industry

• Reemerging needs for Japanese films in 1990’s
  • TV stations avoid expensive Hollywood films
  • Expansion of screens in growing multiplex theaters
  • Growth of character business (toys, stationaries)

• TV major station and ad-agency initiative
  • Corporate producers in non film business organize FPCs
  • Modernizing marketing and promotion practices
Comparison of Average Revenue in 2000’s

![Bar chart showing the comparison of average revenue between films by solo companies and films by more than one company. The graph indicates that films by more than one company have a higher average revenue of 23.26 million USD, compared to 13.29 million USD for films produced by solo companies.](chart.png)
Evolution of FPC Networks in 2000's
Evolution in Film Production Consortium Networks among Organizations

- Year 2000-2001
- Year 2008-2009
V. Corporate Producer as Match Maker

• FPC = Teams of corporate producers from joining firms
  • They are match makers

• Corporate producer career
  • Few experiences of film-making; non film professional producer
  • Media: producers in TV, production firm, radio, ad agency,
  • Non Media: marketing or PR managers

• Film production team
  • Finance
  • Merchandizing character goods, DVDs,
  • Providing promotion opportunities
  • Sharing IPR and profits
Team Formation = Media Mix Promotion

**Process**

- TV or Ad-agent initiative
  - Negotiating with publisher
  - Calling other media
- Call for Sponsor
  - Toys, Stationery
  - Retails
  - Other Service
  - Manufacturing
- Developing based on previous networks

**Case: Socrates in Love (2004)**

- Ad-agency Producer Initiative
  - After reading original novel, change plot for targeting Female 2 Segment (20-34 years).
  - Call a TV producer and make TV drama simultaneously
  - Negotiate publishers in order to publish modified script
- Media Mix = Novel, Films, TV dramas, Plays….
- Best selling movie in 2004
“Film Production Consortium” of Ghibli

Title: “Spirited Away”
- Sales: 300 Mil USD in 2001
- Intern’l Award: Berlin and LA

Major alliance firms:
- Production House: Ghibli
- TV broadcaster: NTV
- Publisher: Tokuma:
- Ad agency: Dentsu:
- Animator: Tohoku Shinsha
VI. Cohesive Tie Effect

• Data and Samples
  • 157 firms producing 343 films in top-30 films from 1998 to 2009
  • Source: Every annual special issues of the Japanese film magazine, "Kinema Junpo"
• Testing network variables on Avarage Revenue per film
  • Firm size: No
  • Network: Cohesive ties: + / Bridging tie: -
  • Animation Film Maker: +

• Cohesive networks lead to high performance in Japan
**Table 1: Correlation Matrix.**

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Table 2: Regression model for network and control effects on average film performance

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VII. Discussion

• FPC becomes Social Capital for Japanese Film Business
  • Linking several customer groups in different market for film-making projects: Social capital for multi-sided markets
  • Corporate producer teams linking different market opportunities in media mix promotion
  • Free movies? New moving ad icon for many non-film business

• Advantages and Disadvantages
  • Advantages
    • Increase of films
    • Expanding the world of film business beyond film industry involving other industries
  • Disadvantages
    • Low commitment of creators
    • Mannerism of films: Making similar stories following previous hits
Final Thoughts

- Creative Consumption Creators
  - Corporate producers create new way to consume movies without seeing based on Bilton’s concept of creative consumption (Bilton, 2007).
  - People “consume” moving pictures in DVD players in store front, screen in mobile phones, websites and shopping of character goods outside theaters.

- Social Capital for Two-sided Market
  - We may enjoy free new movies based on promotion business

- Can we globalize FPC?
  - Institutionalized not only in film but also TV dramas, online movies, video making.
  - Distributing over the world?
Major Reference


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