

Japanese Film Industry Trends

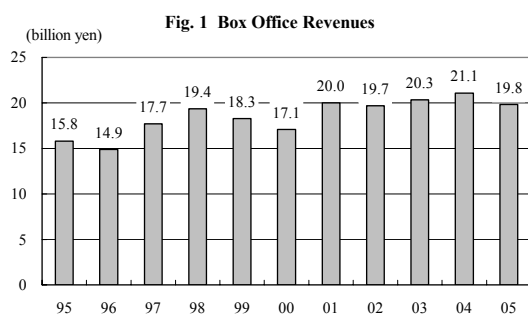
Japanese Economy Division

Summary

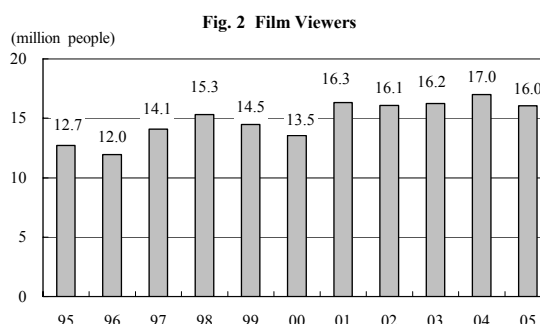
- More cinema complexes mean continued high attendance and strong box office revenues.
- Animated films form the core of Japanese movies shown overseas.
- Hollywood is interested in remaking Japanese horror films.
- Broadband and DVD have expanded the market for film content reuse.

1. The Market

Film attendance in Japan exceeded 160 million every year between 2001 and 2005, and box office revenues held at around ¥200 billion during the same period (Figs. 1 and 2). An increase in theaters (screens) is considered the main factor.



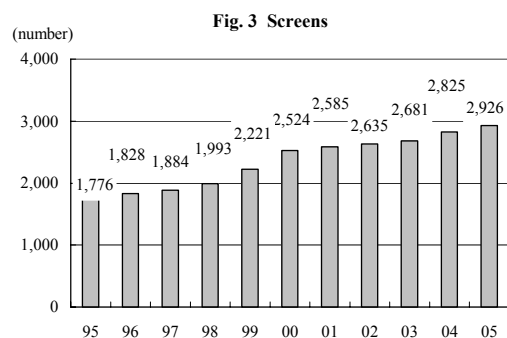
Source: Motion Picture Producers Association of Japan



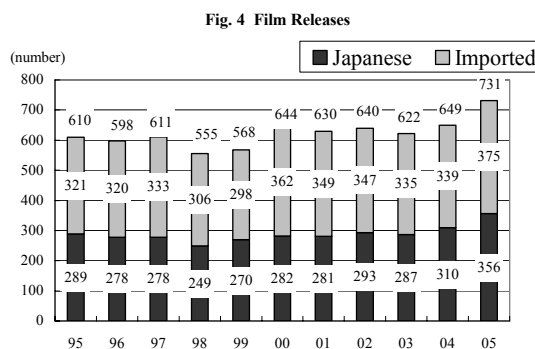
Source: Motion Picture Producers Association of Japan

Previously, the popularity of television was the major reason for the chronic decline in screens from a high of 7,457 in the 1960s. Fewer theaters resulted in a vicious cycle in which inconvenience and crowding drove even more customers away from movies. By 1993, only 20% (1,734 screens) remained.

From 1995, however, more screens were built, reaching 2,825 by 2004 (Fig. 3). The spread of cinema complexes with multiple screens was a key factor in turning around attendance, as moviegoers liked having a range of movie choices in one location. Further, complexes located in suburban shopping areas began generating a new base of suburban customers. The gradual introduction of reserved seating (including online reservations) was another key development. Conventionally, theaters offered general admission only and sold more tickets than seats (because standing was allowed), meaning that people had to go early to wait in line for a seat. Finally, the spread of cinema chains has made it easier to circumvent major distribution companies, leading to more releases (Fig. 4) and higher attendance.



Source: Motion Picture Producers Association of Japan



Source: Motion Picture Producers Association of Japan

Japanese films achieved an eight-year high in ratio of releases versus foreign films in 2005, and revenues rose 3.4% to ¥81.8 billion. Foreign film revenues fell 11.7% to ¥116.4 billion, and only one earned more than ¥10 billion (*Harry Potter and the Goblet of Fire*, ¥11.5 billion)¹. Overall, attendance slumped 5.7% to 160.45 million and revenues fell 6.0% to ¥198.2 billion (Fig. 5), the first decline in either category since 2002.

Fig. 5 Japanese Film Market (2001-05)

Category	2005		Annual change	2004		2003		2002		2001		
Attendance (mil. people)	16.045		-5.8%	17.009		16.235		16.077		16.328		
Box office revenues (bil. yen)	19.816		-6.0%	21.091		20.326		19.678		20.015		
		Ratio			Ratio		Ratio		Ratio		Ratio	
Japanese films (bil. yen)	8.178	41.3%	17.8%	7.905	37.5%	6.713	33.0%	5.329	27.1%	7.814	39.0%	
Imported films (bil. yen)	11.638	58.7%	-3.1%	13.186	62.5%	13.613	67.0%	14.349	72.9%	12.201	51.0%	
Average admission price (yen)	1,235		-1.0%	1,240		1,252		1,224		1,226		
Number of releases	731			649			622			640		
Japanese films	356			310			287			293		
Imported films	375			339			335			347		
Screens (at complexes)	2,926(1,954)			2,825 (1,766)			2,681 (1,533)			2,635		

Source: Motion Picture Producers Association of Japan

2. The Industry

The major players in the Japanese film industry are production companies, distributors and exhibitors. The three major producers — Shochiku, Toei and Toho — either make or consign production of almost all domestic films. Other firms include small production companies affiliated with the Japan Film Makers Association. Distribution companies secure theaters for releasing films and undertake sales, while exhibitors operate theaters. Along with those directly operated by the three majors and their affiliates, independents and foreign-affiliated firms also operate cinemas.

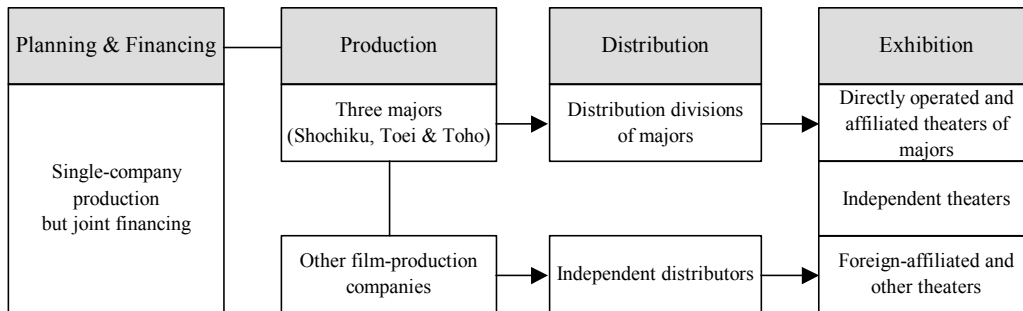
The three majors hold an overwhelming share because they control everything—production, distribution and theaters. Foreign films are handled either by major Hollywood production companies, which release films through affiliated distributors, or by Japanese distributors that purchase rights. The Hollywood majors basically use five distributors in Japan: Warner Entertainment Japan, Sony Pictures Entertainment, Buena Vista International Japan, United International Pictures and 20th Century Fox.

The leading independent distributors of imported films are Asmik Ace Entertainment, Cinequanon, Gaga Communications, Humax, Nippon Herald Films and Toshiba Entertainment. Toho-Towa, which has relationships with the majors and their distribution divisions, also distributes foreign and Japanese films.

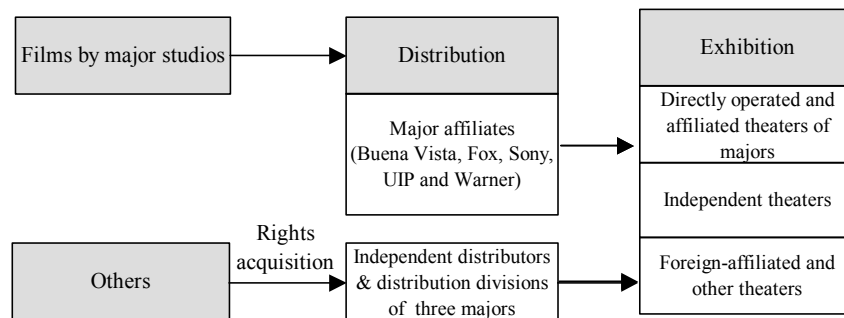
¹ There were four in 2004: *The Last Samurai*, *Harry Potter and the Prisoner of Azkaban*, *Finding Nemo*, and *Lord of the Rings: The Return of the King*.

Fig. 6 Film Industry

Japanese films



Imported films



Source: Yano Research Institute

3. Movie Trends

Releases were divided almost equally between foreign and Japanese movies in 2005, but foreign films accounted for approximately 60% of revenues. Japanese revenues, however, have been rising. The 20 top-grossing films included nine Japanese movies, two more than in 2004 (Fig. 7). More than 350 Japanese films were released in 2005, earning more than ¥800 billion, the highest since 2000, when the Motion Picture Producers Association of Japan switched from publishing distribution income to box office revenue).

Fig. 7 Top Box Office Revenues in 2005

Rank	Title	Release	Origin	Box office (¥ bil)	Distributor
1	Howl's Moving Castle	Nov. '04	Japanese	19.6	Toho
2	Harry Potter and the Goblet of Fire	November	Imported	11.5	WB
3	Sith	July	Imported	9.17	FOX
4	War of the Worlds	June	Imported	6	UIP
5	Charlie and the Chocolate Factory	September	Imported	5.35	WB
6	The Incredibles	Dec. '04	Imported	5.26	BV
7	Pocket Monsters Mew and the Wave Guiding Hero: Lucario	July	Japanese	4.3	Toho
8	Negotiator: Mashita Masayoshi	May	Japanese	4.2	Toho
8	The Phantom of the Opera	January	Imported	4.2	Gaga Usen
10	The Terminal	Dec. '04	Imported	4.15	UIP
11	Nana	September	Japanese	4.03	Toho
12	The Suspect: Muroi Shinji	August	Japanese	3.83	Toho
13	Train Man	June	Japanese	3.7	Toho
14	Ocean's Twelve	January	Imported	3.6	WB
15	Always - Sunset on Third Street	November	Japanese	3.23	Toho
16	A Moment to Remember	October	Imported	3	Gaga Usen
17	April Snow	September	Imported	2.75	UIP
18	Constantine	April	Imported	2.72	WB
19	Year One in the North	January	Japanese	2.7	Toei
20	Shall We Dance?	April	Imported	2.5	Gaga Usen

Note: SPE = Sony Pictures Entertainment, BV = Buena Vista Home Entertainment, FOX = 20th Century Fox, UIP = United International Pictures, WB = Warner Brothers Entertainment, HE = Nippon Herald
Source: Motion Picture Producers Association of Japan (<http://www.eiren.org/toukei>)

The animated feature *Howl's Moving Castle*, directed by Hayao Miyazaki, grossed nearly ¥20 billion and was number one for a second straight year in 2005. Others earning over one billion yen included *Pocket Monsters Mew and the Wave Guiding Hero: Lucario*, *Detective Conan: Strategy Above the Depths* and *Crayon Shin-chan: Buri Buri 3 Minutes Charge*. Feature films based on TV cartoons proved popular (Fig. 8).

Nana and *Train Man*, two hit movies about young love, are both adaptations of popular *manga* comics (as well as a novel, in the case of *Train Man*). *Nana*, ranking fourth with four billion yen in revenues, was adapted from a hit manga series for girls that had sold 32 million copies as of 2005, according to *Shuppan Shihyo Nenpo* (Publishing Indices Annual). *Train Man*, a story about an Internet friendship site and the young geeks who frequent it, was made into a movie after generating a huge following as a novel, manga and in other media.

Hollywood studio blockbusters dominating the foreign-film box office included *Harry Potter and the Goblet of Fire*, *Star Wars Episode III: Revenge of the Sith*, *Ocean's Twelve* and other sequels of popular series.

Fig. 8 Japanese Films that Earned at Least ¥1 Billion at Box Office in 2005

Rank	Title	Release	Genre	Box office (¥ bil)	Distributor
1	Howl's Moving Castle	Nov. '04	Anime	19.6	Toho
2	Pocket Monsters Mew and the Wave Guiding Hero: Lucario	July	Anime	4.3	Toho
3	Negotiator: Mashita Masayoshi	May	Suspense drama	4.2	Toho
4	NANA	September	Youth drama	4.0	Toho
5	The Suspect	August	Suspense drama	3.8	Toho
6	Train Man	June	Love drama	3.7	Toho
7	Always - Sunset on Third Street	November	Comedy drama	3.2	Toho
8	Year One in the North	January	Drama	2.7	Toei
9	Lorelei	March	Action drama	2.4	Toho
10	Shining Boy and Little Randy	July	Family drama	2.3	Toho
11	Detective Conan: Strategy above the Depths	April	Anime	2.2	Toho
12	Aegis	July	Suspense drama	2.1	Shochiku & Kadokawa Herald Pictures
13	The Great Yokai War	August	Adventure	2.0	Shochiku
14	Samurai Commando Mission 1549	June	Science fiction	1.7	Toho
15	Tokyo Tower	January	Romantic drama	1.6	Toho
16	Shinobi	September	Action	1.4	Shochiku
17	The Samurai I Loved	October	Period drama	1.4	Toho
18	Crayon Shin-chan: Buri Buri 3 Minutes Cha	April	Anime	1.3	Toho
19	Spring Snow	October	Romantic drama	1.3	Toho
20	Godzilla Final Wars	Dec. '04	Science fiction	1.3	Toho

Source: Motion Picture Producers Association of Japan (<http://www.eiren.org/toukei>)

4. Import/Export Trends

Foreign films in Japan

According to the Foreign Film Importers–Distributors Association of Japan, 375 foreign films were distributed in Japan in 2005 (Fig. 9). Of these, 153 were from the U.S.A. (40.8% of total), 61 South Korean (16.3%) and 23 French (6.1%). Foreign films, particularly from the U.S.A., have always been significant in Japan, yet South Korean films began making a strong showing in 2004.

The size of the film market is determined largely by the number of topical or hit films, and the number of foreign releases, which can change drastically each year. South Korean releases, which increased from 29 to 61 in 2004, have ranked second only to U.S. releases in the wake of *Winter Sonata*, a highly popular South Korean TV drama that first aired in Japan in 2004. French films, meanwhile, have been on the decline.

Fig. 9 Breakdown of Imported Films

	2005	Share	2004	Share	2003	Share	2002	Share	2001	Share
U.S.A.	153	40.8	152	44.8	152	45.4	159	45.8	159	45.6
South Korea	61	16.3	29	8.6	14	4.2	10	2.9	20	5.7
France	23	6.1	24	7.1	36	10.7	33	9.5	30	8.6
Hong Kong SAR	12	3.2	10	2.9	7	2.1	14	4.0	24	6.9
United Kingdom	11	2.9	10	2.9	19	5.7	9	2.6	24	6.9
Germany	6	1.6	7	2.1	6	1.8	7	2.0	5	1.4
China	5	1.3	7	2.1	7	2.1	8	2.3	3	0.9
Canada	4	1.1	1	0.3	5	1.5	4	1.2	1	0.3
Spain	3	0.8	3	0.9	5	1.5	6	1.7	5	1.4
Others	97	25.9	96	28.3	84	25.1	97	28.0	78	22.3
Total	375	100.0	339	100.0	335	100.0	347	100.0	349	100.0

Source: Foreign Film Importer-Distributors Association of Japan

Hollywood films occupied most of the top spots, other than those taken by seven non-U.S. foreign films earning at least one billion yen in 2005 (Fig. 10). Science fiction, such as *Harry Potter and the Goblet of Fire*, *Star Wars Episode III: Revenge of the Sith* and *War of the Worlds*, was popular. Among South Korean films, love stories *A Moment to Remember* (¥3 billion), *April Snow* (¥2.75 billion) and *Windstruck* (¥2 billion) all earned at least ¥2 billion.

Fig. 10 Imported Films with Over ¥1 Billion in 2005 Box Office Revenues

(¥ billion)						
Rank	Month Released	Title	Box office	Distributor	Producer Country	
1	November	Harry Potter and the Goblet of Fire	11.5	WB	U.S.	
2	July	Star Wars Episode III: Revenge of the Sith	9.2	FOX	U.S.	
3	June	War of the Worlds	6.0	UIP	U.S.	
4	September	Charlie and the Chocolate Factory	5.4	WB	U.S.	
5	Dec. '04	The Incredibles	5.3	BV	U.S.	
6	January	The Phantom of the Opera	4.2	Gaga Usen	U.S.	
7	Dec. '04	The Terminal	4.2	UIP	U.S.	
8	January	Ocean's Twelve	3.6	WB	U.S.	
9	October	A Moment to Remember	3.0	Gaga Usen	Korea	
10	September	April Snow	2.8	UIP	Korea	
11	April	Constantine	2.7	WB	U.S.	
12	April	Shall We Dance?	2.5	Gaga Usen	U.S.	
13	August	Madagascar	2.3	Asmik Ace Entertainment	U.S.	
14	March	National Treasure	2.1	BV	U.S.	
15	Dec. '04	Windstruck	2.0	WB	Korea	
16	March	Shark Tale	1.9	Asmik Ace Entertainment	U.S.	
17	January	Kung Fu Hustle	1.7	SPE	China/U.S.	
18	Dec. '04	AVP: Alien vs. Predator	1.7	FOX	U.S.	
19	February	The Notebook	1.5	Gaga Usen	U.S.	
20	June	Batman Begins	1.4	WB	U.S.	
21	April	Son of the Mask	1.4	Gaga Usen	U.S.	
21	July	Robots	1.4	FOX	U.S.	
23	July	The Island	1.4	WB	U.S.	
24	May	Million Dollar Baby	1.3	Shochiku/Movie-Eye Entertainment	U.S.	
25	March	Bridget Jones: The Edge of Reason	1.3	UIP	U.S.	
26	September	Cinderella Man	1.3	BV	U.S.	
27	February	The Bourne Supremacy	1.3	UIP	U.S.	
27	May	Kingdom of Heaven	1.3	FOX	U.S.	
27	October	Stealth	1.3	SPE	U.S.	
30	February	Alexander	1.2	Kadokawa Herald Pictures/Shochiku	U.S.	
31	November	The Brothers Grimm	1.2	Toshiba EMI	U.S./Czech Republic	
32	January	Finding Neverland	1.1	Toshiba EMI	U.S.	
33	March	The Aviator	1.1	Shochiku/Kadokawa Herald Pictures	U.S.	
34	Dec. '04	Man on Fire	1.0	Kadokawa Herald Pictures/Shochiku	U.S./Mexico	
34	September	Fantastic Four	1.0	FOX	U.S.	
36	April	Hide and Seek	1.0	FOX	U.S.	
36	October	Sin City	1.0	Gaga Usen	U.S.	
36	October	Tim Burton's Corpse Bride	1.0	WB	U.S.	
36	July	La Marche de l'Empereur	1.0	Gaga Usen	France	

Note: SPE = Sony Pictures Entertainment, BV = Buena Vista Home Entertainment, FOX = 20th Century Fox, UIP = United International Pictures, WB = Warner Brothers Entertainment, HE = Nippon Herald

Source: Motion Picture Producers Association of Japan URL : <http://www.eiren.org/toukei/index.html>

Japanese films overseas

Although data on Japanese films exported for release overseas is limited, exports were dominated by animated features, which have established a reputation for excellent visual and story quality. Japanese films in general have attracted considerable attention in the U.S., as evidenced by the increasing efforts of Hollywood studios to obtain remake rights to Japanese films. So far, most of the remade films have been horror movies (Fig. 11). Following the smash success of *The Ring*, the remake of the eponymous 2002 horror movie, a sequel remake, *The Ring Two*, was released in 2005. Other than horror films, *Eight Below*, the remake of *Nankyoku Monogatari* (*Story of Antarctica*), grossed more than \$80 million following its U.S. release in February 2006.

Fig. 11 Hollywood Remakes of Japanese Films

Remake title	Japanese title	Genre	Distributor	Box office (\$)	Japan release	U.S. release
Godzilla	Gojira (series)	Science fiction	Sony	136	December 1984	May 1998
The Ring	Ringu	Horror	DW	129	January 1998	October 2002
The Grudge	Juon	Horror	Sony	110	January 2003	October 2004
Eight Below	Nankyoku Monogatari	Adventure drama	BV	82	July 1983	February 2006
The Ring Two	Ringu 2	Horror	DW	76	January 1999	March 2005
Shall We Dance?	Sharu We Dansu?	Drama	Miramax	58	January 1996	October 2004
Dark Water	Honogurai Mizu no Soko kara	Horror	BV	25	January 2002	July 2005
Pulse	Kairo/Pulse	Horror	DF	18	February 2001	August 2006

Note: Sony = Sony Pictures Entertainment, DW - DreamWorks SKG, BV = Buena Vista Home Entertainment, DF = Dimension Films

Sources: Box Office Mojo, Wowmax Media

Japanese films released in the U.S. between 2005 and August 2006 (Fig. 12) included the animated features *Howl's Moving Castle*, *Steamboy* by Katsuhiro Otomo and *Appleseed*, an original work by Masamune Shirow. *Howl's Moving Castle* has topped the domestic box office for two years running since its November 2004 release in Japan and has also reached ninth place

all-time in the U.S., grossing \$4.71 million. Meanwhile, Yuya Yagira of the hit *Nobody Knows* received the best actor award at the Cannes Film Festival, a first for a Japanese actor.

Fig. 12 Japanese Films Released in U.S.A. (2005 - July 2006)

Title	Type	Distributor	Box office (US\$)	U.S. release
Azumi	Adaptation	Vitagraph	24,268	2006/7/21
The Hidden Blade	Adaptation	Tartan	37,090	2006/6/23
Marebito	Adaptation	Tartan	13,983	2005/9/5
Shoujyo: The Adolescent	Adaptation	Indican	60,169	2005/8/26
Tony Takitani	Adaptation	Strand	129,783	2005/6/24
Howl's Moving Castle	Anime	BV	4,711,096	2005/6/10
Kamikaze Girls	Adaptation	Viz Media	33,889	2005/5/5
Steamboy	Anime	Triumph	468,867	2005/3/18
Nobody Knows	Adaptation	IFC Films	684,118	2005/2/4
Appleseed	Anime	GE	129,135	2005/1/14

Note: BV = Buena Vista Home Entertainment, GE = Geneon Entertainment

Sources: Box Office

Mojo, Wowmax Media

5. Industry topics

“Let’s go to the movies!” campaign

Four organizations—the Motion Picture Producers Association of Japan, Foreign Film Importer-Distributors Association of Japan, Japan Association of Theater Owners, and Motion Picture Association—launched the “Let’s go to the movies!” campaign in July 2004. The first phase introduced a discount on one of a couple’s two tickets to ¥1,000 if either person was 50 or older. The second phase introduced a plan that offered one discounted ¥1,000 ticket to each group of three or more high school students. Thanks to these offers, attendance rose. According to the campaign committee, 50-or-over couples’ share of moviegoers rose from under three percent two years ago to five or six percent recently. In 2005, the average theater admission in Japan was ¥1,235, almost as expensive as London or Paris (Fig. 13).

Fig. 13 Worldwide Admission Fees for Feature Films

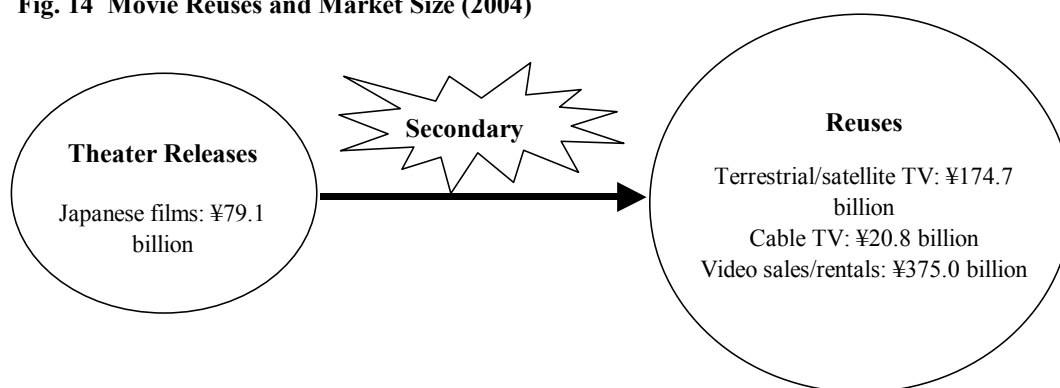
Region	Country	City	Admission (¥)
Asia	Japan	Nationwide average	1,235
	China	Beijing	719
	Thailand	Bangkok	414
	India	New Delhi	389
	Sri Lanka	Colombo	288
	Vietnam	Ho Chi Minh	285
	Malaysia	Kuala Lumpur	246
Europe	U.K.	London	2,335
	France	Paris	1,340
	Netherlands	Amsterdam	1,174
	Italy	Milan	1,051
	Belgium	Brussels	947
	Germany	Berlin	773
U.S.A.	U.S.A.	San Francisco	1,177
		New York	1,009
Latin America	Chile	Santiago	694
	Brazil	Sao Paolo	656
	Panama	Panama City	560
	Mexico	Mexico City	487
	Argentina	Buenos Aires	461
	Costa Rica	San Jose	393

Source: JETRO

Growing reuse of movie content

The market is increasing for the reuse of movie content in television broadcasting, DVD/video sale/rental and Internet distribution. With the spread of broadband, more providers are offering film-distribution services over the web. The growing popularity of DVD players has also contributed to the expansion of secondary uses for movie content (Fig. 14).

According to a study by the Institute for Information and Communications Policy on media software production and distribution, the market for terrestrial broadcasting, satellite broadcasting, DVD/video sales and rentals and Internet distribution totaled ¥588.3 billion in 2004. This was 2.8 times more than the ¥211 billion earned from theater releases. DVD/video rentals totaled ¥233.6 billion, or 40% of the market.

Fig. 14 Movie Reuses and Market Size (2004)

Source: Ministry of Internal Affairs and Communications

6. Organization and Company Websites

Category	Name	URL (all in Japanese)
Associations	Japan Film Makers Association	www2.odn.ne.jp/jfma
	Federation of Japanese Films Industry	www.eidanren.com
	Foreign Film Importer - Distributors Association of Japan	www.gaihai.jp
	Association for the Diffusion of Japanese Films Abroad	www.unijapan.org
	Motion Picture Producers Association of Japan	www.eiren.org
	Motion Picture and Television Engineering Society of Japan	www.mpte.jp
	Japan Association of Audiovisual Producers, Inc.	www.eibunren.or.jp
Production companies	Japan Association of Theatre Owners	www.zenkoren.or.jp
	Shochiku	www.shochiku.co.jp
	Toei	www.toei.co.jp
	Toho	www.toho.co.jp
Distributors	Kadokawa Herald Pictures, Inc.	www.kadokawa-herald.co.jp
	Sony Pictures Entertainment	www.sonypictures.jp
	Buena Vista International (Japan)	www.movies.co.jp
	United International Pictures	www.uipjapan.com
	Warner Entertainment Japan	www.warnerbros.co.jp
	20th Century Fox Japan	www.foxjapan.com
	Asmik Ace Entertainment	www.asmik-ace.co.jp
	Cine Qua Non	www.cqn.co.jp
	GAGA Communications	www.gaga.co.jp
	Toshiba Entertainment	www.toshiba-ent.co.jp
	Toho-Towa	www.toho.co.jp/towa
Nippon Herald Films	www.herald.co.jp	
Humax	www.humax.co.jp	

Sources: Organizations and company web sites

This report, an updated version of Japan Film Industry Trends (May 2005), was compiled by JETRO using research data provided by Yano Research Institute.

If you have questions, concerns or comments regarding this report, please email the Japanese Economy Division at ERC@jetro.go.jp.

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