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**CHALLENGES OF INDONESIAN ANIMATION
AT THE GLOBAL MARKET**

The study examines the characteristics of animation industry in Indonesia and identifies the factors driving or inhibiting Indonesian animation at the global market. Qualitative research methodology was employed to find that Indonesian animation is still at its infancy stage but is challenged at the global market. The industry needs a strong government support, business platform development and high-quality workforce.

Keywords: Indonesia; creative industries; 3D animation.

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**ВИКЛИКИ ІНДОНЕЗІЙСЬКОЇ АНІМАЦІЇ
НА СВІТОВИХ РИНКАХ**

У статті проведено оцінювання основних рис анімаційної індустрії Індонезії та виявлено фактори, що прискорюють або стримують вихід індонезійської анімації на світові ринки. Проведений аналіз якісних показників дозволив автору зробити висновок, що індонезійська анімація все ще знаходиться на стадії становлення, однак глобальні виклики вже впливають на неї. Дана креативна галузь має потребу в державній підтримці, розбудові власної бізнес-платформи, а також в якісних кадрових резервах.

Ключові слова: Індонезія; креативна індустрія; 3D-анімація.

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**ВЫЗОВЫ ИНДОНЕЗИЙСКОЙ АНИМАЦИИ
НА МИРОВЫХ РЫНКАХ**

В статье проведена оценка основных характеристик анимационной индустрии Индонезии и выявлены факторы, ускоряющие или сдерживающие выход индонезийской анимации на мировые рынки. Проведённый анализ качественных показателей позволил автору сделать вывод, что индонезийская анимация до сих пор находится на стадии становления, однако уже подвержена глобальным вызовам. Данная креативная отрасль нуждается в государственной поддержке, построении собственной бизнес-платформы, а также в качественном трудовом резерве.

Ключевые слова: Индонезия; креативная индустрия; 3D-анимация.

Introduction. The size of the global animation industry was about 222 bln USD in 2013. Major animation markets are located the United States, Canada, Japan, China, France, Great Britain, Korea and Germany. It is expected that the growth of animation market will be 12.50% in 2016 (Global animation industry, 2015).

Among the key factors driving the global animation market are the expansion of target market, government initiatives, accessibility of technologies such as broadband Internet, and growth in the mobile subscribers' base (Global animation industry, 2015). As a consequence, animation production has been increasingly outsourced to Asia Pacific by Western film and television program producers. Still, piracy remains one of the major market restraints.

Animation history in Asia dates back to the 1940s, then it was mostly influenced by Western studios, Disney in particular (Asian animation industry, 2015). Exposure

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to international production, training abroad, and foreign assistance were the pivotal factors for such countries as China, Japan, S. Korea, and India. Later Asian production became attractive for foreign participants. Western studios started production outside their own territories namely Japan, South Korea, Taiwan, the Philippines, Malaysia, Singapore, Vietnam, Thailand, India, Indonesia, and China (Asian animation industry, 2015). At present most Western television 3D animation is produced in Asia but pre-production and post-production are located on their own territories. This has led to the emerging and nurturing local industry including local animation content, infrastructure, tools and equipment, skills and intellectual property transfers. In this way animation in Asia and the Pacific have received great experiences.

An emerging trend of Asian animation industry is the increasing production of local animation content for television as well as production of animated movies. This is first of all related to rapid advances of cable and satellite technologies, VDO and online games (Tongdhamachart, 2014a). Film has geared with computer graphics and special effects, animation series are aimed today not only for children aged 9 or below but also for teenagers, adults and the whole family. The major markets include the United States, Canada, Japan, France, Great Britain and Germany (www.reuters.com).

Methodology. Qualitative methodology was employed in this article based on primary and secondary sources. Initially, a comprehensive search of literature on this industry was conducted. The sources included books and journals, trade, marketing and promotional literature, annual reports, articles, surveys and other publications. In-depth interviews with government officials, academics, and animation companies' managers were conducted. Descriptive analysis was used to show the results of the study.

Literature review.

History of Indonesian animation and business prospects in Indonesia. Animation is not new for Indonesia. Decades ago, the forerunner of the animation in the country began with comic books, including comic masterpiece of Mr. R.A. Kosasih. The 1980–1990s was considered the golden age of Indonesian animation marked with several attempts to create Indonesian animation. Since 2004, it started to have featured animation film but the stories were mostly related to the folklore. There were partial animation productions with Japanese TV series.

More importantly, the government had a plan to set up the so-called "*Kampung Animasi*" in several parts of Indonesia including Bandung, Jakarta, Yogyakarta, and Surabaya to capture opportunities in the global animation.

Rapid growth of animation industry in Indonesia is recognized internationally due to participation of Indonesia animators in several movies such as "Lord of the Rings", "Spiderman", and "Iron Man", all of which having inspired local animation later on. Indonesian animators are not only familiar with traditional 2D techniques, but are quite capable of creating 3D animations. Some local animators used to work at Lucasfilm, Industrial Light and Magic, and Dreamworks, being part animation and special effects on "Star Wars", "The Clone Wars", "The Avengers", "Pacific Rim", "The Adventures of Tintin: Secret of the Unicorn in 2011", "Iron Man 3", and "Shrek" (Boediman, 2008).

The main strengths of animation production in Indonesia include character development, application and animation creation. Referring to data from Indonesia

Animation Association and Content Industry, there is a number of Indonesia animation studios. Among them are Frozzy Entertainment, DreamLight Animation, Tunas Pakar Integraha, Castle Productions, CAM Solution, DreamToon, Mirag, Pustaka Lebah, Jogjakartun, Mrico, Animad Studio, Jelly Fish, Bulakartun, Griya Studio, Bening Studio, Studio Kasatmata, ADB studio Asiana Wang Animation, Cartoon Movie Bintang Jenaka, Red Rocket, Infinite Frameworks Studios Batam, Animotion Academy, Kumata Aniamtion Studios and Sianima Animation (www.aidb.com).

Bright animation studio is characterized mostly by the interest from national TV stations to broadcast local animation, even though the total number of projects are only a few. But still, it could be one of the way for further development of the industry. Paprika Productions, a company established in 2010 providing services on animated filmmaking. In addition, local animation products are present not only at Indonesian market, but began to go beyond, to other countries including the United States, Japan, several European countries. This again shows that outsourcing from abroad is flowing in, because the abilities of local animators has gained local and international trust.

Meanwhile, the government has been supporting local animation from the time of construction of Baros Information Technology and Creative (BITC) in Cimahi, Bandung (Boediman, 2008). This building became the center for local animators and animation community. In addition, a number of ministries and institutions have also begun to provide support in terms of animation workshops, tools and equipment (hardware and software), as well as sponsoring exhibitions at national and international levels (ERIA, 2014). Other parameters of Indonesian animation concern not only television. Nowadays, due to technological advances, animation products appear in various types of digital media. Looking ahead, it is possible that animation products would be a part of people's lifestyle more and more often.

Unfortunately, even though local animators have worked abroad and gained a lot of international experience, local animation for TV series or movies products is not so widely accepted as compared to imported ones. Also, most of animation TV series and movies are based on local folklores. The price of local animation production is usually higher with 1,000 USD per 24 minutes as compared to imported ones, with its 800 USD per same minutes (Wahyu, 2008). As a result, local television stations often prefer animation products from abroad. In fact, with the benchmark rate from overseas, often national television station also bid for lower prices with local animation products.

Animation sector role in the creative economy in Indonesia. In Indonesia, creative economy continues to grow, exceeding the national growth rate of economics. To demonstrate this let us use the statistical data issued by Central Bureau of Statistics (BPS). The rate of growth of the creative economy in 2013 reached 5.76%, while the growth rate of national economy was approximately 5.74% (www.gbgingonesia.com). Creative economy sector was also able to absorb 11.87% of the total national employment. The contribution of creative economy into Indonesia's GDP reached 642 bln USD, this is equivalent of 7% of the national average (www.gbgingonesia.com).

Indonesian government responded to changes in this sector in 2009, the year of awakening of creative economy as envisioned by the President Susilo Bambang

Yudhoyono and confirmed by the government of the President Joko Widodo (Simatupang et al., 2012). The major groups were used as the flagship for the 14 sectors of creative economy. Gaming and animation were determined as the pillars for the development of creative industry. In 2016, the animation sector is expected to 2.42 bln USD, equivalent to 1% of the global animation business (www.reuters.com).

Further, animation in Indonesia has penetrated to various content industries including advertising, education, games, art, web design, and architecture. In the advertising industry especially TV commercials animation is frequently used by Fast Moving Consumer Goods, such as dairy products, food and beverages, medicines (www.reuters.com).

Discussion and findings. Challenges of Indonesian animation at global markets are predetermined by both internal and external environments. Both can lead to inhibiting or move the industry forward. Moreover, this industry is in coercive competition between local animation products and imported ones. The key factors inhibiting and/or driving the industry are as follows: 1) government support; 2) business platform development; 3) quality workforce.

Business platform development. A new business model as a strong partnership is a big challenge for all stages – from pre-production, production to post-production processes. Most animation products have been served for local market rather than international ones. Joint ventures and co-production in this context help solving many financial and marketing problems (Software Industry Promotion Agency, 2015).

Japanese animation production has been very successful at global markets, and their experience is often followed by Indonesian colleagues in terms of scriptwriting, TV channel, music publishers, merchandising companies and production team. This reduces marketing risks and helps solving operations and budgets problems (Tongdhamachart, 2014b). Quite many Japanese animation movies and TV series many have used production committees based in ASEAN nations, including Indonesia.

Though few animation TV series have been produced in the country, animation industry continues to fuse in Indonesia within other sectors of creative industry such as TV advertising, movies, real estate, fashion design or printing business.

Government support. National television in Indonesia is very dependent upon rating which are regularly monitored. Imported animation movies are still more regularly aired and widely recognized by local audiences. Therefore, it is important for Indonesia to standardize the product in order to have more competitive edge at the market. Product standardization can also establish a standard price for an animation product. That is why the government should participate and support the growth of local animation by making airtime quotas and providing local investment.

In Indonesia animated shows are mostly regarded as children's shows. This certainly limit the market share of animation. Therefore, if a "family" segment can be aired by more television stations, there could be wider audiences and the ratings can be higher.

Indonesian government agencies do not cooperate in this field. Synergy in the work of ministries can be significant because it helps the harmonization of policies, and development of joint programs. Public bodies which must start cooperating

include the Ministry of Industry, Ministry of Communication and Information, Ministry of Tourism and Creative Economy, Ministry of Trade, and Ministry of Research and Technology.

Funding and marketing seem to be another problem for animation industry in Indonesia. Government and financial institutions consider animation as a business with high risks and low return on investments. These are the main obstacles for the industry growth since most Indonesian animation companies are small. Thus, the following types of government support should be paid more attention: funding or grants, pilot projects, incubation programs, tax incentives and international marketing expansion. The government should also encourage animation associations to leverage animation industry through various means.

Quality workforce. Slow development of animation products in Indonesia is triggered by a number of factors especially the lack of trust for local animators. Not surprisingly, local animators choose to take part in foreign projects, even overseas, but not in the local ones.

Animation business is quite labor intensive. Indonesia still lacks local animators even though many Indonesian animators are engaged in the international projects and are an inspiration for young animators. Quality workforce of animation business ranges from pre-production, production and post-production stages. Indonesian animation is weak in pre-production including script writing and character design. The limited number of skilled workforce on production stage leads to vast outsourcing from abroad. At present, most productions go to China. Regarding post-production stage, very few companies have advanced tools and equipment technology for that. Additionally, such works are mostly limited to big companies, because medium and small firms do not have enough resources for quality postproduction.

However, the factor of quality workforce still drives animation business both domestically and internationally. If the number of skilled animators will increase in the near future, the animation industry in Indonesia will enlarge. However, these problems with quality workforce are prevalent for the whole Southeast Asia.

Conclusion. Although the animation market in Indonesia is not large, its prospects are very promising. An increasing number of other industries use animations products thus promoting the growth of animation companies and studios in several parts of Indonesia. Indonesian local animators claim to be the real catalyst in boosting animation industry, they are also an inspiration for new entrants. However, the growth of animation industry in Indonesia has not derived from direct animation TV series or animation featured films. Most its productions fall into TV advertising of consumer products and outsourcing from abroad.

To move animation industry of Indonesia forward to the global markets is a big challenge because animation in ASEAN strives for excellence in quality, new government policies and more creative talents in order to be worldwide recognized. However, challenges need to be addressed to meet the industry potential and level-off threats including those related to underdeveloped government policies, business platform development needs, distribution networks and local consumer trust. All of these will pave the way for Indonesian animation to global market.

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