

**The *Otaku* Group from a
Business Perspective: Revaluation of
Enthusiastic Consumers**

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The *otaku* group is no longer a niche market. According to a survey conducted by Nomura Research Institute (NRI) that targeted the five major *otaku* fields (comics, animation, idols, games and PC assembly), the total number of enthusiastic consumers, known as *otaku*, in Japan is estimated to be 2.85 million with a market size of 290 billion yen. Thus, the existence of the group is becoming increasingly measurable in the consumer market.

A common aspect of these enthusiastic consumers is that their consumption behavior is driven by admiration, sympathy, and pursuit of their “ideals.” In addition to their extreme patterns of consumption, the behavioral principle of *otaku* is also characterized in that they devote themselves, with strong passion for their ideals, to creating fan fictions (fanfics) based on their own peculiar arrangements and interpretations.

Their passion and creativity will be the driving force for bringing about industrial innovation. Businesses should not treat enthusiastic consumers merely as “loyal customers” but rather study their consumption behavior to find seeds of innovation.

I Attempt to Reevaluate Enthusiastic Consumers

What image does the word *otaku* evoke? Somewhat bizarre individuals—idol enthusiasts who devote almost all of their time and disposable income to following their favorite idols or collecting idol-related items without caring for their own everyday life, or hi-tech enthusiasts who wander around the back streets of Akihabara, a famous electronics retail district in Tokyo, with a backpack full of junk PC parts—may be general images.

The existence of such enthusiastic consumers, known as *otaku*, has come under the spotlight for their excessively radical patterns of consumption and the explosive increase in the amount of information they transmit via the Internet. They have recently gained more opportunities to receive media attention. In contrast, businesses that provide such consumers with content have recognized them merely as their “loyal customers” who spend an enormous amount of money for such content.

Up to now, there has been no comprehensive research using a statistical approach to identify the actual number of such enthusiastic consumers as to their composition in each field (e.g., the percentage of animation enthusiasts by age) as well as the amount of money they spend or the content they spend it on. Although cultural approaches have been attempted to analyze the cultural backgrounds of comics and animation to discuss the behavior of enthusiastic consumers, no attempt has been made to study this group from a business perspective.

In recent years, the Japanese content business has drawn attention for its high degree of competitiveness, and the Strategic Council on Intellectual Property within the Cabinet Office has established a special committee to study and discuss the future of the content industry. Nevertheless, analysis of the consumption structure of this particular consumer group, which has significant influence on the domestic content market, has been mostly ignored.

This report examines the actual state of the group of enthusiastic consumers, or *otaku*, from a business perspective, while attempting to suggest what impact this group has not only on the content industry but also on all industries targeting domestic consumers.

II The *Otaku* Group Is No Longer a Niche Market

1 The Total Number of Enthusiastic Consumers in Japan Is 2.85 Million

Nomura Research Institute (NRI) conducted a survey on the market size of enthusiastic consumers in five major *otaku* fields: comics, animation, idols, games and PC assembly.¹ According to this survey, the total population of the Japanese *otaku* group is estimated at 2.85 million (including overlapping fields), with the amount of money spent reaching 290 billion yen.

By a simple comparison among the four fields in the content industry (animation, comics, idols, and games) for the purpose of roughly measuring the size of each market, although such direct comparison based on different calculation bases is not so significant, the amount of consumption by enthusiastic consumers in the content industry accounts for more than 11 percent of the simple aggregate of the market sizes of the four fields, 2.3 trillion yen. This comparison suggests that the group has grown to the extent that it can no longer be regarded as a niche market.

The population and the market size of each field of the content industry are shown below (see Table 1).

(1) Comics market

People who play a major role among comics enthusiasts are those who not only read commercial comic magazines or books but also create their own secondary products, participating in fanzine (*dojinshi*) publishing (independently publishing and distributing parodies and

Table 1. Size of the *Otaku* Group in the Five Major Fields

Field		Population* (thousand)	Market size (1 billion yen)	Major indexes
Comics		1,000	100	- Number of participants in spot sale of fanzines - Circulation of specific magazines
Animation		200	20	- DVD sales per title - Circulation of specific magazines
Idols		800	60	- Size of concert audiences - Sales of first-release CDs
Games	Home-use	570	45	- Number of hours spent playing games - Circulation of specific magazines - Rate of game players who participate in network games
	PC	140	19	
	Network	30	1	
	Arcade, etc.	60	13	
PC assembly	Wealthy	30	30	- Number of specific parts sold - Sales at PC parts shops in Akihabara - Circulation of specific magazines
	Junk	20	2	

* Including overlapping categories

Source: NRI, “Survey on Enthusiastic Consumers in Japan,” August 2004.

fan fictions (fanfics) based on the characters, stories, and world views seen in comics).

According to the number of participants in spot sales of fanzines and the actual circulation of specific fanzines, the number of comics enthusiasts is estimated at 1 million. In Japan, fanzine publishing flourishes mostly for comics fanzines. Among others, at the Comic Market, one of the largest fanzine events in Japan, 35,000 fanzine groups participate in the event and 420,000 people visit the site during the three-day event.²

The annual consumption in this group (amount of sales of comics and fanzines) is estimated to be 100 billion yen.

(2) Animation market

Animation enthusiasts are defined as people who love animation, watching TV animation programs, original video animation (OVA) and animated movies as a daily routine. Many of them record more than ten TV animation programs a week. As shown by their tendency to actively use PCs and hard disk recorders for recording TV programs, their capability to use information technology (their IT literacy), is also relatively high.

According to research on the sales of digital video discs (DVDs) per title and the circulation of specific magazines, the number of animation enthusiasts is estimated to be 200,000. A wide range of goods is merchandized in this field, including DVDs, books, game software and other related items; the total annual consumption is 20 billion yen.

Many animation enthusiasts are also enthusiasts of comics and games. This field largely overlaps such other *otaku* fields.

(3) Idol market

Idol enthusiasts are defined as people who have strong admiration and sympathy for specific pop musicians or entertainers and who actively collect information about and support such idols, placing high priority on these activities in their everyday lives.

Based on the number of people who visit concerts of specific idols and sales of related items at concert halls as well as the sales of first-release CDs, the number of idol enthusiasts is estimated at about 800,000.

Idol enthusiasts are roughly divided into two types, with a significant difference in their consumption structure: the “groupie” type, those who place importance on spending time and space with idols at concerts and events, and the “collector” type, those who seek to have contact with idols via items and media in which idols are featured. The total annual consumption, which consists of concert tickets as well as sales of books and magazines, CDs and other related items, is estimated at 60 billion yen.

(4) Game market

Game enthusiasts are defined as people who spend a large part of their time and disposable income on playing games.

Game enthusiasts are divided into various segments of the game industry, such as home-use games, PC games and network games. According to research on the average time spent playing games and the circulation of specific magazines, the number is estimated to be 800,000. Among the game segments, the segment with the largest population is that for home-use games of which the household penetration rate is high.

The total annual consumption in this market is 78 billion yen, of which consumption by PC game users accounts for a large share. These users always desire PCs of the latest specification in order, for example, to beat their opponents in competitive games by one-sixtieth of a second. Therefore, many of them are also PC assembly enthusiasts. In contrast, in the network game sector, consumption is not so large considering the time spent for playing games because a fixed monthly fee is charged for most network games.

(5) PC assembly market

PC assembly enthusiasts are defined as people who enjoy assembling PCs per se as an end in itself, deviating from the intended purpose of using computers, i.e., preparing documents, accessing the Internet, and conducting scientific calculations. According to the figures, including sales at PC parts shops in Akihabara and the number of specific first-lot PC parts sold, the population is estimated to be about 50,000.

PC assembly enthusiasts are roughly divided into two types: wealthy PC assembly enthusiasts who purchase new products having the highest levels of sophistication at their initial price, and junk PC assembly enthusiasts who build PCs with used parts obtained at inventory clearance sales. The market size is estimated to be 32 billion yen.

An overview of the *otaku* group indicates that the share of such consumers tends to be larger in the markets that have existed for a relatively long time and have been able to penetrate to general consumers, such as the market for comics.

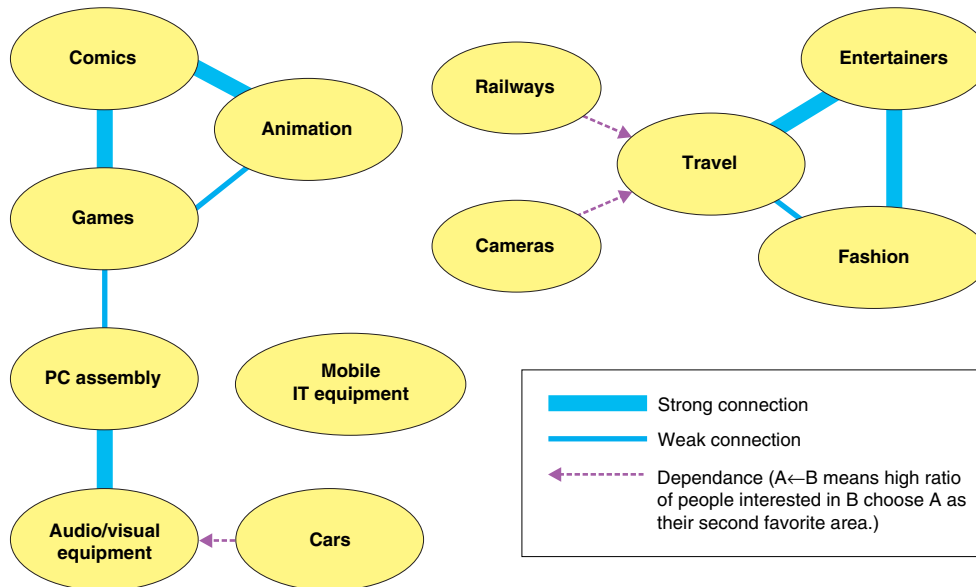
2 Enthusiastic Consumers Acting in More than One Field

As mentioned above in the descriptions of the characteristics of enthusiastic consumers in individual fields, in many cases, a single consumer is also an enthusiastic consumer in another field (or more than two fields). Such a tendency of belonging to several fields is a significant characteristic of enthusiastic consumers.

One of the reasons for such a tendency is that people who are interested in a specific theme of one field often take part in other fields that relate to the initial interest, and finally lose their initial focus. Furthermore, in the content industry, it has become common practice to commercialize a single theme or character in several fields, such as comics, animation, movies, music and

Figure 1. Relationship of Otaku Markets

Each market including Games, Animation and Comics has high intimacy and overlapped users.



games. Therefore, fans cannot help but access such derivative fields.

Figure 1 shows the relationship of major fields. Thus, enthusiastic consumers have acquired a significant presence in the content market, acting in several fields.

III Behavioral Principles of Enthusiastic Consumers

1 Spiral of Consumption, Creation and Passion

The big difference between enthusiastic consumers and ordinary users is that the consumption behavior of the former is driven by the pursuit of their ideals.

The behavioral objective of *otaku* is to materialize or have contact with their ideals. Examples are the imaginary figure of a female idol, a PC of the highest level of performance and breaking the record high score in a game. More specifically, as their consumption behavior is driven by their passion in pursuing their ideals, the price elasticity upon consumption often declines to the minimum level and they tend to hurry to extremes, pouring almost all of their disposable income into such pursuit.

Otaku tend to raise their ideals as they come closer to their ideals while repeating consumption, peer evaluation, and creative activities, e.g., collecting more items or breaking more record scores. Such increasingly lofty ideals induce them to take further steps for consumption.

Furthermore, as *otaku* keep pursuing their ideals, they never attain their goal. They just keep giving themselves new tasks and fall into a cycle of endless consumption.

Enthusiastic consumers with the behavioral principle described above can be compared to stars that fall into a huge gravitational field (see Figure 2).

Recently, the sense of being strongly attracted to one's ideals has often been expressed as *moe*. This term, which literally means "sprouting," is derived from another Japanese word *moyasu* or *moeru*, which means "burning (passion/heart)."³ *Moe* was originally used for female idols and animation characters, but currently it is also used to applaud the stylishness of hardware and has become popular among enthusiastic consumers. It has recently become recognized among overseas fans who enjoy Japanese *otaku* culture and pop culture such as animation and games.

2 Enthusiastic Consumers Are Not Merely Heavy Users

Enthusiastic consumers have some characteristics arising from their unique behavioral principles.

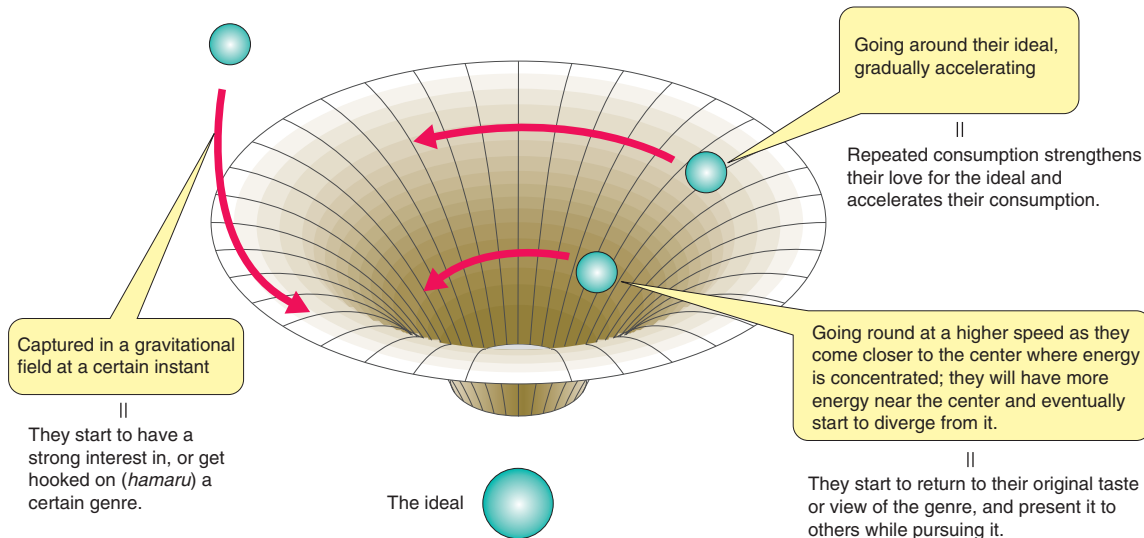
(1) Strong orientation toward forming a community

Subjects in which enthusiastic consumers are interested are highly segmented and specialized. Therefore, a considerable amount of energy is required to collect and exchange relevant information. Enthusiastic consumers have strong interest to a degree or in a subject that ordinary people cannot easily understand. Therefore, they feel that they should not be out in public. For this reason, they are strongly oriented toward forming a community with those who are interested in the same subject.

However, in such a highly segmented field, it is difficult to find people with the same interest. Events where people gather for their common subjects of interest, such as spot sales in the comics market and concerts in the

Figure 2. Principle of *Otaku* Consumption Behavior, Similar to Stars around a Huge Gravitational Field

Among enthusiastic consumers, the sense of gravitating to one's ideals is often expressed as *moe*.



idol market, make considerable contributions toward forming *otaku* communities.

(2) Extending their influence with the use of IT

The dissemination of IT and, in particular, the diffusion of the Internet since the latter half of the 1990s has greatly affected the behavioral patterns of enthusiastic consumers both in quantity and quality.

In terms of quantity, the Internet connected people who shared an interest in a niche genre but who existed in geographically remote places, and enabled them to form a community and drastically increase the amount of information they could exchange within the community. The use of the Internet also made it easier for them to collect specialized or niche information. Information multiplied in this manner has come to be shared among many people via the Internet, enabling consumers who are interested in certain genres to become *otaku*. This spiral expands the community of people who share interests in niche subjects.

In terms of quality, people within such a community can gain confidence or security because their tastes are not regarded as being strange. Eventually they cease to hesitate to act in ways that may attract public attention. Thus, *otaku* communities have become more noticeable.

The profile of enthusiastic consumers largely overlaps that of consumers who are highly familiar with IT. Enthusiastic consumers generally have a high degree of IT literacy or capability to make good use of the Internet for collecting information. They also exchange a considerable amount of information via web pages, bulletin boards and chat sessions.

(3) Actively creating fan fictions

Each person has his/her own interpretation or theory regarding a subject in which he/she has a strong interest. Such a tendency is particularly strong in enthusiastic

consumers. They actively express their own interpretation in various forms, such as publishing critical essays on web pages or fanzines, creating stories as variations of the originals, making character figures and studying how to become skillful at games.

In Japan, before the Internet became popular, fanzine publishing flourished as a grass-roots activity for presenting fan fictions and helped in the forming of *otaku* communities.

(4) A means often becomes a purpose

Because enthusiastic consumers pursue ideals that are essentially beyond their reach, they often lose sight of their initial purpose in the course of the pursuit and become addicted to a genre that is different from the one they initially targeted.

PC assembly enthusiasts are a typical example of such consumers. While current PCs have sufficient functions necessary for performing the basic purposes of computers, such as conducting scientific calculations and preparing documents, PC assembly enthusiasts are absorbed in assembling PCs as an end in itself. In particular, due to the recent slowdown in improving CPU (central processing unit) performance, they work to achieve unique objectives, such as downsizing and reducing PC noise.

Such tendencies for a means to become a purpose are often remote reasons that drive enthusiastic consumers to a radical consumption behavior without concern for their everyday lives, while it encourages them to create new categories and expand the consumer market.

IV The *Otaku* Group as a Base for Testing Innovation

So far, enthusiastic consumers have attracted attention from businesses only for their position as "loyal customers"

who spend an enormous amount of money for content but, as mentioned above, their important characteristics are their “passion” and “creativity” that drive them to consumption. More emphasis should not only be placed on the significant amount of consumption by enthusiastic consumers but also that they play certain roles in industry while establishing a community within the market and serving as a base for testing innovation.

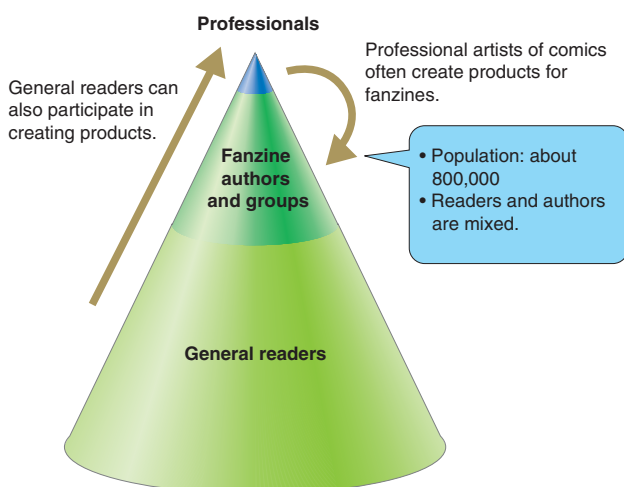
In relation to industrial innovation, enthusiastic consumers play the following roles: (1) suggesting new concepts and methods of use and presenting them to the market; (2) becoming the first sponsors for testing products; and (3) acting as evangelists for initial products. Some examples in which the activities of enthusiastic consumers have successfully been integrated into industry are presented below.

1 Fanzine Publishing Integrated into the Comics Industry

As mentioned above, fanzine publishing has been flourishing in Japan primarily for comics. About 800,000 people are said to be involved in this activity. Fanzines are not only a home for the activities of comics fans but also a home for the development of new comics artists and the presentation of experimental work created by professional comics artists. Thus, fanzines serve as a home for testing in the comics industry (see Figure 3).

A unique feature of fanzine publishing is that it is somewhat recognized by the commercial publishing industry. Most fanzine content consists of parodies of commercial publications and often seems to infringe on copyrights and neighboring rights of the original creators. For this reason, initial fanzine publishing was sort of an underground activity. However, its function as a place for testing has been widely recognized in the commercial publishing industry as being indispensable for promoting the comics business⁴ and, therefore, the

Figure 3. Position of the Fanzine Sector in the Comics Industry



existence of fanzines has been tactically accepted within the industry.

Along with the expansion of fanzine publishing in recent years, fanzine authors have been working toward “formalizing” fanzine publishing by imposing voluntary regulations on the content and obtaining approval from the editorial offices of commercial magazines before using the work in fanzines. Editorial offices of commercial magazines frequently grant licenses to fanzine groups, and some comics artists declare on their products that they are willing to provide their work for fanzine publishing. Thus, the commercial publishing industry is cooperating with the movement towards the “formalization” of fanzine publishing.

Such a structure of the Japanese comics industry, which recognizes the existence and makes active use of fanzines as a home for testing, is rarely seen elsewhere.

2 Digital Home Appliances Created by Otaku

Enthusiastic consumers have also created new concepts for the innovation of hardware. The PC market has developed because the parts and methods of use that became popular among PC assembly enthusiasts have come to be used in PCs made by major manufacturers. There was a time when people said that the trend in the popularity of PC parts in Akihabara suggested trends in the next generation of PCs (see Figure 4).

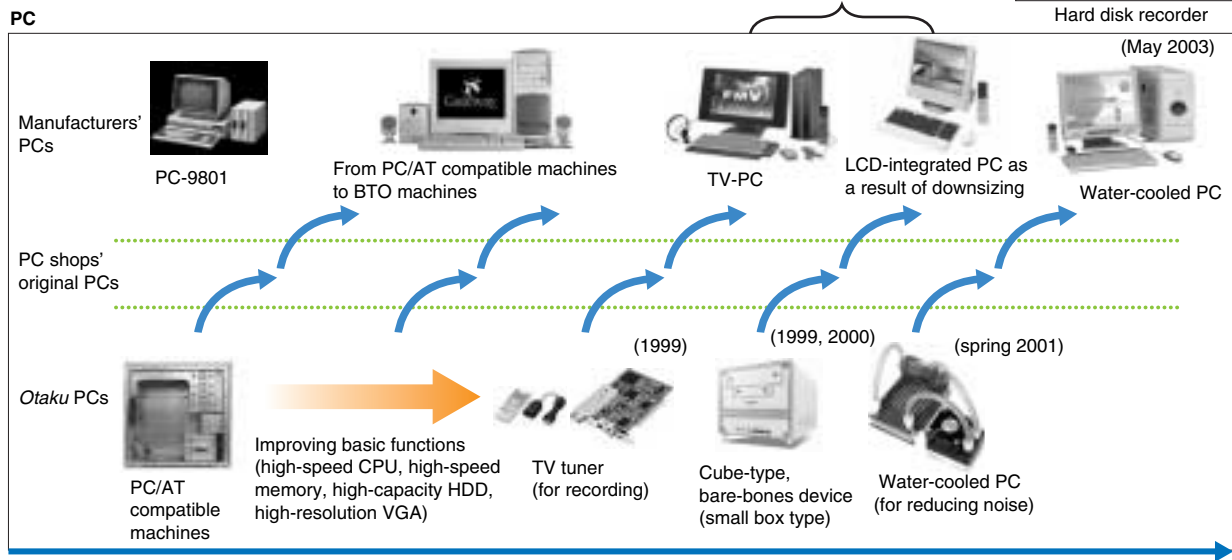
A TV tuner for PC use is one example. The style of enjoying TV programs, i.e., by recording a large number of TV programs on a PC hard disk, editing and arranging them according to preference and viewing such edited versions on various devices, was born among PC assembly enthusiasts. This trend caused a boom in the sale of TV tuner boards in Akihabara and highlighted the need for more powerful CPUs for video editing. PC assembly enthusiasts strove to create a PC that could attain such a goal while repeating with trial-and-error methods, finally establishing such a style of viewing TV.

Many PC assembly enthusiasts are also animation enthusiasts and idol enthusiasts. Therefore, among those groups, the style of viewing TV programs on a PC has become very popular because such a style is helpful in increasing the efficiency of their operations, recording and storing more than ten TV animation programs a week without omission, or checking and editing TV programs in which their favorite idols would appear in order to collect only the clips that featured those idols.⁵

Applying this TV viewing style of “recording and storing TV programs on a hard disk” to the field of digital home appliances created the hard disk TV recorder, currently a hot-selling product. A hard disk recorder is a product that delivers the function of a hard disk in the form of a home appliance. The device was conceived and enhanced by PC assembly enthusiasts who were also enthusiastic about animation and idols.⁶

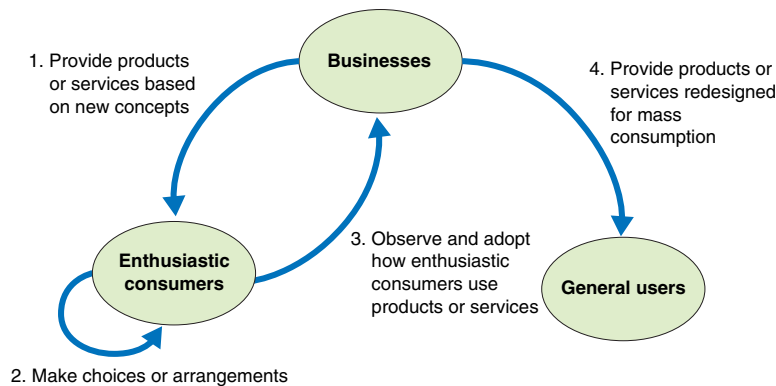
Figure 4. Hard Disk Players Originated from *Otaku* PCs

After several years, the parts and methods of use that became popular among PC assembly enthusiasts came to be applied to PCs made by major manufacturers. Subsequently, the enthusiasts may also affect trends in other IT devices.



Notes: (1) The pictures shown in the figure do not necessarily indicate the actual appearance of the machines at that time. (2) PC/AT compatible machines = machines compatible with the PC/AT series by IBM, BTO = build-to-order system, HDD = hard disk drive, PC-9801 = PC model by NEC Corp., VGA = video graphics array, graphics system for PCs developed by IBM. Source: The pictures shown in the figure are from the websites of PC manufacturers.

Figure 5. Innovation Driven by Enthusiastic Consumers



3 Recommendation on the Use of *Otaku* and Their Activities

As described above, making positive use of the activities of enthusiastic consumers may lead to signs of new methods of use or concepts for products or achieve industrial innovation (see Figure 5).

However, it should be noted that reflecting the opinions of enthusiastic consumers in specific sectors in the development process, such as choosing functions to be installed in PCs or conducting parameter adjustment, is not always recommended. There are too many cases of product development to enumerate in which general consumers have not accepted products based on functions desired among enthusiastic consumers.

In the content industry as a whole, we have recently seen remarkable movement toward expanding areas

under the control of content suppliers in content distribution, including repeated extensions of copyright terms and the expansion of the scope of the application of neighboring rights. Furthermore, because of the penetration of digital content distribution, control over the use of content such as copying has been strengthened through digital technology.

These actions are to be expected from a commercial perspective, but there is concern that control that is strengthened to an excessive degree would prevent creative activities on the part of consumers and finally cause a slump in the content industry.

Among the characteristics of enthusiastic consumers, this report has focused on the function of serving as a base for testing through their creativity, rather than on their strong orientation toward consumption. Enthusiastic consumers also play an important role in industry, e.g.,

forming consumer communities and expanding the overall market size by creating markets for secondary products. Some businesses have been involved in these activities.

With the aim of making effective use of enthusiastic consumers, from the perspective of their customers, businesses should begin reviewing the features in their lines of products or services that evoke strong feelings and what aspects of their products are currently being pursued.

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- (1) The Media Content Team in the Consulting Division II of NRI continues this research study. The team will continue to promote analysis targeting a wider area including hardware such as cars and audio/visual equipment as well as services such as tourism.
 - (2) The figures are those of Comic Market 65 in December 2003, released by the organizer.
 - (3) There are several theories regarding the origin of *moe*, such as animation, comics and voice actors/actresses. It is said that this term first became popular in 1993 or 1994 among PC communications users who enjoyed

plays on words (puns) by purposely using words that were converted into incorrect kanji characters.

- (4) In fact, nearly half of all professional artists of comics have participated in fanzine publishing according to a survey conducted by the Ministry of Economy, Trade and Industry in 2003.
- (5) At almost the same time, there was a rapid increase in the illegal distribution of content via the Internet or P2P (peer-to-peer) networks for the purpose of collecting and exchanging specific content. This also seems to have been to the result of the wide overlap of *otaku* fields.
- (6) The development team for hard disk recorders of a major electric appliance manufacturer has *otaku* members. The products made by this manufacturer are evaluated as having a number of useful functions for *otaku* to record, store and edit large numbers of TV animation programs.

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