

Animation And VFX - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Animation And VFX Market size is estimated at USD 179.78 billion in 2024, and is expected to reach USD 311.46 billion by 2029, growing at a CAGR of 9.43% during the forecast period (2024-2029).

Key Highlights

- Two trends are primarily driving the adoption of animation and VFX solutions. For some end-user industries, particularly films, there is an upward trend in production value or budgets. This is primarily due to broader international distribution due to digital theatres. Secondly, writers and directors are more open to embracing scripts requiring VFX. Therefore, production companies are increasingly pursuing more ambitious projects that can only be fulfilled using VFX and streamlined platforms. They have also broadened the genres of content being published.
- There is a surge in 3D-UHD animated movies in theatres through the application of animation and VFX in TV, advertising, and gaming. There is also a growth in the outsourcing of the VFX processes due to its cost-effectiveness. Thus, the focus on the "kids" genre and the growing popularity of video streaming are anticipated to fuel market demand across emerging economies.
- The creativity levels possessed by modern-day artists require more tools and software to produce awesome animated content that mesmerizes the viewers. One such trend is Virtual Reality (VR), which recently gained popularity. More animation studios are bringing virtual reality to 3D animation. It has moved 3D animation to the next level. Playing 3D games has become possible in a virtual environment-all credits to virtual reality mixed with 3D animation.
- Integrating new OTT services across the existing subscription-based streaming devices among emerging economies is expected to drive the applications of the animation and VFX sectors. The companies are continuously involved in introducing new services for animation and VFX dedicated to OTT content. For instance, London-based DNEG launched its new service offering called Redefine. The service aims to fill the gap between the East and the West for creative services for film and Over The Top (OTT) content for streaming.

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-The demand for animation and VFX expanded with the increase in the emergence of the media sector, gearing up significantly in the sphere of the multimedia ecosystem. Companies such as DNEG are looking for strategic investment partnerships to survive the turbulence. In 2022, major DNEG signed a new multiyear agreement to expand its provision of visual effects and virtual production services for Netflix series and feature programming through 2025. As part of the agreement, DNEG will build work for Netflix and significantly expand premium VFX services for the streamer across domestic and international markets.

-The COVID-19 pandemic caused disruptions to the production stage, resulting in a partial loss of market share and a toll on the post-production activities of industry participants. The global animation and VFX market had a wide range of effects post-COVID-19, affecting several facets of production, distribution, technology adoption, and audience engagement. Despite the challenges brought on by the disruptions, the industry was positioned for continuing expansion, the exploration of new formats, and the adoption of advanced technology in the changing environment of entertainment and media due to its resilience, adaptability, and inventive solutions.

Animation And VFX Market Trends

Rapid Growing Demand of Visual Effect Across the Multimedia Sector is Expected to Drive the Market Growth

- Nowadays, consumers are engaging in high-definition visual experiences. Movie-goers demand high-quality productions with engaging visual effects, realistic animation, and studios that include more animation and VFX film shots. Also, consumers consume more immersive content across channels, from ultra-high-definition TVs, tablets, and smartphones to head-mounted devices. Animation, VFX, and game content are being finished on OTT streaming services such as Netflix, Amazon Prime, YouTube, Twitter, and Facebook.

- The increasing demand for technology from various industrial verticals due to the expanding use of simulation in the design of industrial tools by OEMs is helping the penetration of 3D animation solutions worldwide. The increased deployment of simulation software and solutions in industries including architecture and construction, manufacturing, media and entertainment, defense, education, and healthcare is fueling the industry's growth.

- Furthermore, cloud computing plays a pivotal role in character rendering and modeling processes as the cloud-based rendering of animation films is more effective and efficient. It reduces the time and cost compared to traditional rendering, which is expected to fuel the market's growth during the forecast period. For instance, in May 2022, Rodeo FX found the flexibility of scale with Microsoft Azure HPC + AI, a hybrid estate, to keep itself versatile and agile to take on any exciting new projects.

- The entertainment and media industry has raised a high demand for 3D animation with increased adoption in recent years. Besides enhanced 3D animation and visual effects adoption, the industry has been pushing the global market based on other essential factors. VFX has been primarily used in movies, but the current television industry is also adopting it to strengthen the story and artistic vision and communicate the desired idea to the audience due to the growing demand of global consumers for engaging high-definition visual experiences.

- Furthermore, introducing AI, VR, and AR could boost the global 3D animation market. 3D animators employ artificial intelligence (AI) and natural language processing with a cognitive modeling method to enhance and virtualize the animation process to control the simulation and user experience in 3D games. The rapid growth of content streaming worldwide unlocked the doors for creators to create better content to leap toward the next level on the content graph. The storytelling community, which has always endeavored to produce newer effects, pushed new margins from experimenting with new techniques to incorporating relevant advanced technology possible in the media content.

Asia-Pacific is Expected to Register the Fastest Growth During the Forecast Period

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- The Asia-Pacific region highly emphasizes formalizing professional services across animation and VFX to support the ever-growing media and entertainment industry. New Zealand and Singapore emerged as a hub for VFX artists. These countries have an ecosystem for animation and VFX schools that offer advanced education in various streams.
- The growth in the consumption of more immersive content across multiple channels, such as ultra-high-definition TVs, tablets, and smartphones, to head-mounted devices, is also propelling the animation and VFX market demand, especially across China during the forecast period.
- The development of numerous training programs, software, and e-learning platforms employing simulated information and videos in the curriculum of this region is expected to drive considerable growth in the education and academic industry. Many educational institutions intend to integrate simulation technology into their educational systems, providing students with a more advanced learning environment.
- The application of simulation technology across the country's well-established anime business resulted in a considerable revenue share for the Japanese market within the region. Furthermore, the Asia-Pacific region's abundant qualified workforce leads to a low cost of production, propelling regional market expansion. For instance, in February last year, Asia's most enormous Center of Excellence (CoE) for Animation, Visual Effects, Gaming, and Comics (AVGC) was inaugurated in Bengaluru, Karnataka, at the cost of INR 40 crores (USD 4.81 Million). The CoE also features a Finishing School, which offers unique courses on virtual reality, digital compression, photogrammetry, gamification of education, real-time virtual production, and other emerging technologies.
- China is expected to surpass North America as the world's most significant theatrical movie market in the next three years. Also, with the rapidly growing demand for original OTT streaming content in India, driven by mobile broadband usage and lower data charges, the Asia-Pacific region is expected to witness the fastest market growth over the forecast period. Furthermore, according to the India Brand Equity Foundation (IBEF), the Indian gaming industry recently overtook the United States in terms of the user base that exceeded 300 million, with phone-based gaming apps accounting for 86 percent of total gaming apps last year.

Animation And VFX Industry Overview

The Animation and VFX market is moderately competitive and consists of a few major players. However, with the advancement in animation technology across professional services, new players are increasing their market presence, thereby expanding their business footprint across emerging economies. Significant Players include Adobe Inc., Autodesk Inc., iPi Soft LLC, Clara.io (Exocortex Technologies Inc.), and Lost Marble LLC, among others.

In August 2022, Cinesite acquired a majority stake in VFX Studio FX3X. The acquisition added a deep roster of talent in creative VFX supervision and production management and significantly increased. Cinesite's global capacity to serve clients better and on a grander scale in both episodic television and feature films.

In July 2022, Netflix acquired the world-leading independent animation studio Animal Logic. Animal Logic has produced award-winning designs, visual effects, and animation for over 30 years. This acquisition was expected to strengthen existing business and increase long-term capacity in the animation space for better entertainment to members worldwide.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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