

Analyzing the Future of Pixar Based on the Current Status

Weiye Jiang^{1,a,*}

¹English and Communication Studies, Xi'an Jiaotong-liverpool University, Suzhou, Jiangsu Province, 215000, China

a. Weiye.Jiang22@student.xjtlu.edu.cn

*corresponding author

Abstract: Pixar Animation Studios is currently facing a challenging situation due to the intense competition in the animated film market. As a result, the study's purpose is to investigate how Pixar should develop in the future to get out of this predicament. To solve the research question, this article will discuss Pixar's achievements in animated films as a case study. The first reason for the problem is technological innovation. The suggestion is to develop the use of artificial intelligence (AI) and virtual reality (VR) in animated film production and formats. The second reason for the problem is connected innovation; the suggestion is insisting on original IP and extending the industry chain. The third reason for the problem is not proactively catering to market needs; the suggestion is meeting diversified needs and strengthening international outreach cooperation. The value of this paper is to provide some reference suggestions for the development of animated films and fill the research gap in the future development of Pixar.

Keywords: Pixar, Technology Innovation, Connect Innovation, Market Needs

1. Introduction

Technology's constant advancement has had differing degrees of impact on diverse businesses. Among these, the animated film business has faced tremendous change. The production of animated films has gotten more economical and precise in recent years, thanks to advances in computer graphics. The quality of three-dimensional (3D) animation is improving, and the visual effects are becoming increasingly realistic. However, as science and technology advance and 3D animation creation mature, it becomes increasingly difficult to innovate in the production process. Commercialized animated films have become popular. Viewers who have seen a lot of special effects may struggle to understand the skills of animation, yet the desire for inventiveness and enjoyment is increasing. The animated film business is under intense competitive pressure. However, American animation film firms were seeking a breakthrough. Since 2010, the United States has been producing an increasing quantity of high-quality animated films. However, Pixar Animation Studios, once the apex of animation creation, is under threat from obsolescence. Since 2010, Pixar has been on a decreasing trend in the U.S. animation business.

Over the years, there have also been many studies on the different aspects and perspectives of Pixar Animation Studio. For example, a study took Pixar's animated film Luca as the research object and applied an exploratory-description method, audiovisual measurement, and narratology tools to investigate the application of advertising placement in Pixar Animation Studio's animated films [1].

Another study examined the interplay between reality and fiction in Pixar's use of unconventional communication tools to promote Pixar films [2]. Scholars have studied Pixar's *Finding Nemo* for its role in shaping public awareness and understanding of environmental issues [3]. Since the early 1980s of the 20th centuries, scholars have conducted studies on Pixar Animation Studios to explore the expression of its management theories in popular books and business journal articles [4]. These studies all revolve around research on Pixar's existing development and animated films.

Despite extensive research on Pixar, the rapid expansion and revitalization of the American animated film industry have led to competition from other emerging American animated film production companies. This has given birth to the most urgent inquiry: how to address a novel market and foster innovation. Consequently, there is a lack of research in Pixar Studios' study, which leaves uncertainty over its future development. The objective of this article is to address the research gap by exploring how Pixar Animation Studios might strategically adapt in order to overcome the current problem. The goal is to analyze the factors that contributed to Pixar's decline over the past decade and rectify the situation. The primary significance of this effort lies in its ability to address and facilitate Pixar's forthcoming transformations and advancements.

This article will combine the current phenomenon of Pixar and other animated films of the same period with data to analyze the reasons for their failure and how to adapt to changes in the market. Furthermore, there will be a description and analysis of Pixar Animation Studio's poor development over the past 10 years. On this basis, reasonable suggestions will be given to Pixar on how to get out of the predicament and improve its commercial value.

2. Case Description

In 1986, Pixar Animation Studio emerged as a company that specialized in computer animation. The company is equipped with world-renowned technical, creative, and production capabilities in the art of computer animation. It was formerly known as the Lucas Computer Animation Department. Disney acquired Pixar in 2006, transforming it into a subsidiary of The Walt Disney Company [5]. The company features animation films, including *Toy Story*, *Toy Story 2*, *Finding Nemo*, *COCO*, and *Inside Out*, among others. The company also provides the Render Man line of 3D animation design software products. Pixar is headquartered in Emeryville, California, in the US [6]. From the perspective of the animated film industry, Pixar has also created many milestones in animation history in terms of technology and box office. For example, *Toy Story* is of epoch-making significance to the entire animated film because it is the world's first animated feature film to exploit computer animation technology. Upon its release in the United States, *Toy Story* shattered the box office record for animated films. At the same time, *Toy Story* kicked off Pixar's golden fifteen years. In 2018, *The Incredibles 2* emerged as the world's third highest-grossing animated film, boasting a total box office of \$1.24 billion [7]. Pixar has won countless Oscars for Best Animated Feature, Animated Short Film, and other honors.

However, nowadays Pixar is facing creative bankruptcy and struggles to produce new work. Edwin Earl Catmull, one of Pixar's founders, once disclosed Pixar's production plans: Pixar launches a sequel for every two original works it creates. However, the number of films released between 2010 and 2019 shows that the ratio seems to have doubled: two sequels are launched to make an original film. However, after Pixar's golden fifteen years (1995–2010), other animation studios are still making better animated films. Disney rose to prominence during this period, winning four Academy Awards for Best Animated Feature. From 2011 to 2023, Pixar won only four Academy Awards for Best Animated Feature, but Pixar even won four consecutive Oscars for Best Animated Feature from 2007 to 2010. From 2011 to 2023, Pixar won three Annie Awards for Best Animated Film, but seven times in its golden fifteen years. It can be seen that Pixar is not as good as it used to be in animated film production.

3. Analysis

3.1. Reason on Technology Innovation

Pixar has not made any innovative breakthroughs in movie technology in the past decade, and it is still maintaining the status quo. Although Pixar was once far ahead in the development of 3D animation, with the continuous development of the animated film industry, other animation film companies have also mastered the technology of 3D animation production. As 3D animation has matured, it is difficult for Pixar to break through the shortcomings of animation production. Pixar's technological advantage has faded. Pixar gradually lost control of animated film technology.

Technological innovation is crucial for the film and television industries [8]. Technology and movies mutually enhance and satisfy each other. Recent advancements in AI, particularly in the field of generation technology, have greatly influenced the film and television industries. The 2022 Beijing Winter Olympics' opening ceremony employed AI to recreate the visual representation of "the water of the Yellow River descending from the heavens," resembling both the dynamic flow of the Yellow River and the artistic style of Chinese landscape painting. The China Film Museum has acquired the enormous screen used in the opening ceremony of the Beijing Winter Olympics, together with the film and television technological systems. AI technology may greatly reduce the amount of work and time required for labor-intensive operations like 3D modeling and animation. This is particularly important in the film and visual effects sectors [9].

3.2. Reason on Content Innovation

Another possible explanation for Pixar's failure is a lack of innovation and development in intellectual property. Pixar clearly falls short when it comes to intellectual property innovation. Lightyear, Pixar's 2022 animated film, features a character from Toy Story. Such an IP-based film is unquestionably a creative failure for Pixar, which has traditionally prioritized creativity. Disney also has a significant impact on Pixar's continued release of intellectual property sequels. Disney concentrated on developing classic IP and commercial value. Disney has built a theme park for Toy Story, and the consumption of IP has compelled Pixar to release an IP sequel to boost theme park consumption. This is also why, despite the fact that the Toy Story trilogy is already fairly complete, Disney must continue to release Toy Story 4. This places Pixar in the same position as the original IP. Meanwhile, despite having multiple similar IPs to Marvel's, Pixar falls well behind Marvel in terms of IP creation across all sectors of the industrial chain. Pixar's intellectual property is not as extensive as Marvel's, so the IP industrial chain has not evolved perfectly.

Creating new IPs, deeply exploring classic IPs, developing a series of movies, cultivating a fixed audience and developing loyal fans, and then obtaining income through cross-border development of various derivatives have become the underlying logic of the Hollywood film industry. Driven by business models such as blockbuster movies, high-concept films, and big-event movies, the IP series film strategy has indeed been a great success [10]. In 2023, the box office of the Spring Festival movie Man Jiang Hong will exceed 2 billion yuan. Compared with the previous movies, its most different feature is that it has added "comedy temperament" to the historical theme and made it a comedy-suspense film. Comedy has the attribute of humor, and suspense has the attribute of heaviness. "Man Jiang Hong" cleverly integrates these two highly contrasted film types [11]. Content innovation can distinguish a film from similar works of the same period and plays a crucial role in its development.

3.3. Reason on Not Proactively Catering to Market Needs

Pixar, a veteran animated film company, has not adapted to the ever-changing animated film market and cannot make changes in time. Pixar was obsessed with constantly improving animated film

production. However, the development of 3D animation has matured, and it is difficult for animated films to win the public's attention only by relying on gorgeous special effects. Moreover, Pixar's concept is different from Disney's commercialization ideas, resulting in Pixar's inability to make a breakthrough in originality and complete commercialization, putting it at a disadvantage in the competition for animated films.

Nevertheless, it is crucial for corporate growth to adjust to the demands of the market. If manufacturers fail to prioritize customer demand and neglect to develop based on consumer demand information, they will be unable to effectively comprehend market demand information. Consequently, they will inevitably lose sight of production and commercial operations. Hence, it is certain that losses and bankruptcy would occur [12]. For instance, there is a research study that uses the Segmenting Target Position theory to examine the Victoria's Secret brand at various phases of its growth [13]. The analysis examines the active adaptation of a company to market development at various stages in order to fulfill consumer demands and enhance its success [13]. Consequently, the idea posits that the only way to gain the approval of consumers is by aggressively meeting their market demands [13].

4. Suggestion

4.1. Suggestion on Technology Innovation

The absence of technological advancement in Pixar's work has resulted in its downfall, demonstrating that the creation of animated movies necessitates continuous innovation. Thus, this paper proposes that Pixar should closely monitor technical advancements, bolster technological innovation, and consistently fulfill audience demands in terms of the production excellence of animated films. In terms of technological innovation, the creation of animated films has achieved a significant level of maturity. However, the progress in science and technology, namely the developments in AI and VR technology, has broadened the potential for animated film production. Pixar has the capability to utilize AI and VR technologies in animated films, enhancing their creative techniques and offering viewers more immersive experiences.

Disney's Princess series of movies has achieved popularity through technological innovation. As computer 3D animation technology continues to advance, Disney has transformed numerous princess-themed works into live-action adaptations. Simultaneously, it utilized computer animation and live-action role-playing to fully leverage the brand and classic appeal of Disney princesses [14]. Therefore, Pixar must also achieve success through technological innovation.

4.2. Suggestion on Content Innovation

Pixar should prioritize the acquisition and creation of unique IP while also growing their existing IP library and fostering the development of popular IP across the entire industry chain. This approach will effectively address the issue of inadequate IP development. Pixar should persist in developing both original IP and sequels based on existing IP. Pixar can broaden its industrial chain by producing more derivative products, like toys, associated with its animated films. To maximize potential profits, Pixar should make popular IP the central focus of their industrial chain expansion. Disney's Toy Story theme park provides an ideal opportunity for Pixar to enhance the Toy Story intellectual property and produce more items to increase consumer demand.

Marvel's ability to leverage the popularity of its movies to create a diverse range of products and services, including mobile games, accessories, and collaborations across other markets, contributes to its success in IP development. Marvel strategically leveraged popular intellectual properties, such as Spider-Man, to establish a comparatively steady consumer base and generate money. Marvel has established the Marvel Universe to facilitate the development of its intellectual property, broadening

the potential of its business operations and consistently generating new intellectual properties. Furthermore, it consistently provides the original IP as feedback to achieve sustainable development.

4.3. Suggest on Not Proactively Catering to Market Needs

In order to thrive in the competitive market, Pixar must adjust to the demands of both the market and consumers. To adapt to the diversified market, Pixar can cooperate with different fields, such as the game field, to enhance business value. At the same time, Pixar can also strengthen its promotion and cooperation in the international market and continuously improve its popularity in other countries and regions.

Furthermore, Pixar can make full use of Disney's streaming platform to promote animated films quickly, mainly to accumulate word-of-mouth. For instance, the innovation of traditional cultural values has led to the market's orientation towards fashion elements. The strong performance of the Hollywood movie *Avatar* in the "Chinese New Year" film market showed that the cultural significance carried by it constitutes a new fashion and trend that is different from the current popular elements of film art. This is a manifestation of adapting to market changes and audience demand, and the absolute dominance of "*Avatar*" in box office revenue also reflects its importance [15].

5. Conclusion

The animated film market is booming and competitive. Producers are producing an increasing number of animated films with stunning special effects and profound content. Pixar is facing a downward trend and desperately needs a breakthrough. In this context, this paper studies the current situation and future development of Pixar's problem. It explores how Pixar should develop in the future to get out of the predicament, based on the business direction in the context of the media market. Moreover, this article introduces the phenomenon that Pixar's competitiveness in the animated film industry has declined, and it is difficult to produce new works. The article analyzes the reasons for the failure of Pixar's "two sequels, one original movie" in the past ten years. The analysis yielded a one-to-one corresponding suggestion for each of the three reasons.

This work makes a contribution and applies its findings from two distinct angles. This study presents an empirical analysis of the theoretical hypothesis that technology and content innovation are critical in the field of filmmaking. Furthermore, it fills an existing research gap about future development strategies that Pixar can employ to overcome this predicament. Most animated film firms can implement the practical reference proposals offered in this article to advance the animated film industry. Nevertheless, there are still certain constraints. This study focuses exclusively on Pixar's challenges in the production of animated films without addressing the potential impact of other parts of Pixar's operation and administration on its overall development. Because of the insufficient and detailed information provided, the analysis and suggestions are open to subjective interpretation. In order to address the fall of Pixar's development, future studies should focus on a broader range of factors and be guided by pertinent recommendations. Additional pertinent information can be obtained to aid in conducting more objective research.

References

- [1] Selva R.D., Jiménez M, G. and Álvarez R.V. (2023). *A Vespa for Luca. The incursion of real brands in Pixar movies.* *Fotocinema*, 26, pp. 355-382.
- [2] Selva-Ruiz, D. (2021). *The merging of reality and fiction in Pixar's unconventional promotional actions.* *Con A de Animación*, 12, pp. 32-51.
- [3] Van O.I., and McCarthy, W. (2023). *Once upon a Dystopian Time... the Portrayal and Perception of Environmentalism in Pixar's Finding Nemo and WALL-E.* *Quarterly Review of Film & Video*, 40(7), pp. 848-873.

- [4] Gowanlock, J. (2020). *Animating Management: Nonlinear Simulation and Management Theory at Pixar*. *Animation*, 15(1), pp. 61-76.
- [5] The official website of Taiwan Disneyland. Available at: <https://www.disney.com.tw/pixar-brand/>
- [6] MarketLine Company Profile: Pixar Animation Studios. (2023). *Pixar Animation Studios MarketLine Company Profile*. pp. 1-14. Retrieved from <https://search-ebscohost-com>
- [7] Box Office Mojo. Available at: *Incredibles 2 - Box Office Mojo*
- [8] Chun, M. (2023). *Technological Innovation Has Added Fuel to the Fire of the Film and Television Industry*. *People's Daily Overseas Edition*, 006.
- [9] Qiang G.D., Da, L., Cui, W., Wei, Z., Xin, Z. and Xue, Z. (2024). *Global Film Technology Development and Thinking Enlightenment in the Context of Innovation and Upgrading: Remembering the 2023 SMPTE Media Technology Summit*. *Modern Film Technology*, 01, pp. 6-12.
- [10] Zhang H.Q. (2023). *On the Value Innovation of IP Resources for Series Films: Taking the 2023 Summer Movies as an Example*. *Contemporary Cinema*, 10, pp. 24-31.
- [11] Huai, H.C. and, Pang. Y.Y. (2023). *The Innovation Mechanism of Content Production from the Perspective of Film Audience Changes: Based on the Analysis of Spring Festival Movies in 2023*. *Movie Review*, 01, pp. 40-43.
- [12] Bing, W. (2004). *On the Important Role of Consumers in the Market Economy*. *Yunnan Social Sciences*, 5, pp. 49-53.
- [13] Si, C., She, L. and Huan, L. (2021). *Research on the Impact of the Matching of Market Positioning and Dynamic Changes of Consumer Demand on Brand Development: Based on the Case Study of "Victoria's Secret" Brand*. *Enterprise Reform and Management*, 15, PP. 117-120.
- [14] Lin, Y.Q. and Yun, W. (2019). *Analysis of the Innovation Mechanism of Disney Princess-themed Films in the New Century*. *Chinese Film Market*, 07, pp. 22-26.
- [15] Hui, M.J. (2011). *From the Competition in the "Chinese New Year" Film Market, We Can See the Trend of Movie Consumption Demand*. *Popular Literature*, 18, pp. 139-140.