

Innovation Drives The Market For Digital Cameras

Contributed by GfK NOP
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Latest GfK data on the worldwide photo market in 2011

Technical innovations are the main reasons why consumers are happy with the latest digital cameras - even if they already own an older model.

There is a particular demand for compact system cameras around the world, as Marion Knoche, Global Director of Imaging at GfK Retail and Technology discussed at the 2011 Imaging Summit.

In addition, smartphones with camera and video functions are starting to influence the photo industry more and more.

Although worldwide there is a large number of photo and video recording devices already in the home, the demand continues to grow. There was a boom in the first nine months of 2011, particularly in Russia, Ukraine and Kazakhstan, where 35% was invested more in Photo Products as compared to last year. In Latin America, sales grew by 16% and 7% in India.

The sharpest decline was seen in the Japanese photo market, which experienced a decline of 17%. This was largely due to the natural and nuclear disaster in March which had a significant impact on the economy. The high number of photo products owned by consumers was also a factor which contributed to the decrease in the market.

The relatively new digital compact system cameras are also driving the global market and up to now, have not cannibalized the demand for SLR models. The growth of these products has stimulated an increase in the DSC changeable lens segment (+17%); growth rates can be seen across all regions in the first nine months of the year. Furthermore, these products are boosting the accessories segment, in particular interchangeable lenses, bags and tripods.

Technical innovation is critical for growth

The high number of households with digital and video cameras can have an adverse effect on the market; however, this is not always the case. For example, in Sweden and Switzerland many households are equipped with cameras with changeable lenses but their unit sales developed very differently. In Switzerland, 14% more cameras were sold in January to September 2011 compared to same period of last year while in Sweden, the number declined by 6% over the same period of analysis.

In spite of how many consumers already have photo products, new features are important for market growth. Customers in Japan and India, for example, are particularly enthusiastic about new technologies. GfK market analysis has revealed that these two countries have the highest shares for products being launched in 2011. Approximately, half of the products sold in Japan this year were new to the market, while in Brazil and South Africa it was only around 30%.

Smartphones enrich and compete against the digital camera market

Currently, smartphones are highly popular among consumers around the globe. First, they may open up new user groups but could also hinder the development of digital cameras. Smartphones have a large number of comparable features, such as megapixels and autofocus, but the ability to access the internet, is one of the advantages they have over digital cameras.

In China, smartphones may cut out demand for low end cameras, but at the same time, they are increasing demands for high end models as consumers are becoming more enthusiastic about photography - this is why the share of compact system cameras is higher in China and the Asia Pacific region than in European countries. In Europe, it is worth noting that there is no cannibalization of fixed lens cameras so far; the growth of these digital cameras in the region is healthy and increased by 4% in the first nine months.

The comparison between digital cameras and mobile handsets (including smartphones) clearly demonstrates the strengths of each device. From January to September 2011, a fifth of all digital cameras sold worldwide were 16 megapixel models. Regarding mobile handsets, the segment of 5 mega pixels and less is still the most popular. The share of mobile handsets with more than 5 mega pixels is so far only 3%.

In contrast, mobile handsets, especially smartphones, are leading in the areas of connectivity and touch screen technology. Global figures show that in the first nine months of 2011, only 10% of digital cameras were equipped with Wi-Fi, however for mobile handsets, the share was 24% and for smartphones it was even better (87%). For uploading photos to social networking sites, direct internet access is a major advantage.

A similar situation can be observed with regards to touch screen technology. While one in three mobile handsets has this user friendly feature only one in ten digital cameras is equipped with this function. GPS is also a common feature in smartphones; however, for digital cameras its share is still very low. This feature is however necessary for the geocoding of photos.

The argument as to whether smartphones are supporting or competing against digital cameras is one which will be continuously discussed in the future. However, there is no doubt that future trends and developments of the smartphone market will have a significant impact on the digital camera market, whether it be for demand, features and price class structure.

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