

British photographers focus on the digital revolution

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Picture the once typical British holiday snap - slightly out of focus, granny's got her eyes shut and you only managed to get half the grumpy teenager in the shot. But today with the boom in digital cameras we can now simply delete, point and shoot again. Indeed, latest research from MINTEL finds the market for digital cameras shooting through the roof, with volume sales having increased by a massive 530% in the last 5 years alone. Back in 2001, a million digital cameras were sold but this year annual sales are expected to reach an incredible 6.3 million, as British photographers look for immediate results, turning their backs on expensive film and disappointing prints.

In 2005, digital cameras are Britons' number one camera choice with over a third (36%) of adults now owning one, having increased from just 5% in 2001, with men (40%) proving to be taking a greater interest in digital cameras than women (32%). What is more, last year digital cameras made up a massive 85% of value sales in the total camera market, with even single-use cameras (10%) proving more popular than the traditional film models (5%).

Over the past five years value sales of digital cameras have increased by almost 342%, with the market expected to be worth just shy of £1 billion (£951 million) this year. Strong interest from consumers in compact digital cameras resulted in a rapid expansion of the market between 2001 and 2003, when volume sales of all digital cameras more than trebled and value sales grew at a slightly slower, but nevertheless impressive rate of 180%. Since that time, however, sales have slowed as people are now more likely to be replacing their existing digitals rather than buying for the first time. Prices have also declined as the products have become more mainstream, which has restricted value growth, particularly since 2004.

Although the digital camera market is showing signs of a slowdown, this is not the case for every segment. The digital Single Lens Reflex (SLR) sector is developing incredibly well with falling prices and improvements in the features offered generating increased demand. Volume sales of digital SLRs almost trebled between 2003 and 2005, to around 200,000 cameras. Meanwhile, growth in the compact segment, which accounts for over 90% of total volume sales of digital cameras, has slowed to around 65% over the same two year period.

"The popularity of digital cameras has grown as the digital revolution has continued across consumer electronics markets. The growth curve in the digital camera market is flattening, but substantial and rapid advances in quality and at lower prices, point to a big upgrade opportunity as people begin replacing their early models with better specced versions. In the meantime, SLRs have tumbled in price, so that the amateur enthusiast who waited for the 'right moment' to join the digital revolution is also being lured in to the market. The major concern for all those in the camera market in recent years has been the consumer preoccupation with megapixels when it comes to purchasing and upgrading. Although it is true to say that megapixel imaging capability is an important feature, the availability now of 5-6-megapixel cameras at mass-market prices is expected to shift interest towards additional features. Manufacturers are heavily promoting these as a way of differentiating themselves and it is likely that consumers will increasingly make this the basis of their choice," comments Matt King, senior market analyst at MINTEL.

Camera phones running rings around digital cameras?

In 2005, over a third of mobile phone owners had camera facilities on their handsets, with a quarter actually making use of this feature. MINTEL believes that the rise of the camera phone is set to bring about mixed benefits for the digital camera market. On the one hand consumers who perhaps take their first digital pictures using their mobiles may eventually begin to want better quality images, which may persuade them to buy a digital camera. However, other consumers may feel they only need basic photography functions and so may make do with the facilities on their mobile phones. What is more, the quality of camera functions on mobile phones is improving, with Samsung, for instance, unveiling the world's first 10-megapixel camera phone at the 2006 CeBIT convention in Hannover in early 2006. This serves as an indication that mobile handsets are likely to pose an increasing challenge to even the highest-resolution digital cameras in the near future.

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