



Press Release

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Imaging market – Fundamentals are good

GfK Marketing Services on the market for imaging products

Nuremberg, August 27, 2008 – Three quarters of a billion image capture devices were sold in 2007, adding up to over 2 billion in use with plenty more growth to come

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In 2000, the camera market in Western Europe hit an all-time high: sales of over 15.5 million analogue cameras and about two million digital cameras, nearly 18 million cameras altogether. By 2005 the market had increased to 33 million units and it then began to look as though growth was ending, with the market size being unchanged the next year; but in 2007 the market went up to 35 million. The Western European market has therefore maintained volume growth of over 10% per year over a seven-year period.

Western European figures are highlighted for two reasons. Firstly, GfK has comprehensive figures for the area that go back many years. Secondly among all the major world markets, Western Europe has been chalking up some of the slowest growth rates. The 33 million sales in 2005 gave it a 36% share of world markets, while its 2007 world share fell to 27%.

Meanwhile in Eastern Europe, digital camera sales between 2005 and 2007 doubled from 5 million to 10 million units, so including Russia it now accounts for about 8% of the world market. Other fast-growing areas include China and Latin America. The Chinese market and the East European market are roughly the same size. The Latin American market is still small, but Argentina, Brazil and Chile together, the three Latin American

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markets regularly monitored by GfK, saw their share of the world market increase from under 1% in 2005 to well over 2% in 2007.

In 2000, there were two types of image-capture device – cameras and camcorders. Now we have to include camera-phones as well. During the 7-year period, they have advanced from insignificance to a world market size of about 630 million units, and the growth of all three image capture devices has been at a similar rate – about 17% in 2007. Adding them all up, three-quarters of a billion image capture-devices were sold in 2007.

Assuming that these products have a life-in-use of about three years, there is a pool of nearly two billion image capture devices in use around the world, with only 28% of them being at home in Europe (both West and East). The replacement market is much bigger than with analogue, when the typical camera had an eight-year life.

A camera has usually been regarded as a family possession and penetration has been defined as the proportion of families owning a camera. On this measure, there is according to GfK Consumer Panel data still plenty of market to go for, even in Western Europe. In 2001, in seven Western European countries, analogue cameras were owned in 75% of families. In 2008, 61% of families own a digital camera, so there is a gap of about 14 percentage points to make up if digital cameras are just to get to where analogue cameras were six years ago. That is probably too conservative a target. In both Spain and Switzerland, digital camera penetration is ahead of the 2001 analogue figures – by 12 percentage points in Switzerland.

Mobile phones and camera phones have never been regarded as family items, but rather as personal possessions. If cameras are regarded likewise, that cuts penetration by around two-thirds and dramatically expands the size of the world market. Digital cameras, now with identical models available in a choice of colours, are following the example of mobile phones, and becoming fashion items, which also has implications for market size through people replacing their cameras more quickly and subjectively.

Part of the recent growth in the camera market has been due to the rapid increase in sales of digital SLRs. In 2005 at world level, they accounted for 4% of cameras sold; three years later, their share had doubled to 8%, with sales tripling from 3.5 million to 10 million units. The question is how much further the DSLR market can go. An answer can perhaps be found in early GfK data from the U.K; in 1983 SLRs accounted for 19% of camera sales, and their share only fell below 10% from 1988 onwards as the sale of 35mm compact cameras took off.

The main headache in today's imaging market is low margins on cameras. That is why the growth in the market for DSLRs is so important because it expands the market for high margin accessories. GfK lists as growing disproportionately strongly: digital frames, bags, lenses, flash, memory

cards and MFDs. Cameras should therefore partly be regarded as tools for opening up accessory sales. Finally there are the opportunities for photo-gifts, photo-books and other services. The opportunities remain dizzying. Photokina can help show how they can be realized.

For further information, please contact: the trade fair office at the Internationale Funkausstellung (IFA) in Berlin from August 29 to September 3, 2008 (VIP room 2, Großer Stern), or Marion Knoche, tel. 0049-(0)911-395-2294, marion.knoche@gfk.com.

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