

Digital Camera Industry

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Presented by Caitlin Dougherty



Lundquist College of Business



Oregon Consulting Group

Exceptional Value for Clients, Transformative Experiences for Students

Industry Overview

Industry Characteristics

Primary digital camera customers include photographers, videographers, and camera enthusiasts.

Key Industry Statistics

Estimated Market Value

\$8.2 Billion

Projected Growth

\$12.1 Billion by 2028

7 Year Projected CAGR

5.6%

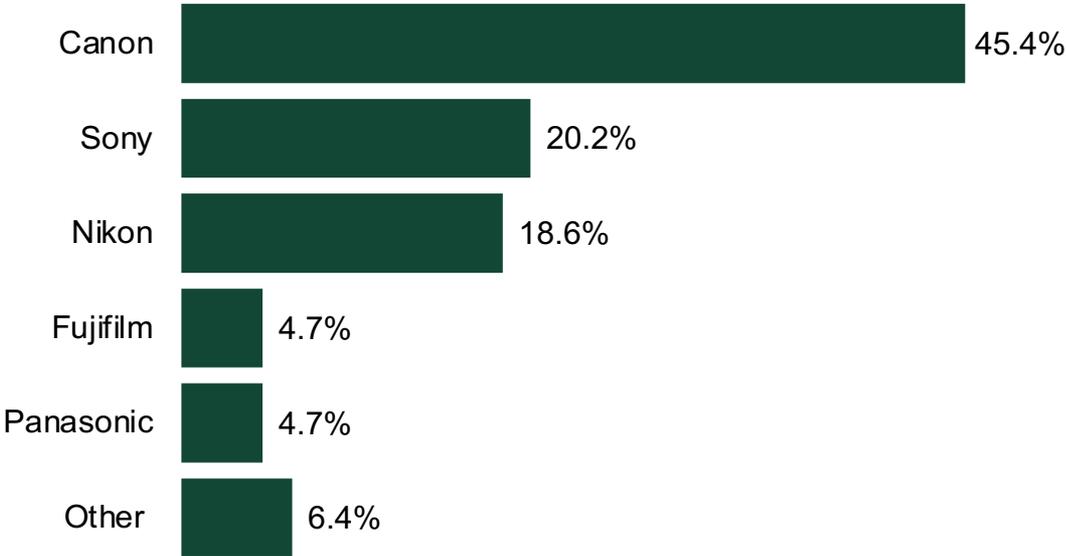
Key Markets

Types of cameras:
interchangeable lens, DSLR,
compact digital, mirrorless, and
digital rangefinder

Key Regions

Japan, Europe, North and Latin
America, Asia (w/o Japan)

Market Share Distribution



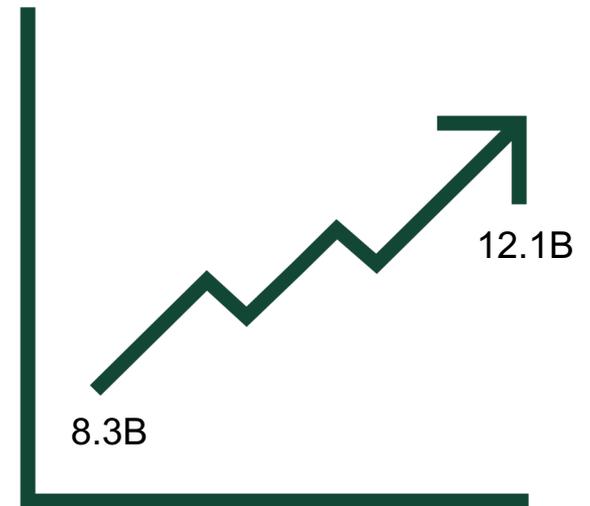
Growth Projection

Digital Camera Industry Growth Drivers

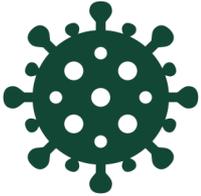
Consumer confidence in economy

AI and other new technologies

Certain industries rely on digital cameras



Challenges



- ▶ The global supply chain issues have increased prices of raw materials
- ▶ Scarcity in materials have led to higher production costs
- ▶ Demand > Production
- ▶ Up to four months of backorders



- ▶ Modern smartphones take pictures that are sufficient for the demands of the average consumer
- ▶ Less bulky, less expensive, and more convenient
- ▶ Easier to quickly snap a photo



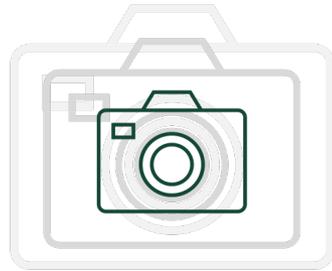
- ▶ There is a lack of innovation from year-to-year releases
- ▶ Sometimes newer models are not any better than the previous
- ▶ Technology does not change as rapidly as expectations and desires

Potential Solutions to Recapture the Market

What are potential solutions for the digital camera industry?



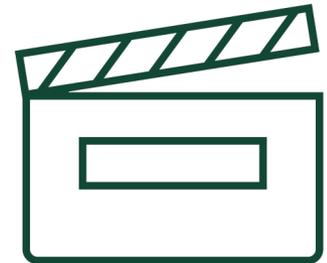
**Focus Marketing
Tactics**



**Smaller, Lighter
Weight Cameras**



Price Ranges



Digital Cinema

Mitigating Threats Facing the Digital Camera Industry

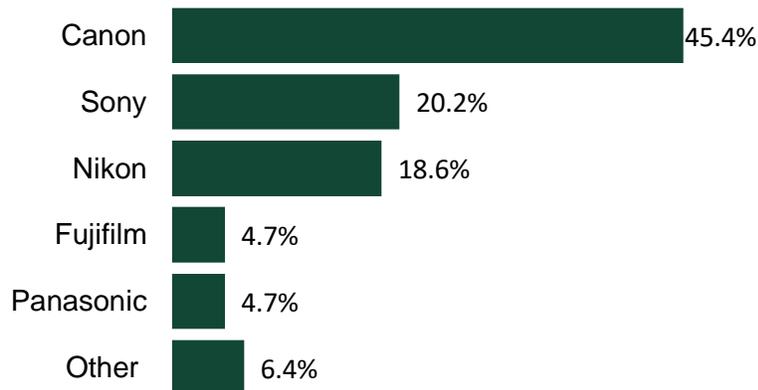
Background

The first photograph was taken in 1810, but it was not until the late 19th century when cameras became popular. Film cameras became more affordable, and there were even more technological advancements: including 35mm film cameras and Polaroids by the 1960s. The first digital camera was manufactured in 1975, but it was not until the early 1990s that they became affordable enough to become popular among camera enthusiasts.

The primary purpose of the digital camera industry is to capture photos and videos with high quality. Consumers can create art, shoot movies, save memories, and capture sports. Primary customers include photographers, videographers, and camera enthusiasts. The film industry is one of the most lucrative forms of global entertainment, and it relies on the digital camera industry to create content. The digital camera industry has plenty of room to grow and expand into new markets.

The camera industry market size was valued at \$8.2 billion in 2021. Key markets in the digital camera industry are interchangeable lens cameras, digital single lens reflect cameras, compact digital cameras, mirrorless cameras, and digital rangefinder cameras. Key regions include Japan, Europe, North and Latin America, Asia (without Japan), and other areas.

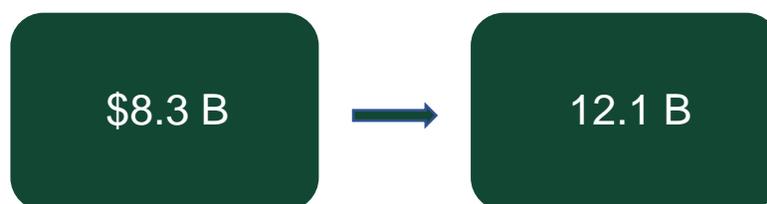
Digital Camera Industry Major Players



The digital camera industry is highly competitive with many major players. As seen in the graphic, the major players are: Canon (45.4%), Sony (20.2%), Nikon (18.6%), Fujifilm (4.7%), Panasonic (4.7%), and other (6.4%).

Growth Projection

Insight Partners projects a 5.6% compound annual growth rate (CAGR) for the digital camera market from 2021-2028. Additionally, after analysis, the industry is projected to reach 12.1 billion dollars by 2028 from 8.3 billion dollars in 2021. That is a 4 billion dollar increase in the next seven years.



Growth Drivers

According to IBIS World, the major factor that affects camera demand is overall consumer confidence in the economy. The camera industry heavily relies on consumers' disposable income. An increase in consumer confidence in the economy increases the demand for non-essential items.

Market growth, propelled by increases in artificial intelligence and other recent technologies, allows camera form factors to be smaller and more capable. Artificial intelligence helps cameras enhance images and reduce noise in low-light situations. The smallest, functional camera is the size of a grain of rice. The use of modern technology allows security companies to maintain a high level of resolution while fitting in a small footprint.

Additionally, many industries will always need professional-level cameras. These include film, television, sports photography, nature photography, architectural photography, and astrophotography. The digital camera industry includes compatible, interchangeable lenses. Each lens has a different focal length; creatives can use them advantageously. Users also have accessibility to changing ISO, shutter speed, and aperture to further manipulate their content. In addition, professional cameras have raw shooting capabilities. Unlike jpegs, raw images are not compressed and contain all image data detected by the sensor. There will always be a demand for the camera industry.

Challenges

Impact of Covid 19

Currently, the digital camera industry is facing challenges caused by the COVID-19 pandemic. There are global supply chain issues, which have led to an increase in raw materials and higher production costs. These increases are reflected in the key markets of the digital camera industry. Now, many camera stores are facing higher demands than they can produce. Digital cameras have been on backorder for up to four

months, camera companies have opted to allow customers to preorder inventory to better predict how many they need to have in stock.

Competitive & Consumer Pressures

The digital camera industry also faces challenges from competing devices and consumer pressures. Modern smartphones take pictures that are sufficient for the demands of the average consumer. Smartphone quality is better than it has ever been before, and some camera enthusiasts have passed up buying a bulky, more expensive digital camera. Some consumers argue that digital cameras do not offer any additional features smartphones cannot provide. Consumers often prefer smartphone cameras over digital cameras because they can conveniently use the functions of a camera without having to own a second, separate device.

Additionally, though camera companies often update their flagship products yearly, there has been very little innovation between different camera models. Sometimes newer models are not any better than previous, cheaper releases. This deters potential buyers because there is no reason to upgrade gear. It is hard to create novel changes to cameras every year because technology does not change as rapidly as people's expectations.

Potential solutions to recapture the market

Though the digital camera industry faces many challenges, there are potential solutions to recapture the market: focusing on marketing tactics, creating lighter weight mirrorless cameras, and market towards industries that will continue to need digital cameras in the future. One of the key selling points of a digital camera is the image

quality and the ability to manipulate the image in post-production. The quality of a digital camera is better than smartphones and other alternatives due to the professional level camera file formatting and interchangeable lenses.

Focus Marketing Tactics

Key players in the camera industry can increase the market value if they focus more on their marketing tactics. Social media has changed consumer's views of photography. Many of the compact cameras, such as the Canon G7x are used for vlogging and capturing Instagram posts. By reminding social media connoisseurs of the importance of digital cameras, companies can capture younger demographics by expanding their marketing efforts to potential consumers on social media platforms.

The camera industry can increase the number of buyers by displaying the price ranges for different cameras from entry-level to professional level. Digital cameras can range from one hundred dollars to over two thousand dollars. If key players are more intentional about marketing different prices of cameras based on the demographics and camera needs, the audience is more likely to buy a new camera. For example, if the key players are marketing towards younger camera enthusiasts, the targeted ads should include user-friendly, budget cameras. On the other hand, targeted ads geared towards professional photographers who regularly buy new equipment should highlight more expensive and high-end products.

Smaller, Light Weight Mirrorless Cameras

Current research and development have been focused on mirrorless cameras because the development of DSLR cameras have reached their peak in innovation and

novel factors. The support for compact cameras has spurred mirrorless and other miniature cameras with advanced photo quality. These cameras are in high demand from camera enthusiasts and travel photographers that desire smaller, more compact cameras. A less bulky, convenient camera has already increased the number of camera consumers and digital camera market value.

Digital Cinema

Another way the camera industry can recapture the market is by focusing on the video capabilities of digital cameras. The future of film and television relies on high-quality digital cameras because the footage is often enlarged to the size of a television screen and as big as a movie theater screen.

While some cameras are more geared towards photography, the quality of video has improved so much so that cinematographers have started to use digital cameras to film movies and television. Digital cameras allow for a great deal of versatility, due to their compact size. Many companies have created rigs and other stabilization tools that allow creatives to be more flexible while shooting. In addition, digital cameras make better images than most video cameras because they use better lenses and have superior optics.

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