



P R E S S R E L E A S E

Canadian consumers surprise industry
More digital cameras purchased than expected

Toronto, Ont. (February 6, 2007) — Last year delivered a surprise to the members of the Canadian Imaging Trade Assoc. (CITA): Canadian consumers bought more digital still cameras in 2006 than forecast by the association. Instead of witnessing a plateau in digital camera sales as expected, they rose by a considerable percentage.

Canada's switchover from film-based picture-taking to digital picture-taking is complete. Conventional film camera sales in 2006 fell to insignificant levels.

The revolution has been a short one, lasting just a handful of years. Now we are seeing digital camera prices declining while their capabilities and performance increase, delivering pictures every bit as good as those we enjoyed from our film cameras. Increasingly, consumers are having prints made from their digital files, not just storing them on a computer. Digital camera users are returning to stores to have photo-quality prints made from their electronic images, or are using retailers' do-it-yourself kiosks or online print-making services. Regardless of the method used, the results are the same: the number of prints made at retail from electronic images continues to increase.

On top of that, countless images are made at home on photo-quality inkjet printers.

Canadians have not lost the desire to capture the times of their lives.

“We have analyzed not only our association’s statistics but also data from other experts and analysts such as A.C. Nielsen, The NPD Group, and Ipsos-Reid, and confidently peg the total size of the imaging market to be more than \$1.8 billion. Canadian consumers have really embraced digital and brought a resurgence in our collective businesses, with a new frontier of growth and opportunity,” notes Kent Hatton, Chairman of CITA’s Statistics Committee and a member of the association’s board of directors.

“It is estimated this year we will see up to 60 percent of Canadian homes with a digital camera, and people are far more ‘photo-active’ than ever before, shooting

more than 450 images per year. That's the equivalent of 18.8 rolls of film a year versus the traditional average of five rolls."

Cameras

In 2006, members of the Canadian imaging industry experienced greater than expected digital camera growth. Manufacturers shipped about 3.0 million digital cameras to Canadian retailers, for a 20 percent increase compared to 2005.

The industry had forecast a continued, natural slowing of digital camera growth for 2006, as initially witnessed between 2004 and 2005. Prior to that, growth had been nothing short of phenomenal as Canadians overwhelmingly switched from film-based cameras to digital cameras.

2006 – 3,000,000
2005 – 2,500,000
2004 – 2,300,000
2003 – 1,500,000
2002 – 880,000

(all approx. values, numbers rounded off)

The digital single lens reflex (DSLR) camera sector led the growth, with 145,000 units shipped. That's an approximately 50 percent growth spike compared to 2005. In 2007, the industry is optimistic DSLR sales will continue to grow as more consumers feel the need to expand their picture-taking horizons and demand both greater versatility and quality.

It is difficult to see a future for conventional film camera sales, as sales in 2006 fell to insignificant levels.

CITA anticipates conservative growth for cameras in 2007 as the market matures and as alternate image capture devices (such as cameraphones) might have a negative impact on the market, especially at the lower price end.

Consumer Film

Film sales in 2006 continued to be adversely affected by digital camera sales. The combined total sales of all types of film closed out the year at 12.9 million rolls. That's a decline of 37.4 percent compared to 2005.

With no end in sight to the avid adoption of digital by consumers, there seems little doubt film sales will continue to decline. CITA forecasts a 34.1 percent decline in total film sales to 8.5 million rolls in 2007.

Single-Use Cameras

Single-use cameras are inexpensive, take good quality pictures and are a handy

substitute when you have forgotten or don't want to risk your main camera. They take good quality pictures, remarkable for a product that is completely recyclable when the entire camera is returned for photofinishing.

Despite this, because of the decline in the traditional film capture market, single-use cameras sales in 2006 also declined, but at a lower rate than traditional roll film because of their ease of use, good results and continued relevance in an increasingly digital world.

Approximately 4.5 million units were shipped in 2006, a 23.3 percent decline compared to 2005.

A continued decline is projected in 2007 with total single-use camera sales expected to be 3.8 million units, a decline of 16 percent.

Professional Film

Professional film continued its trend of recent years, again showing increasing rates of decline for both colour negative and colour reversal films as the industry converts to digital. Professional colour reversal film declined 56.2 percent to 8,091 square meters while professional colour negative film declined 28.7 percent to 40,333 square meters.

The decline is expected to continue in 2007 with professional colour reversal film forecast to decline 39 percent to 4,936 square meters and professional colour negative film forecast to decline 42 percent to 23,400 square meters.

Colour Roll Paper

Last year CITA forecast, with more and more consumers printing their digitally-captured images, the decline in photofinishing paper consumption would moderate. Indeed, the overall decline flattened somewhat, with a significant rise evident in one paper category. Consumption of colour roll paper 6 inches or less in width declined at a rate of 12.8 percent to 28,906,000 square meters in 2006, while paper 8 inches or larger size increased 16.1 percent to 3,626,000 square meters. Overall, colour negative paper consumption was down 10.3 percent to 32,532,000 square meters.

In 2007 the rate of decline is expected to continue to moderate as consumers continue to print more digitally-captured images on traditional photographic paper. Colour paper overall is therefore forecast to decline 9.2 percent overall to 29,547,000 square meters.

Binoculars and Spotting Scopes

Overall demand for binoculars softened in 2006 with about 240,000 units sold. This represents a decrease of slightly less than 12 percent compared to 2005.

Compact binoculars continue to be the most popular, outselling full size binoculars by a ratio of nearly 2:1.

Compact zoom binocular growth was staggering, with a more than 250 percent increase compared to 2005.

Spotting scope sales in 2006 softened from the previous year, with about 8,000 units sold. This represents a decrease of 30 percent compared to the previous year. Proliferation of private labels and possible increased marketshare from non-reporting organizations are possible explanations for this decrease.

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Founded in 1955, the Canadian Imaging Trade Association is the association of manufacturers/importers and distributors of photographic/electronic imaging equipment and sensitized materials.

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