

## **P R E S S   R E L E A S E**

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### **Canada's digital revolution continues: digital camera sales to surpass traditional in 2003**

Toronto, Ontario - With increasing frequency, Canadians are opting for digital when they go into a store to buy a new camera. For example, this past Christmas, a digital camera was "the" gift. In fact, based on data released today by the Canadian Imaging Trade Association (CITA), more digital cameras will be purchased by Canadians in 2003 than traditional cameras. This remarkable crossover will occur ahead of just about every previous forecast.

While the same CITA data shows a decline in the number of traditional cameras being purchased in Canada during 2002, more and more digital camera users are returning to stores to have photo-quality prints made from their electronic images. This has been slow to build, as early digital camera buyers adopted a do-it-yourself approach to making prints on their home printers. With many retailers now offering photo output of electronic images, the number of such prints is increasing. This along with a growing single use camera market has contributed to 2002 colour paper sales remaining level with those of 2001, even though film sales for traditional cameras declined slightly.

#### **DIGITAL CAMERAS**

Manufacturers shipped 881,000 digital cameras to Canadian retailers in 2002. That's a 103 percent increase over the 433,000 shipped in 2001. This is not a one-time blip. In 2001, sales increased 84 percent over 2000 levels, and in the year 2000, the growth in digital camera sales was 134 percent over those of 1999.

The growth in the digital camera market has been nothing short of exceptional. Notably, the rate of consumers shifting from conventional photography to digital has been far faster than many industry experts had predicted. In 2002, digital camera sales represented more than 44 percent of all camera sales in Canada. This was up from 26 percent in 2001. CITA anticipates another 50 percent growth in the year 2003, and a crossover of digital and photo unit sales in 2003.

In 1999, digital camera sales represented just 6 percent of all camera sales in Canada.

In terms of dollar sales (shipments to retail), digital cameras now represent almost four times the revenue that film cameras generate for the retail industry. Digital cameras generated industry revenue of \$425 million in 2002. Film camera sales were \$108 million. Total camera sales in 2002 exceeded half a billion dollars.

In the early years of the digital camera revolution, the majority of digital cameras were purchased by professional, commercial and industrial users, with the consumer market represented by what are known as "early adopters." Starting in the second half of 2000, consumer demand for digital cameras ramped up significantly. The major electronic retailers single out digital cameras as one of the top performing sales categories of 2002, particularly during the peak holiday season.

Growth is now being helped along by lower camera costs, improved camera performance, increased consumer awareness and the wider availability of consumer digital imaging printing services. It certainly does not hurt that prints made from digital images captured by newer models are all but indistinguishable from pictures made by traditional film cameras.

## **TRADITIONAL CAMERAS**

Traditional camera sales declined by approximately 22 percent overall during 2002. In large measure, this decline is attributable to the surging popularity of digital cameras.

Within the overall film camera category, "point and shoot" cameras accounted for the majority of the decline, from 2001 sales of 1.14 million units to 890,000 in 2002. The generally more expensive class of 35 mm SLR cameras held their own at 85,000 units, or 97 percent of forecast.

(SLR is short for single lens reflex, referring to the ability to look through the lens when composing photos. Often referred to as compact cameras, point and shoot cameras use a separate viewfinder for composition.)

CITA is forecasting the decline in unit sales of film cameras in 2003 to be less severe, at approximately 17 percent lower than 2002.

## **SINGLE-USE CAMERAS**

The continued growth of single-use camera sales continues to surprise many, until you look at both the camera's benefits and remarkably good quality results.

Unit sales in 2002 were 6.6 million. This category has now witnessed an impressive 29% growth in the past two years.

Inexpensive -- basically a box camera with film inside -- these cameras are available almost everywhere, and are handy substitutes when the family's camera is left behind on the kitchen table. They take good quality snapshots, remarkable for a product that is almost completely recycled when the entire camera is returned for photofinishing.

Consumers continue to see the additional benefit in purchasing a flash model, as 80 percent of all single-use cameras sold in 2002 were models with built-in electronic flash for indoor and low-light photography.

This trend in single-use camera sales is expected to continue in 2003, with industry projections of 7.1 million units sold into retail, representing growth of 7.5 percent.

## **CONSUMER FILM**

Despite the boom in digital camera sales, traditional 35 mm and APS amateur film sales held strong, closing the year with sales of 49 million rolls of 35 mm film and 5.5 million rolls of APS film. This translates to 96.5 percent and 94.1 percent, respectively, compared to 2001 sales.

Interestingly, film sales were better than internal CITA projections, at 101 percent (35 mm) and 107 percent (APS) of CITA forecasts for 2002.

Expectations for 2003 show resiliency in consumer film products, with a modest decline of 3.5 percent in 35 mm sales to 47 million rolls, and a 14 percent dip in APS film sales to 4.4 million cassettes. Total forecast sales for 2003: approximately 51.5 million total rolls.

A trend worth noting: the movement towards higher-performance film speeds. ISO 400 and ISO 800 film sales combined equal those of ISO 200 -- at 46 percent each. The higher speed films deliver greater versatility in being able to shoot under a variety of conditions, and showed a growth of 105 percent over 2001 sales.

## **PROFESSIONAL FILM**

Overall, professional photographers continued to take fewer images on film last year. Sales of

professional colour negative print film softened, with sheet film showing a steeper decline. Sheet film - measured in square meters - was down 14 percent in sales in 2002. This follows a decline of 25 percent in 2001 compared to 2000.

Within the medium-format roll film category, shipments of 120-format roll film were down 9 percent, while the longer 220-format rolls were off 18 percent last year. Colour negative film in 35 mm format was off 3 percent in unit sales in 2001, after experiencing a strong decline of 17 percent in 2001.

On the slide film side, sheet film sales declined 12 percent last year, although this was not as severe as the 24 percent decline experienced in 2001. Sales of 120-format roll film declined 7 percent in 2002, compared to a 22 percent fall in 2001. Sales of 35 mm slide film fell 14 percent last year, similar to the 12 percent experienced in 2001.

Increased digital utilization as well as substitutions between film formats continue to result in softer demand for professional film products.

### **COLOUR ROLL PAPER**

As noted, sales of colour roll paper showed stability, virtually repeating last year's achievement with unit sales of 51.5 million square meters.

CITA expects that growth in the Single Use Camera category and consumers printing images captured on digital cameras will help compensate for any declines in the number of prints made from film cameras in 2003, keeping the paper volume at more than 50 million square meters.

### **FILM SCANNERS**

Film scanners offer a convenient way for photo camera users to convert their existing photographic images captured on film into high quality digital content.

Again, because of the increasing popularity of digital cameras, the overall size of the film scanner market in Canada decreased about 15 percent compared to 2001.

### **BINOCULARS**

While overall binocular sales in Canada declined in 2002, it is interesting to note that full size units outpaced compacts with a 25 percent increase in unit sales compared to 2001 -- the best unit increase in three years. The price per unit also increased, suggesting a more knowledgeable consumer is upgrading to higher-end models. The demand for mass-marketed, inexpensive compact binoculars appears to have levelled off.

New technology is emerging. Several manufacturers are offering enhanced optical coatings and new hybrid products (such as digital binoculars with image-capturing capabilities).

The binocular market is expected to welcome these innovations with strong sales predicted for 2003.

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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.*

*For further information:*

Dori Gospodaric, General Manager  
Canadian Imaging Trade Association  
145 Upper Canada Dr.  
Toronto, ON, M2P 1S9  
(416) 226-2750  
fax (416) 226-3347