

U.S. Digital Camera Sales May Hit New Record

NEW YORK — U.S. sales of digital cameras have beaten expectations so far this year and are poised to hit a record as lower prices encourage consumers to buy a more-powerful second or third camera this holiday season, the NPD market research group said on Wednesday.

Unit shipments of digital cameras rose 24 percent through the end of November, which includes "Black Friday" sales and the traditional first week of the holiday shopping season, NPD said. Similar sales last year grew by 22 percent.

The surprising strength in the filmless cameras comes despite experts' projections one year ago that demand would start to slow — to perhaps about 20 percent in 2006 — as fewer consumers looked to replace older film cameras.

• [Click here to visit FOXNews.com's Home Computing Center.](#)

"The market is actually growing, with a combination of people buying for the second or third time, and first time buyers really gunning it (demand)," said NPD senior imaging analyst Liz Cutting.

Cheaper prices are fueling sales in a holiday season where consumers are confronted with myriad electronics choices, ranging from tiny **digital music players** to **video game consoles** to pricey **flat-screen televisions**.

A 6-megapixel camera, for example, is easily available for less than \$150, half its price two years ago.

In all, over 30 million digital cameras will be sold this year, double that of 2003, the NPD said. In 2005, 25.2 million units were sold.

But due to lower prices, revenue growth has slipped, with total sales in dollars up only 12 percent in the first 11 months of the year, down from 19 percent growth last year.

Consumer electronics prices typically fall over time as component costs slide. Manufacturers often lose money when models debut, and enjoy bigger profits as markets mature. Point and shoot digital cameras cost an average \$180 in November, versus \$218 a year ago.

TOP FIVE DOMINATE

Through October, some 60 percent of sales in the digital camera market, estimated by some experts at about \$34 billion, came from the top five brands: Eastman Kodak Co. (**EK**), Canon Inc. (**CAJ**), Sony Corp. (**SNE**), Nikon Corp. and Olympus Corp.

Kodak and Canon have been vying for first place with about 18 percent or 19 percent share for much of this year. Market share data for November was not available.

NPD's Cutting said that repeat buyers are attracted to smaller cameras boasting features that were unavailable in previous models, such as better battery life or the ability to quickly take a second snapshot.

"People who are buying a camera for the second time or greater seeing the deficiencies of their current cameras ... because the technology wasn't there at the time," Cutting said. "It is there now and it is at an affordable price point."

Digital camera sales will continue to grow next year, Cutting said, but only by single-digits on a percentage basis.

"It's a natural growth curve — we are in maturation," she said. "I don't think the level of penetration will be as high as it was with film cameras, Not everyone is going to own one."

NPD's outlook mirrors that of Japan's Mizuho Securities, which pegs global digital camera shipments to rise 24 percent to 100.5 million units in 2006, but slowing to 11 percent growth in 2007.