

Smartphones crushing point-and-shoot camera market

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Panasonic employee displays compact digital cameras in Tokyo, 2009. The soaring popularity of smartphones is crushing demand for point-and-shoot cameras, firms scramble to hit back with web-friendly features and boost quality, analysts say.

The soaring popularity of smartphones is crushing demand for point-and-shoot cameras, threatening the once-vibrant sector as firms scramble to hit back with web-friendly features and boost quality, analysts say.

A sharp drop in sales of digital compact cameras marks them as the latest casualty of smartphones as [videogame consoles](#) and portable music players also struggle against the all-in-one features offered by the likes of Apple's [iPhone](#) and the Samsung Galaxy.

Just as digital cameras all but destroyed the market for [photographic film](#), the rapid shift to picture-taking smartphones has torn into a camera sector dominated by Japanese firms including Canon, Olympus, Sony and Nikon.

"We may be seeing the beginning of the collapse of the compact camera market," said Nobuo Kurahashi, analyst at Mizuho Investors Securities.

Figures from Japan's Camera and Imaging Products Association echo the analyst's grim prediction.

Global shipments of digital cameras among Japanese firms tumbled about 42 percent in September from a year ago to 7.58 million units, with compact offerings falling 48 percent, according to the Association.

Higher-end cameras with detachable lenses fell a more modest 7.4 percent in that time, it said.

Part of the decline was due to weakness in debt-hit Europe and a Tokyo-Beijing territorial spat that has sparked a consumer boycott of Japan-brand products in the China market.

But smartphones have proved a mighty rival to point-and-shoot cameras, analysts say, offering an all-in-one phone, computer and camera with

comparatively high quality pictures and Internet photo downloading.

Those features have also dug into videogame makers such as Nintendo, which has just released its new [Wii U](#) game console, as smartphone owners increasingly download free online games or store music on the devices instead of using standalone MP3 players.

"The market for compact digital cameras shrank at a faster speed and scale than we had imagined as smartphones with camera functions spread around the world," Olympus president Hiroyuki Sasa told a news briefing this month.

Olympus said its camera business lost money in its fiscal first-half due to the growing popularity of camera-equipped smartphones, and a strong yen which makes Japanese exports less competitive overseas.

[Digital camera](#) firms have scaled back their sales targets for the fiscal year to March in a "collapsing" market, said Tetsuya Wadaki, an analyst at Nomura Securities.

"Order volumes at parts suppliers currently appear to be down more than 30 percent year-on-year," Wadaki said.

Firms are scrambling to keep improving picture quality, offer features such as water-proofing and expand their Internet features, like allowing users to share pictures through social media networks.

Camera makers say growth areas include emerging economies—where many own neither a camera nor a smartphone—along with replacement demand among compact-camera owners.

And the fall-off in demand has not been as stark for the pricier detachable lens cameras favoured by avid photographers and growing

ranks of [camera](#)-buff retirees, particularly in rapidly ageing Japan, they say.

Another emerging battleground is for mirror-less cameras which can be made nearly as small as compact cameras but with picture quality that rivals their bulkier counterparts.

Canon insists the market has not been abandoned to smartphones.

"Demand for quality snapshots is there, like taking pictures of your friends' weddings, an overseas vacation, or your children," a Canon spokesman said.

"We believe there are many people who need compact cameras," he added.

Mizuho analyst Kurahashi acknowledged that compact cameras "will not disappear".

"But we see the current trend continuing as image quality in smartphone cameras steadily improves," he said.

"The [compact camera](#) market is going to keep shrinking and it's difficult to forecast any immediate comeback, or have any optimism."

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