

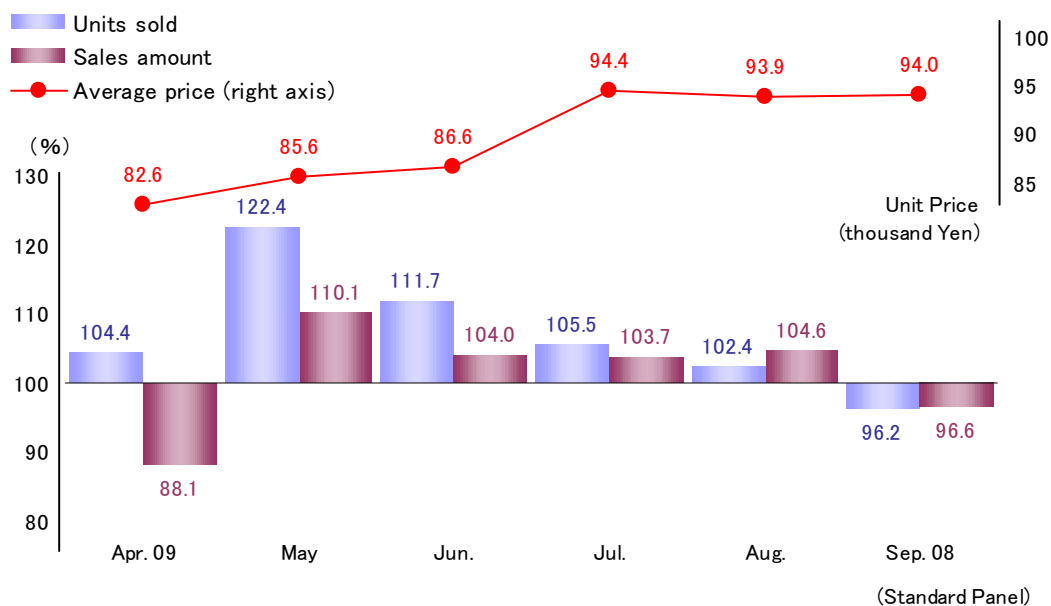
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Units sold and sales amount of digital single-lens cameras declined compared to the same month of the previous year for the first time since August 2005 – Micro Four Thirds products change the market structure

In September 2009, both units sold and sales amount of digital single-lens cameras declined in comparison to the same month of the previous year: units sold declined 3.8% and sales amount declined 3.4%. Different to the decline of sales amount, which had occurred some times in the past, it is the first time since August 2005 (the period, BCN holds comparable data) that units sold was lower than in the same month of the previous year. On the other hand, units sold share of digital single-lens cameras using the Micro Four Thirds system, which does not provide space for a mirror and a pentaprism, increased to nearly twenty percent – this trend shows that the market structure is undergoing a significant change. We discovered this trend by looking at the *BCN Ranking*, which gathers POS data from major national retailers.

Figure 1. Units sold, sales amount (compared to the same month of the previous year) and average price of digital single-lens cameras



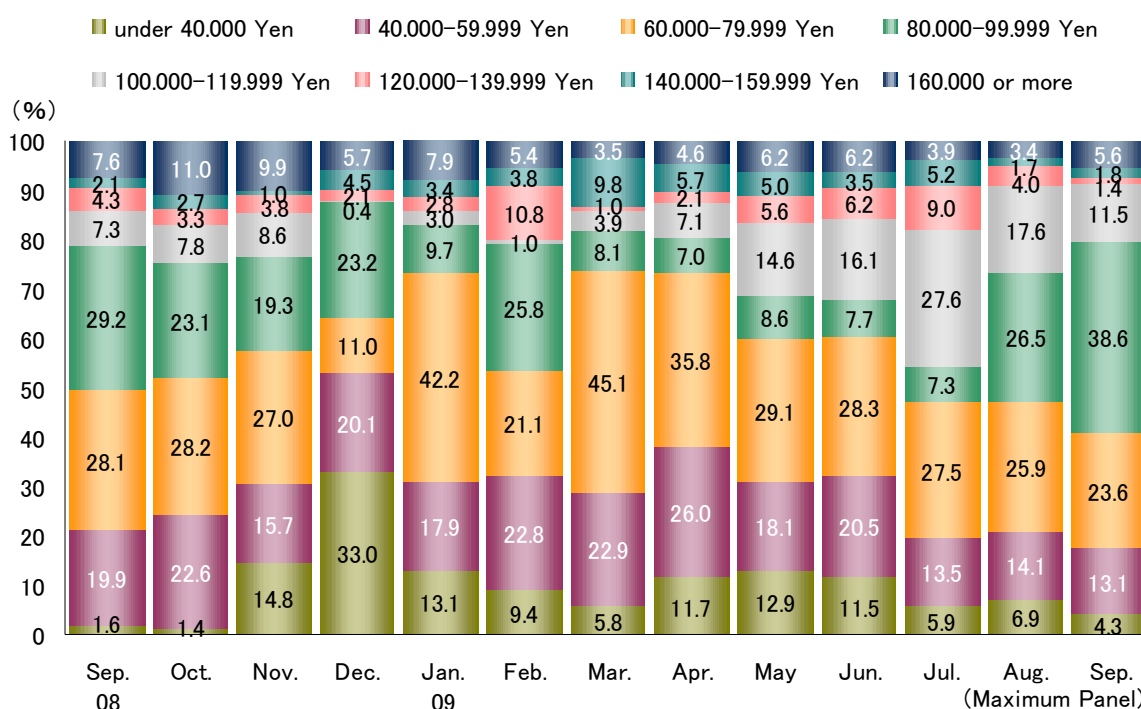
The reason units sold declined are rising prices

For a period of more than four years, units sold of digital single-lens cameras continued increasing in comparison to the same month of the previous year. However, this year September sales declined 3.8% in comparison to September 2008. Looking back, in October 2005 units sold of digital single-lens cameras increased 25% compared to the same month of the previous year, and at its peak in June 2007 units sold even reached an extension rate of 153.1%. However, due to depression, in 2008 the increase of units sold slowed down. In January, February and April 2009 also sales amount of digital single-lens cameras declined in comparison to the same month of the previous year, even though in August both units sold (plus 2.4%) and sales amount (plus 4.6%) recovered to average year level.

A possible reason for the declining trend of units sold and sales amount might be the “rise” of prices for digital single-lens cameras. Compared to September 2008, when the average price excluding taxes (same below) was 93,600 Yen, in September 2009 the average price rose slightly (0.4%) to 94,000 Yen. Since the trend of rising prices for digital single-lens cameras – even if it is slightly – is contrary to the trend of rapidly falling prices for flat-styled TVs or PCs, it seems that consumers, used to low prices, became reluctant to buy digital single-lens cameras.

Looking at units sold divided into price groups, we see that while in September 2008 products less than 80,000 Yen had a share of 49.6%, in September 2009 the share of those products went down 8.6 points to 41.0%. On the other hand, the share of products between 80,000 and 120,000 Yen extended remarkably, from 36.5% in September 2008 to 50.1% in September 2009. This trend can be read as a recovery of prices, since a rapid price fall means declining profits for makers and retailers. However, there is the question, how the market can be stimulated in the future.

Figure 2. Units sold of digital single-lens cameras divided into price groups



Among the makers of digital single-lens cameras Canon and Nikon are dominating the market, with Nikon showing big price fluctuations. For a long time, the average price for digital single-lens cameras by Nikon has been ten to twenty percent lower than those for digital single-lens cameras by Canon. However, during a renewal of the product line in 2009 Nikon marked up its prices. In August and September prices of Nikon were higher than those of Canon. Since Nikon and Canon are the two market leaders, rising average prices for Nikon digital single-lens cameras influenced the development that average price of the whole market went up.

Furthermore, as a result of the price rise, the market share of Nikon declined. Units sold share, which had been between thirty and forty percent so far, declined to 27.8% in July, and even more to 24.2% in September. Now there is a gap of more than twenty points between Canon and Nikon – this trend shows that the market structure will change remarkably.

Figure 3. Share of units sold of digital single-lens cameras divided into main makers

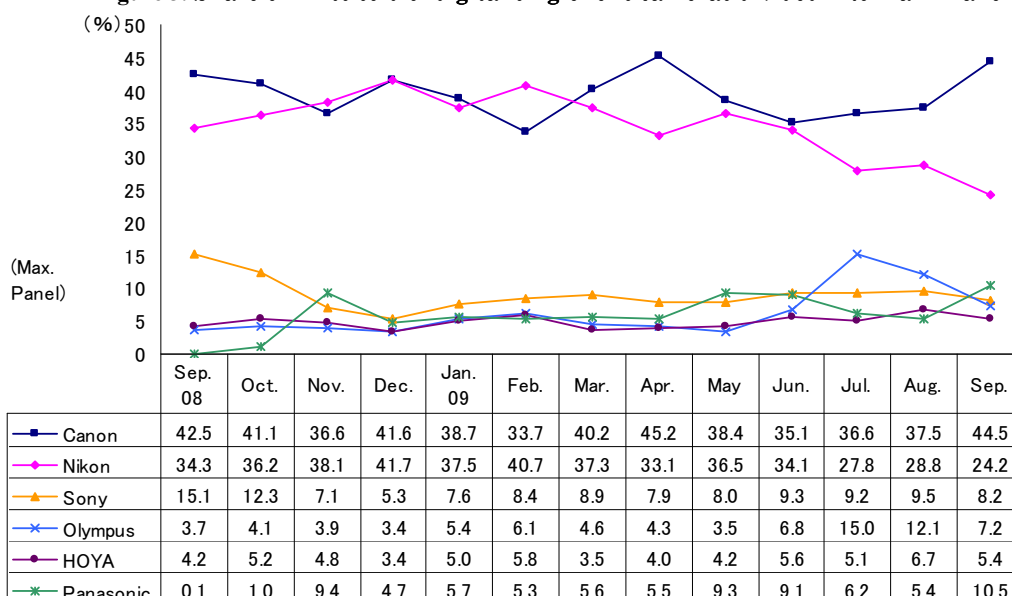
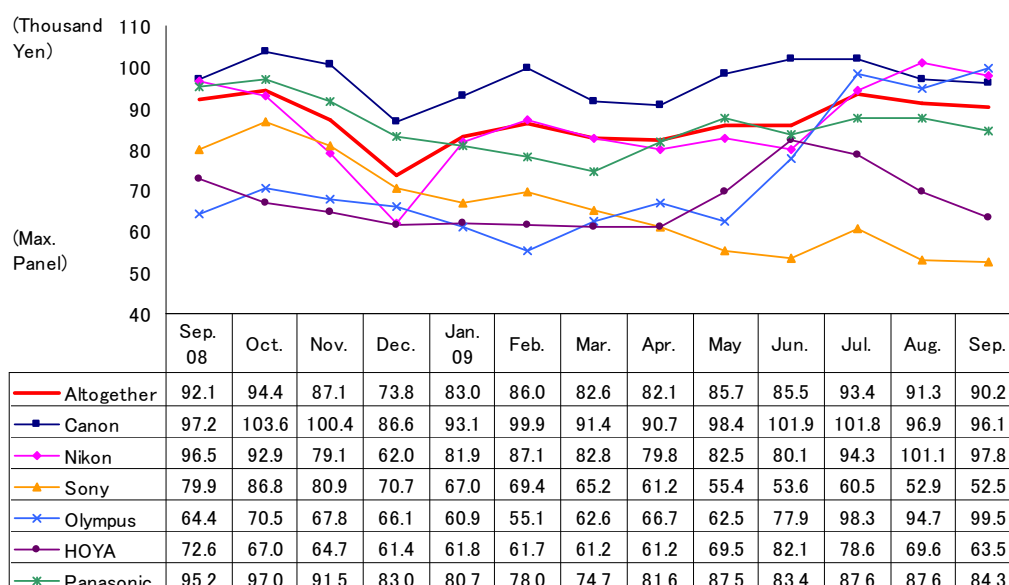
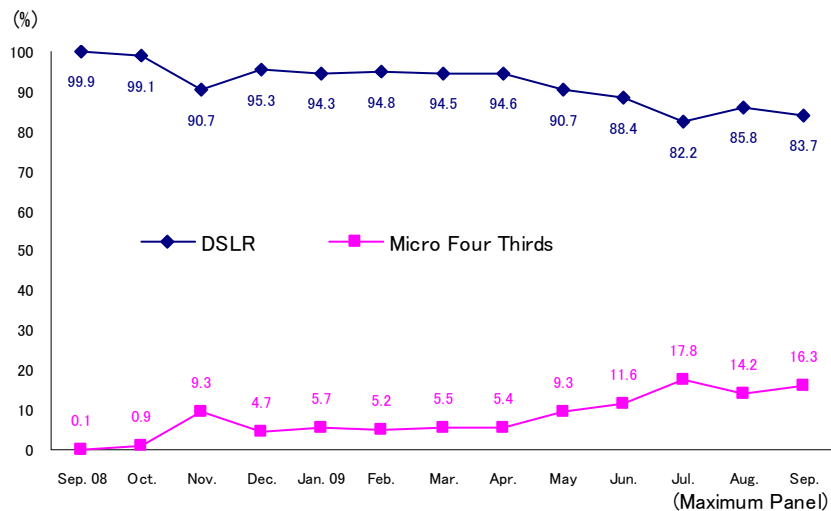


Figure 4. Average price of digital single-lens cameras divided into main makers



Selling well even though relatively high prices – promising Micro Four Thirds

Figure 5. Units sold share of digital single-lens reflex cameras and Micro Four Thirds



Concerning the change of market structure, the development Micro Four Thirds products will be important. Currently two companies – Olympus and Panasonic – sell Micro Four Thirds products. Olympus’ “OLYMPUS PEN EP-1”, brought out in July, and Panasonic’s “LUMIX GF1”, brought out in September, stimulated the market from late summer on. Since both products are selling well, the units sold share of Micro Four Thirds products extended to 16.3% of the digital single-lens camera market in September. Among the units sold share of digital single-lens cameras as a whole, EP-1 takes place four with 5.8%, GF1 takes place six with 5.1%. Furthermore, the average price of Micro Four Thirds products is relatively high. In September, the average price of Micro Four Thirds products was 93,300 Yen, 3,700 Yen higher than the average price of digital single-lens cameras, which was 89,600 Yen. The reason that Micro Four Thirds products sell well even though prices are relatively high, might be that there are no other products which combine compact size with relatively high quality of pictures. It seems that especially those consumers buy Micro Four Thirds products, who want to use a better camera than a usual compact digital camera but hesitate to buy a digital single-lens camera, or digital single-lens camera users who are looking for a sub-camera. Although it is not sure, if the popularity of Micro Four Thirds will continue, Micro Four Thirds are a good example, that consumers accept attractive products even if the price is relatively high.

Looking at the top ten of models, there are also big changes. In September 2008 there were four models by Canon, four models by Nikon and two models by Sony. However, in September 2009 there were two models by Canon, three models by Nikon, one model by Olympus, three models by Panasonic and one model by HOYA.

During the year-end sales battle of digital single-lens cameras in 2008, low-priced models sold well, thus average price declined rapidly. Accordingly, in regard to year-end sales battle in 2009, it can be expected that the trend that both units sold and sales amount decline in comparison to the same month of the previous year, will go on. However, since it can be assumed that the growth of Micro Four Thirds products will support the market, the possibility is high that after hurdling the year-end sales battle the trend will change, and there will be again a plus compared to the previous year.

BCN gathers the daily Point of Sale (POS) data from 22 home electronics retailers (Amazon Japan, Eiden, Otsuka Corporation, GoodWill, K's Holdings, Thirdwave, Sakuraya, 3Q Group, Joshin Denki, Stream, 7dream.com, Sofmap, ZOA, T·Zone Strategy, Deodeo, BicCamera, PC Depot Corporation, Best Denki, Midori Denka, Murauchi.com, Unitcom and Laox) everyday. This data is used to provide the BCN Rankings and news releases about market trends.*

**The number of companies mentioned above includes companies contracted to supply data for us.....*