

The full presentation and a video will be available for download shortly after the show on

www.mayflower-concepts.com



Digital Imaging/ Photography

presented by PMA



Smartphones, saturation, collapsing camera market - which ways are there from the crisis?

sponsored by

Why caring any more for cameras?

Commercialization!



85% of all hardware sales of the German photo trade was based on cameras and lenses in 2013

1.500.000.000 smartphones sold in 2014 deliver

14% deliver of the images of labs

Sources: GfK, CeWe

1 Where do we stand with the photo market?

2 What are reasons for this situation?

3 How can this situation be changed?

Yesterday:
national marketing organizations, trade and press
Manufacturers and
service providers
Presentation will be available at
Mayflower-concepts.com



Heino Hilbig

20 Years experience in the photo market

Head of Marketing **Casio**

European Marketing Director **Olympus**

Managing Director of **Mayflower Concepts**





Ideas that inspire.
Concepts, that work.



Business expansion strategies

*Sales and marketing managers
With long lasting business experience in photo industry*



Our Brand experience



SONY



PENTAX



Time/system



MINOLTA



AIC
Germany
Automotive Components



OLYMPUS



CITIZEN



PROSYSTEM AG
International Healthcare Consulting



Hisense



CASIO



G-SHOCK



jovoto



Enjoy
Coca-Cola
Refreshment



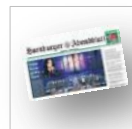
**Computer
Bild**



**Audio Video Foto
Bild**



PHILIPS



na-news aktuell
Ein Unternehmen der apo-Gruppe



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Our Brand experience



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PHILIPS



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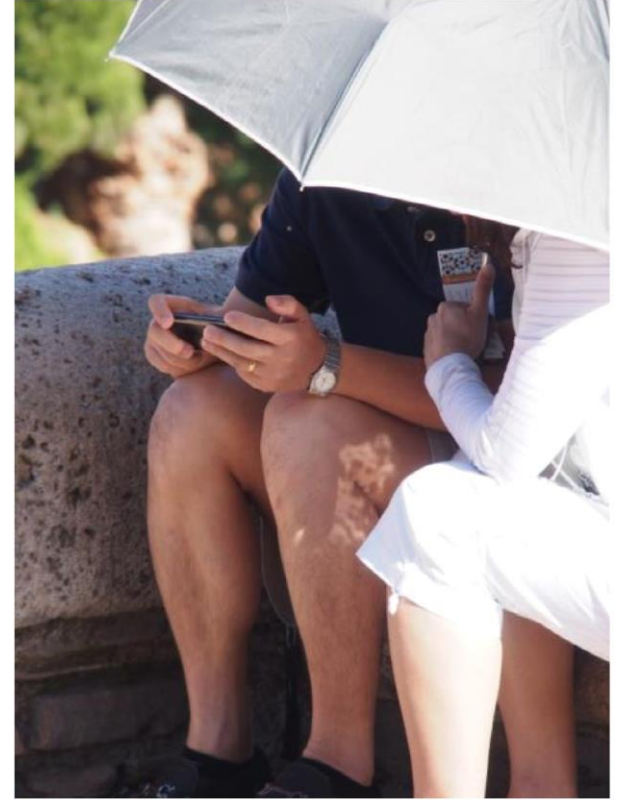
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1 Where do we stand with the photo market?



Photography becomes more important



During the 60 minutes of this presentation, people will upload to

flickr

180.000 pictures





2005: farewell of the pope

Quelle: AP



2013: Welcoming the new pope

Quelle: AP

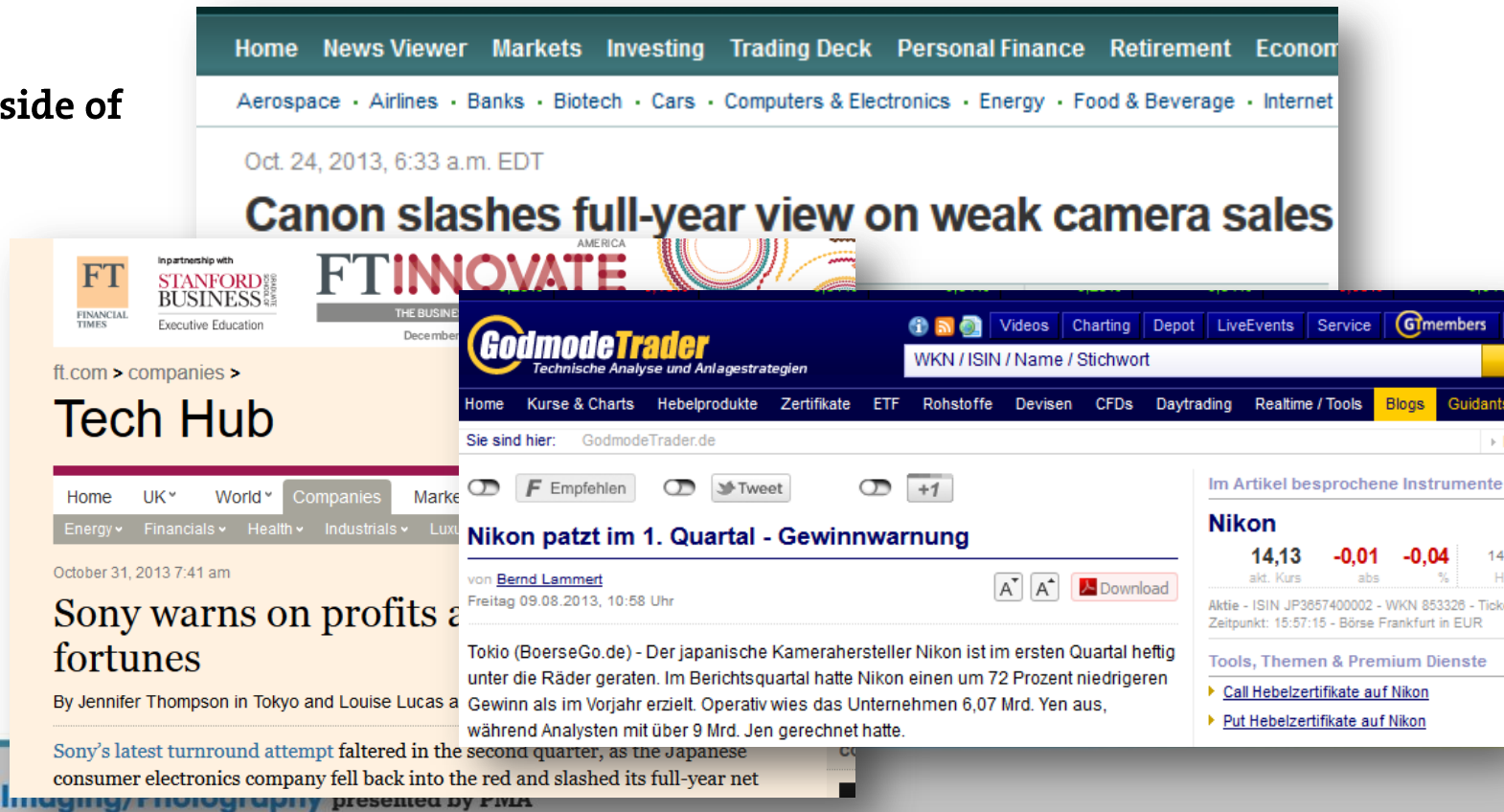
But...



The other side of the medal



The other side of the medal



Canon slashes full-year view on weak camera sales
Oct. 24, 2013, 6:33 a.m. EDT

FT INNOVATE
In partnership with **STANFORD BUSINESS**
Executive Education

ft.com > companies >
Tech Hub

October 31, 2013 7:41 am
Sony warns on profits and fortunes
By Jennifer Thompson in Tokyo and Louise Lucas

Sony's latest turnaround attempt faltered in the second quarter, as the Japanese consumer electronics company fell back into the red and slashed its full-year net

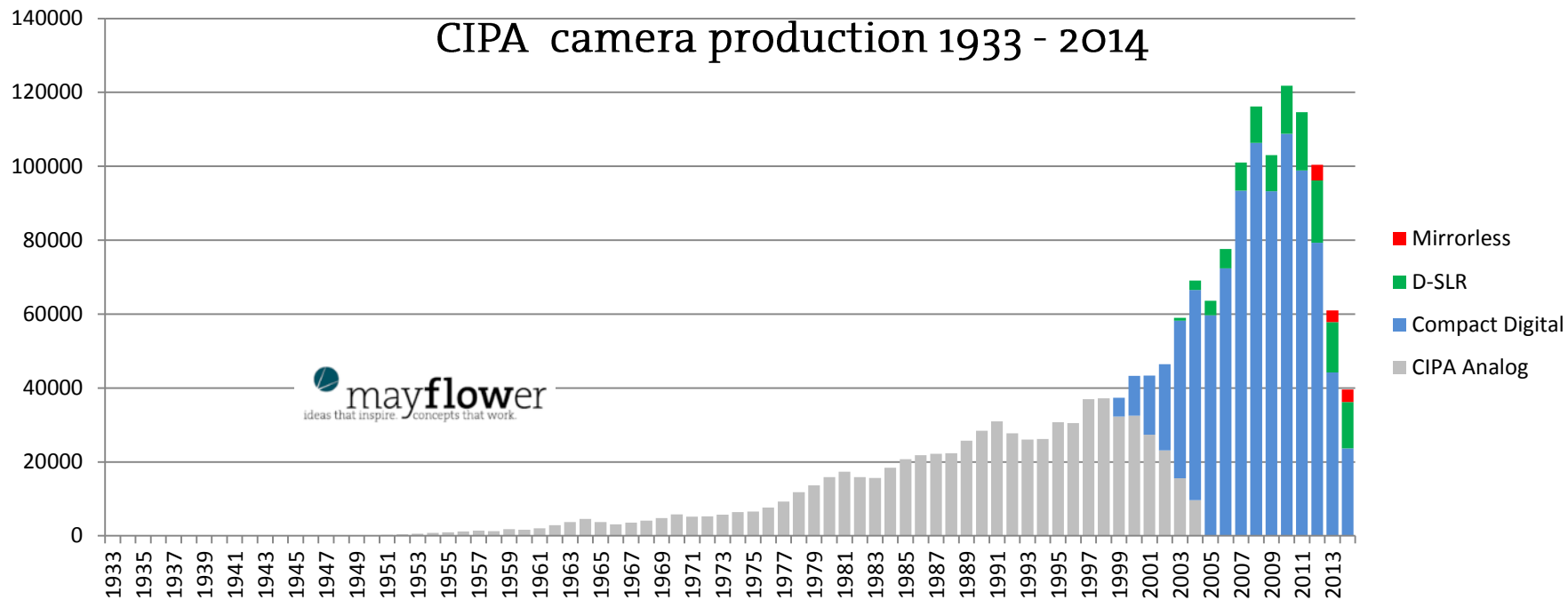
GodmodeTrader
Technische Analyse und Anlagestrategien

Nikon patzt im 1. Quartal - Gewinnwarnung
von [Bernd Lemmert](#)
Freitag 09.08.2013, 10:58 Uhr

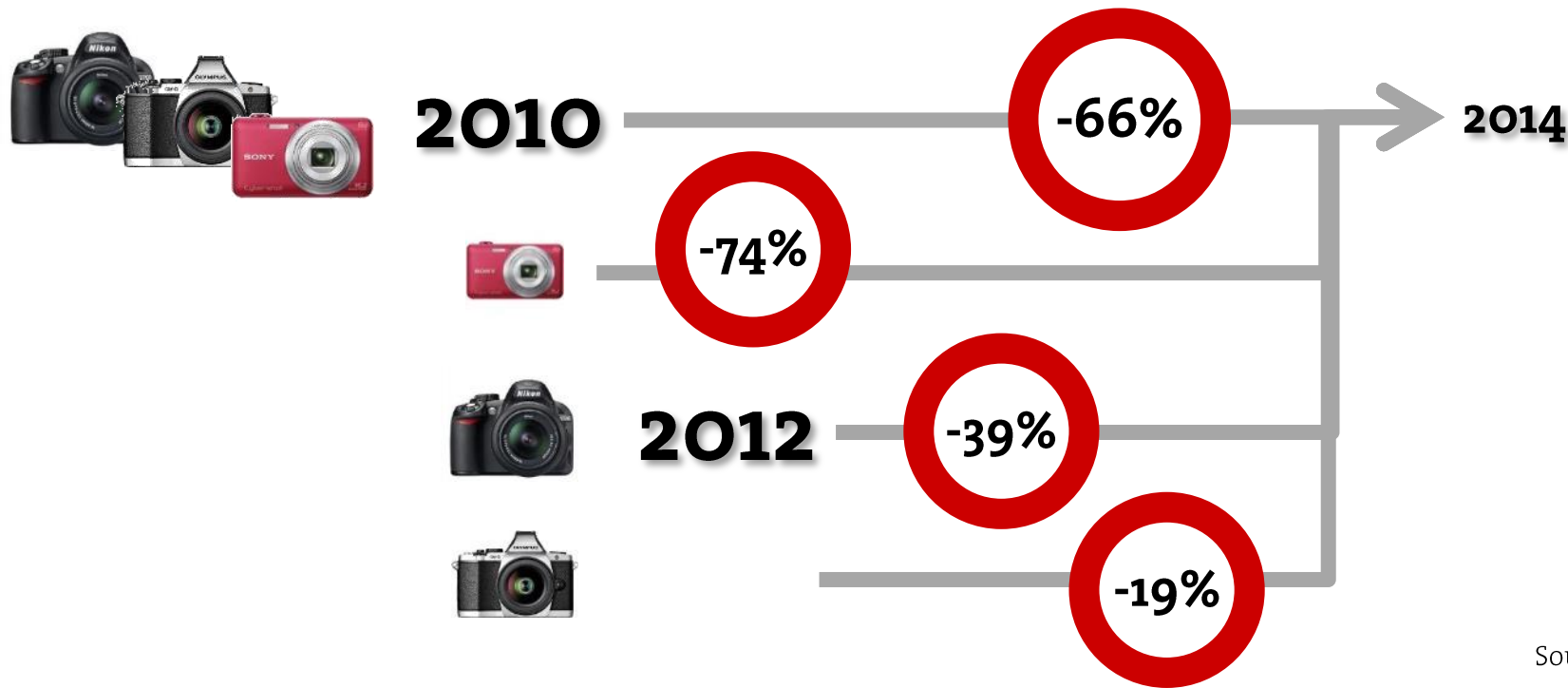
Tokio (BoerseGo.de) - Der japanische Kamerahersteller Nikon ist im ersten Quartal heftig unter die Räder geraten. Im Berichtsquartal hatte Nikon einen um 72 Prozent niedrigeren Gewinn als im Vorjahr erzielt. Operativ wies das Unternehmen 6,07 Mrd. Yen aus, während Analysten mit über 9 Mrd. Yen gerechnet hatte.

Im Artikel besprochene Instrumente			
Nikon			
14,13	-0,01	-0,04	14
akt. Kurs	abs	%	H
Aktie - ISIN JP3857400002 - WKN 853328 - Ticker			
Zeitpunkt: 15:57:15 - Börse Frankfurt in EUR			
Tools, Themen & Premium Dienste			
Call Hebelzertifikate auf Nikon Put Hebelzertifikate auf Nikon			

Digital Imaging/Photography presented by **FMA**



Drop of production qty since highest peak



Source: CIPA



2

What are reasons for this situation?





The usual suspects:

,The Monster‘
Smart Phone

,The End‘
Market Saturation



Feeling **HELPLESS?**





What if....



,The Sixth Sense'
by Hollywood pictures

Feeling **HELPLESS?**

What, if things would be different than we thought?

Business Analysis

- Only hard facts – no consultant-made figures
- 9 Fact sheets



Chart 1

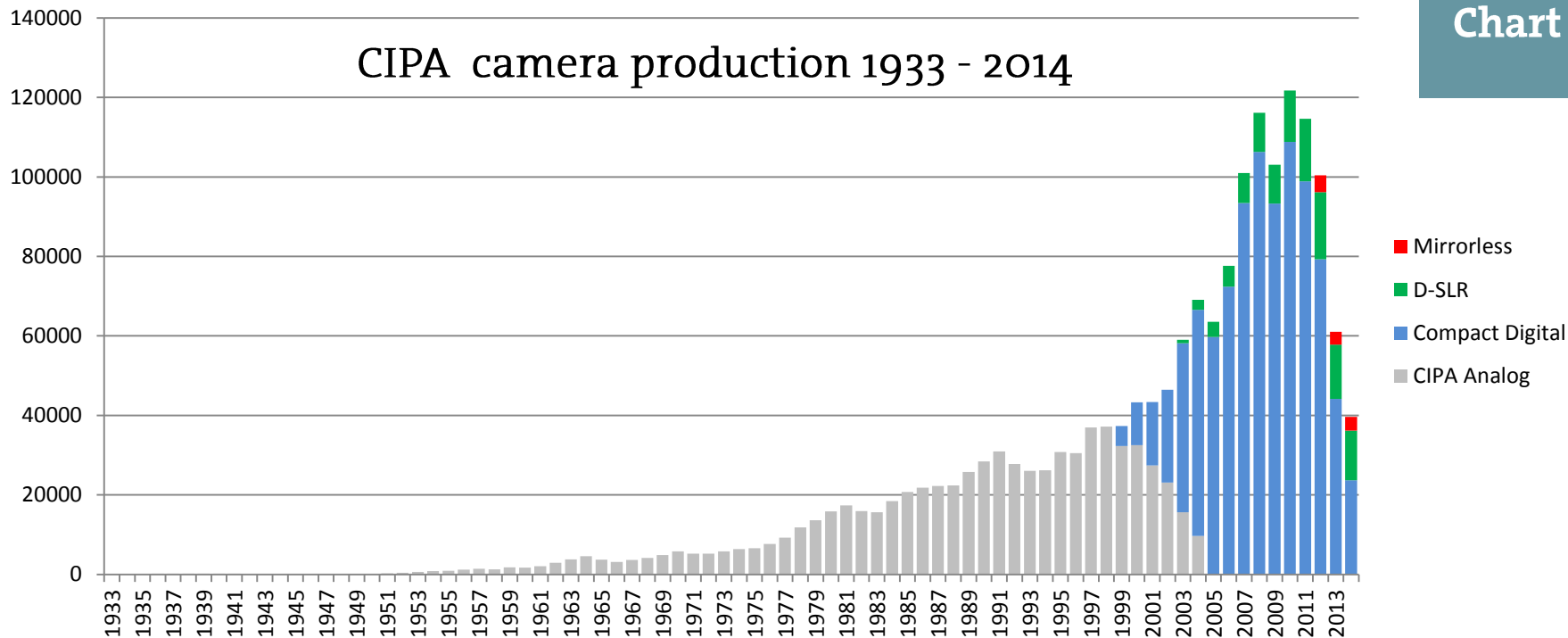


Chart 2

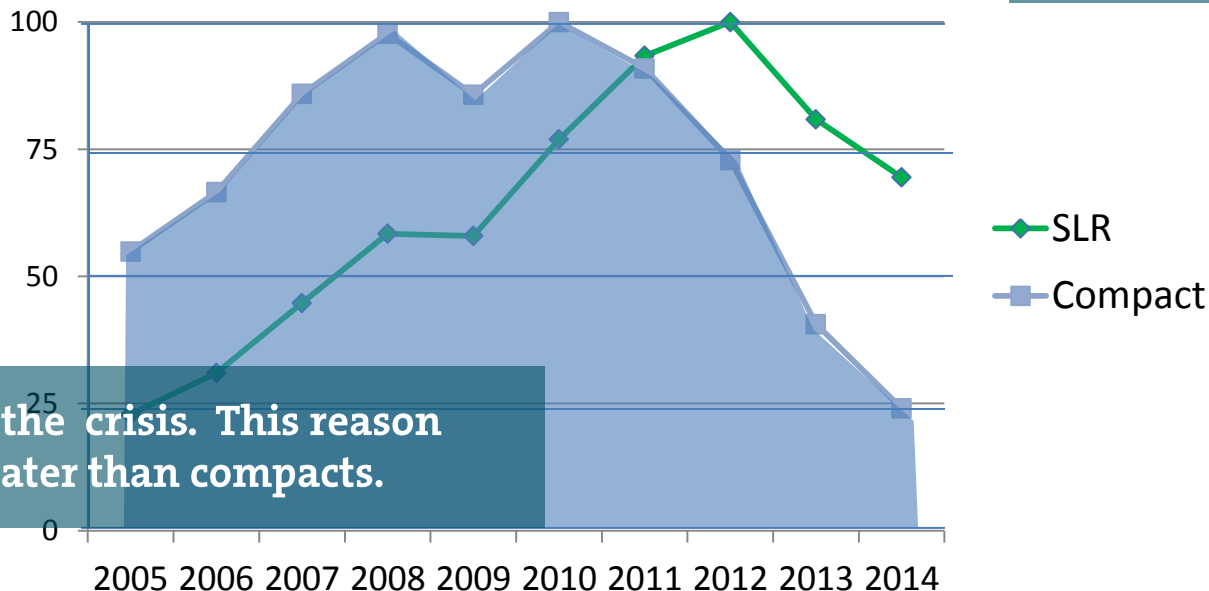
Production qty (peak index = 100)

The curves for SLR and compact have the same characteristics.

Two different reasons cannot show the same characteristics.

First conclusion:

There is only one reason for the crisis. This reason met SLR cameras two years later than compacts.



,The End‘ Market Saturation

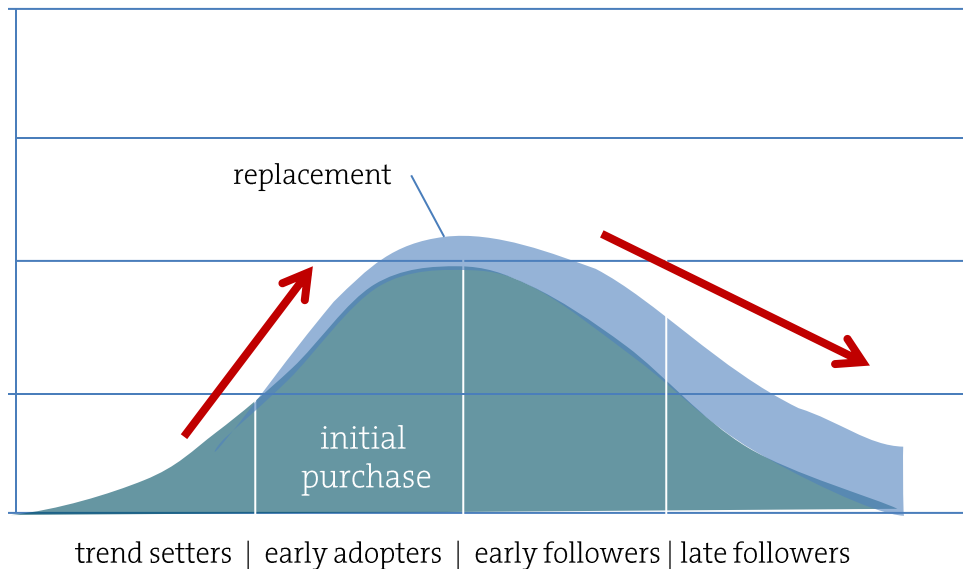


Chart 3

The mathematics behind **market saturation**

Early adopters are quicker
than late followers.

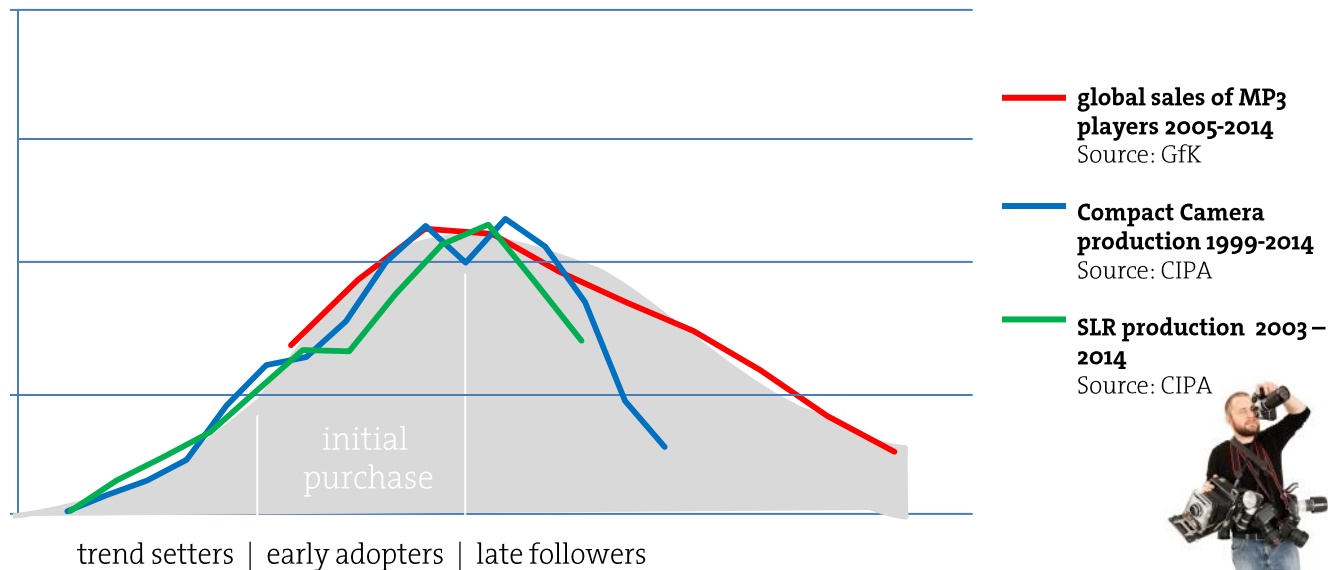
**That's why a saturation
curve always is steeper on
the left side**



The mathematics behind market saturation

Chart 4

Conclusion 2:



The mathematics behind market saturation

A market is never satisfied
from one day to another.

Conclusion 2:

Theses curves don't show market saturation

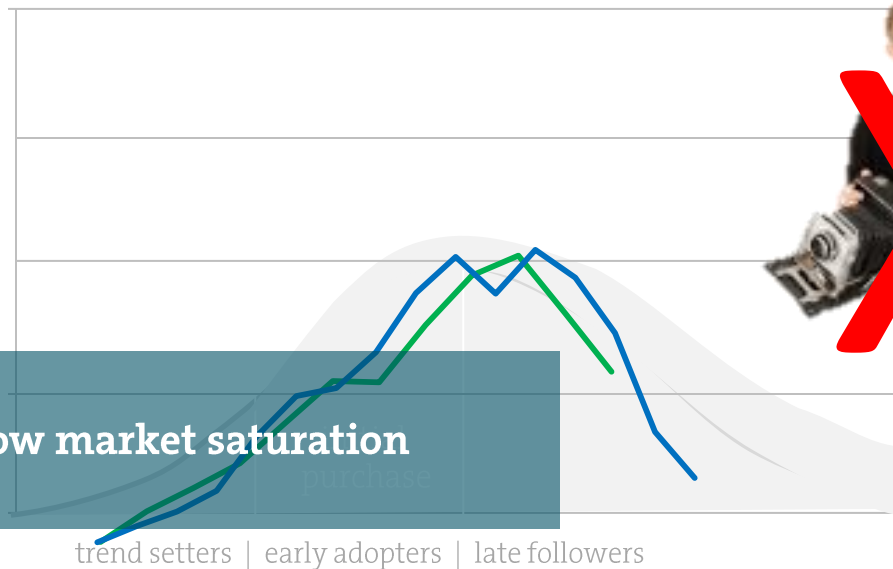


Chart 4

global sales of MP3
players 2005-2014
Source: GfK

Compact Camera
production 1999-2014
Source: CIPA

SLR production 2003 –
2014
Source: CIPA



,The Monster‘

Smart Phone



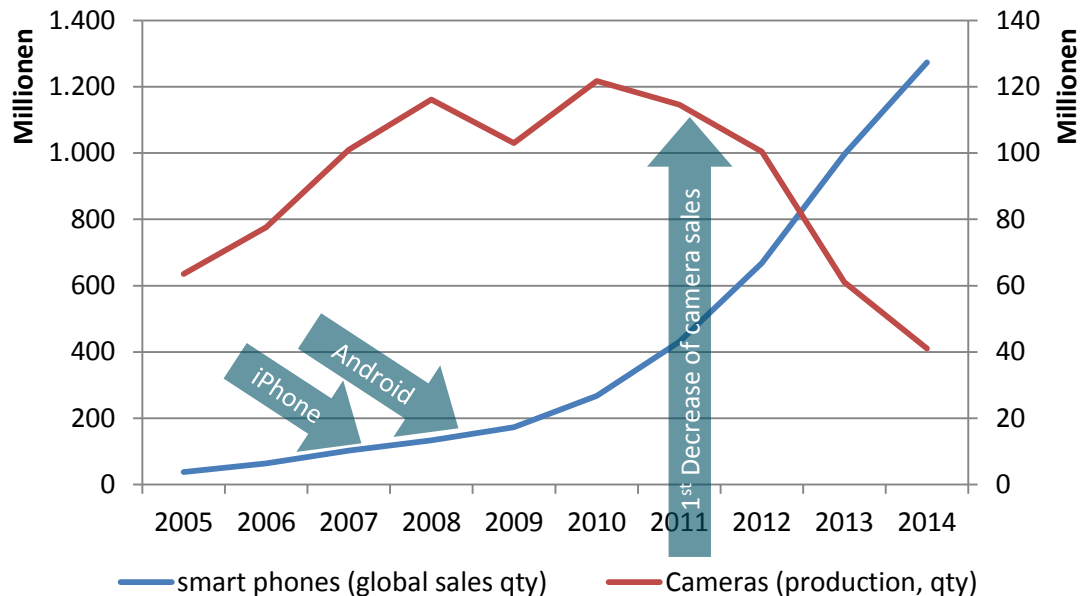
Smartphones exist since 1998:

1998: Simbian

2002: Windows mobile
BlackBerry 6710
Palm OS

2007: iPhone:

2008: Android



If there is a causality between two events, than you should find a strong correlation

causality  **strong correlation**



The mathematics behind **Correlation** and the **correlation coefficient**

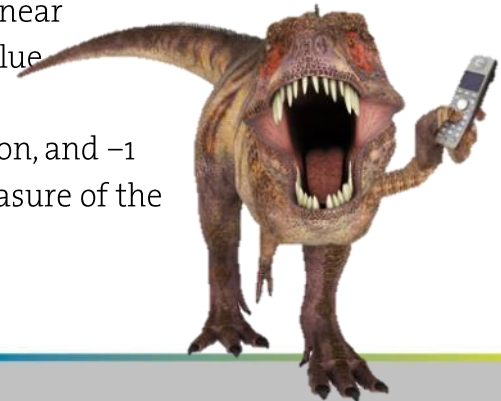
Correlation and dependence

In statistics, dependence is any statistical relationship between two random variables or two sets of data.

Correlation coefficient (or Pearson coefficient)

In statistics, the Pearson correlation coefficient is a measure of the linear correlation (dependence) between two variables X and Y , giving a value between $+1$ and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation. It is widely used in the sciences as a measure of the degree of linear dependence between two variables.

Source: Wikipedia



The mathematics behind **Correlation** and the **correlation coefficient**

$$\rho_{X,Y} = \text{corr}(X, Y) = \frac{\text{cov}(X, Y)}{\sigma_X \sigma_Y} = \frac{E[(X - \mu_X)(Y - \mu_Y)]}{\sigma_X \sigma_Y},$$



The mathematics behind **Correlation** and the **correlation coefficient**

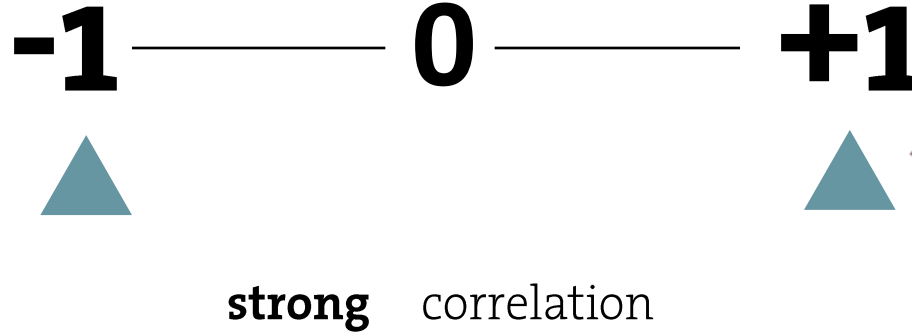
-1 ——— **0** ——— **+1**



no correlation



The mathematics behind **Correlation** and the **correlation coefficient**



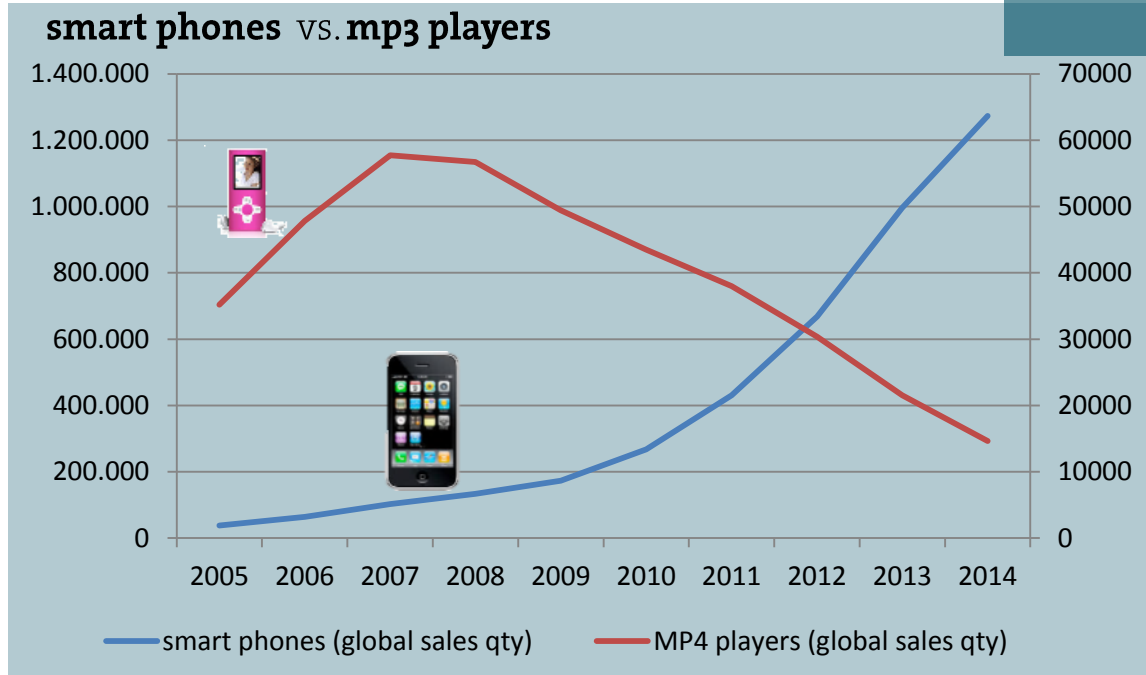
Correlation?

Correlation ✓

Correlation coefficient:

-0,88

Chart 5



*„As smartphone cameras become better every year,
more and more people don't use cameras anymore.“*

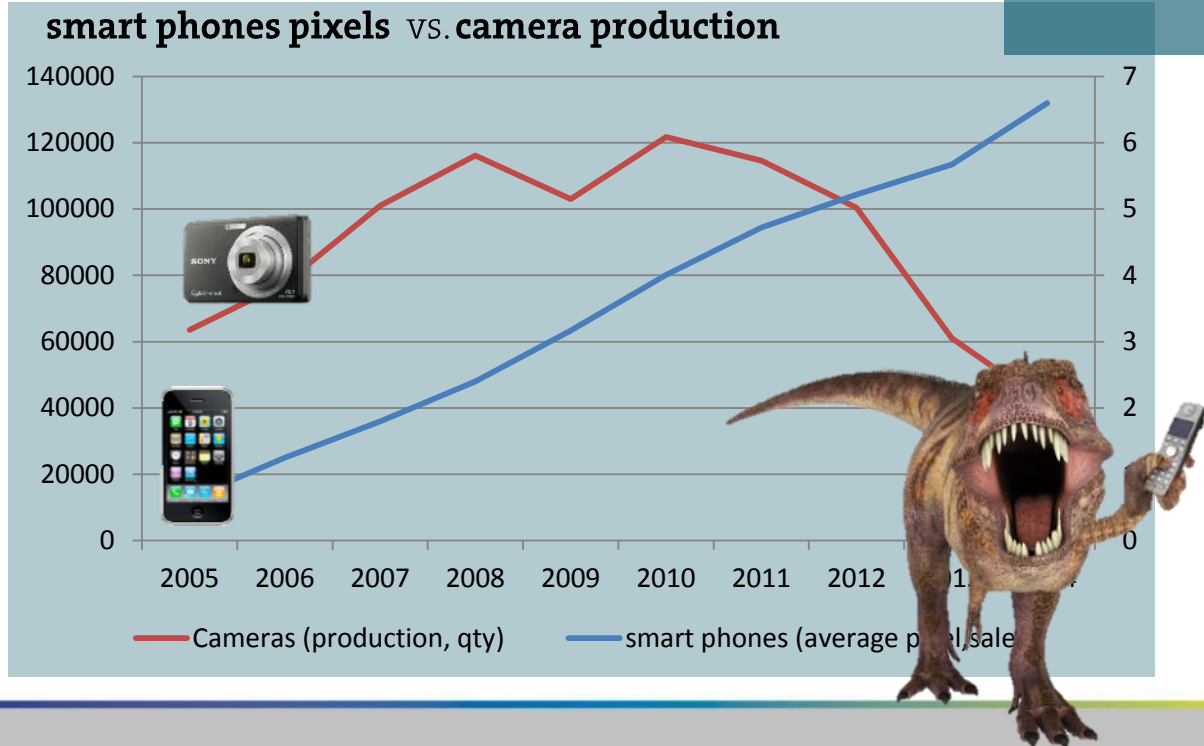
Chart 6

Correlation?

~~Correlation~~

Correlation coefficient:

-0,19



„Smartphones kill SLRs.“

Correlation?

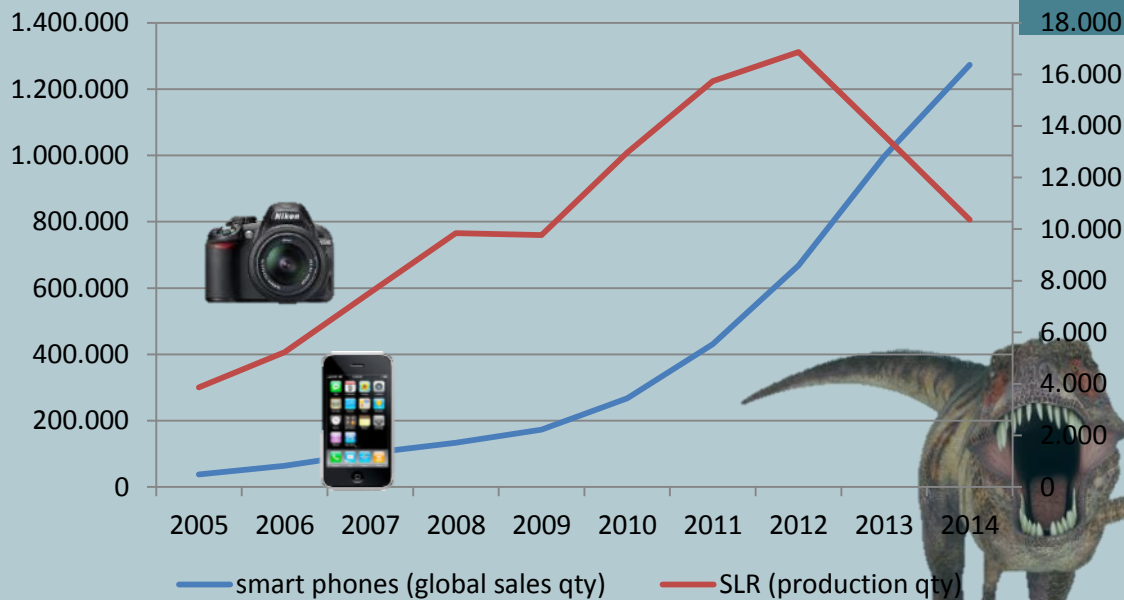
~~Correlation~~

Correlation coefficient:

-0,52

Chart 7

smart phones sales vs. SLR camera production



„Smartphones kill cameras.“

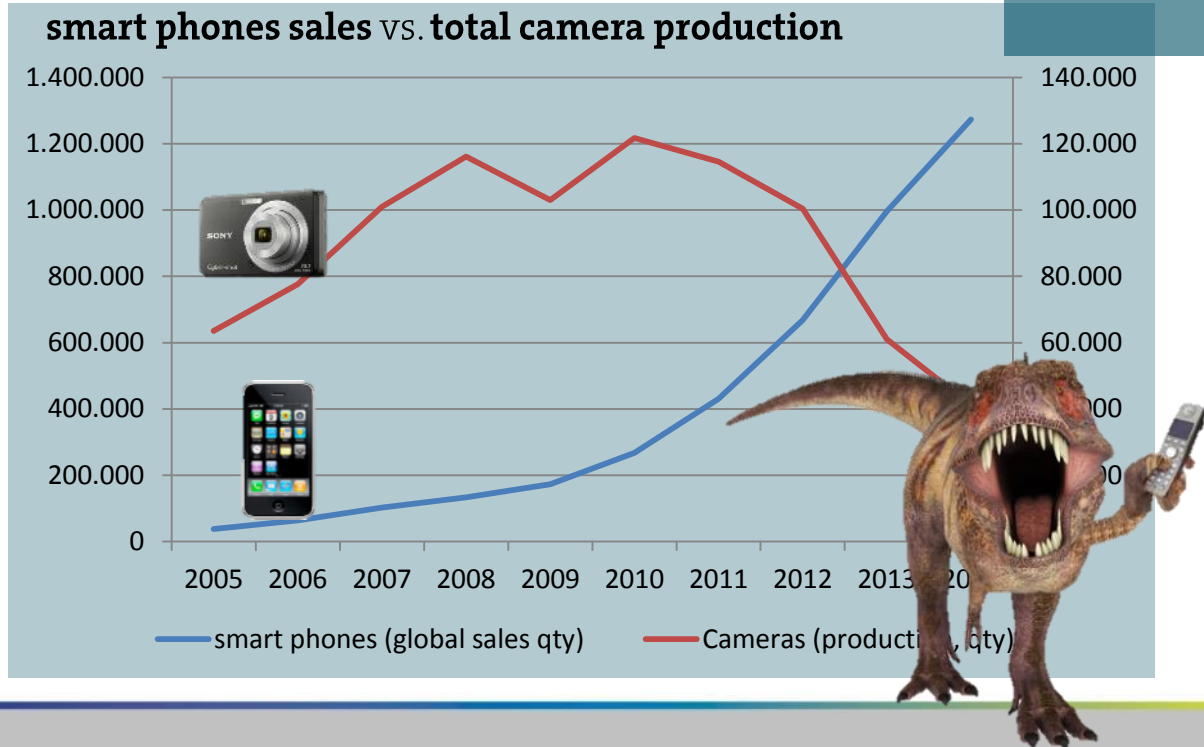
Correlation?

~~Correlation~~

Correlation coefficient:

-0,56

Chart 8





The usual suspects:

,The Monster‘
Smart Phone

,The End‘
Market Saturation



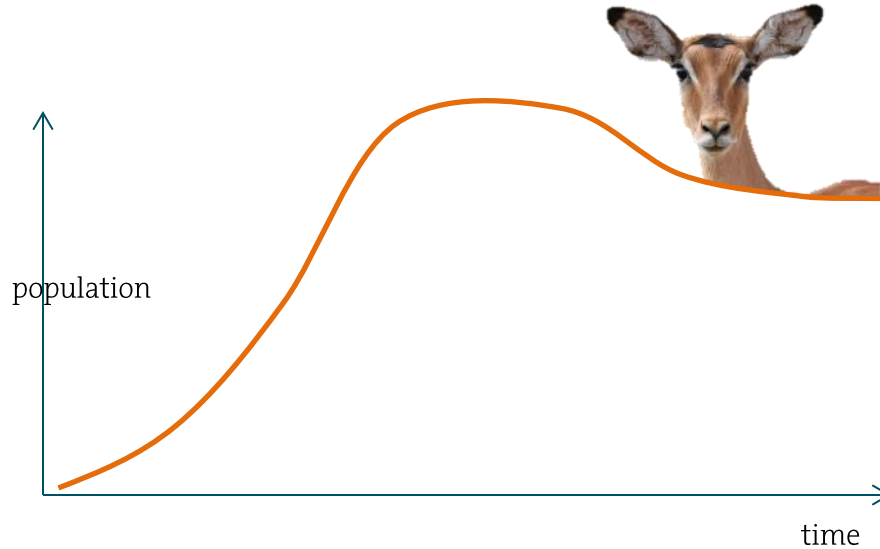
This means:

There must be other reasons, why customers don't buy cameras anymore since 2011

,The Monster'
Smart Phone

,The End'
Market Saturation

Impalas and Lions

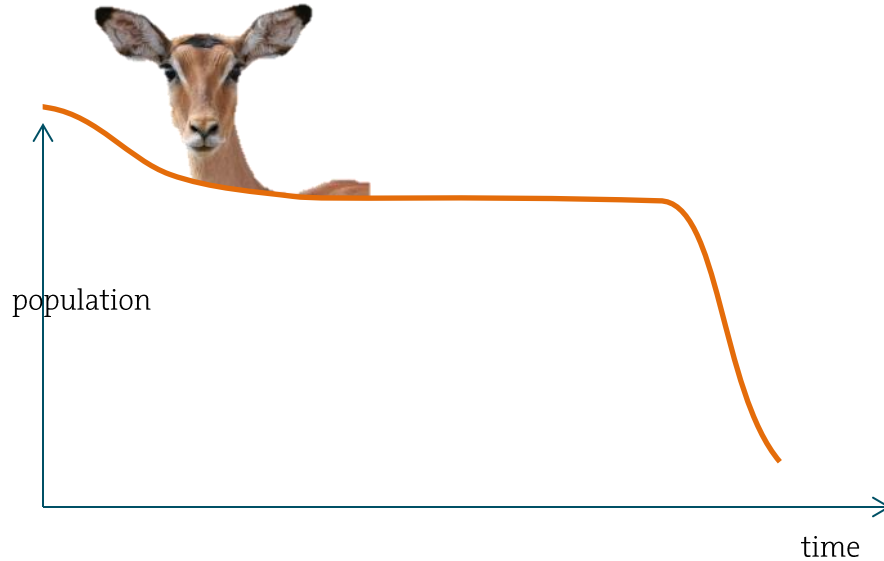


Impala populations with no enemies grow up **until the supply of food becomes short.**

Source: „Science Matters. Life and Living.“ Project Literacy, South Africa



Impalas and Lions



If you put too many lions in such a game resort, the impala population crashes.

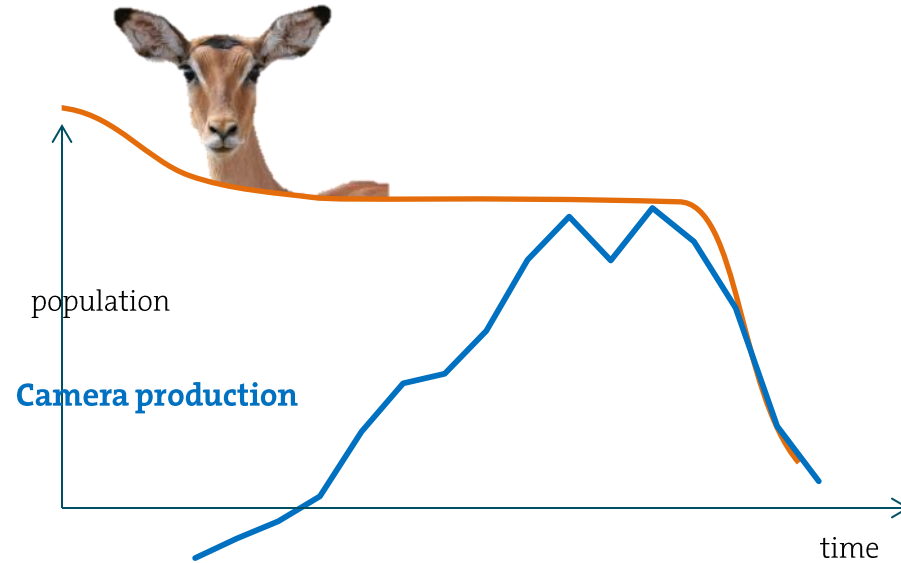
This sudden change is, what scientists call a “catastrophic scenario”.

Remember that curve?

Source: „Science Matters. Life and Living.“ Project Literacy, South Africa



Impalas and Lions



Remember that curve?

Source: „Science Matters. Life and Living.“ Project Literacy, South Africa





This is the **most important chart of the whole presentation:**

- We have **only one reason** for the market recession, which influenced SLR cameras exactly two years later than compacts
- The sales curves **do not show a market saturation.**
- The sales curves of cameras and smartphones **don't show** a trustable **correlation to camera** figures in total
- Instead, the sudden change is a so called **catastrophic scenario.**

Good News!

A vintage 35mm SLR camera with a 28mm lens, bathed in a teal light. The camera is positioned diagonally, showing its top and front. The lens has a textured ring and the text "28mm" is visible. The camera body has various dials and buttons. A semi-transparent dark teal banner is overlaid on the left side of the image.

What happened in 2010/2011?



Steve Jobs has not launched a new smart phone in 2007.

He launched the fun factor in the operation of high-complex digital products.

2007

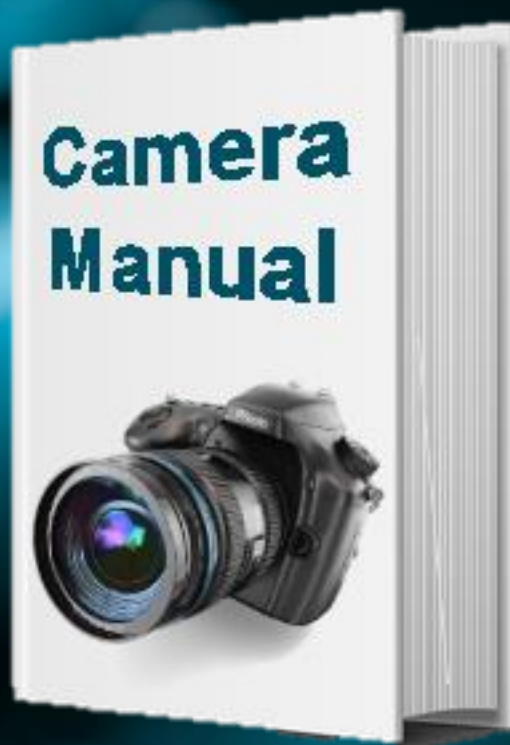


Operating high tech products becomes a subject of wiping with your finger tips

2014



Innovative cameras have four selection wheels plus 10 operational buttons



People love mountain views – **but most don't like climbing up.**



**Smartphone technology
offered them a shortcut.**

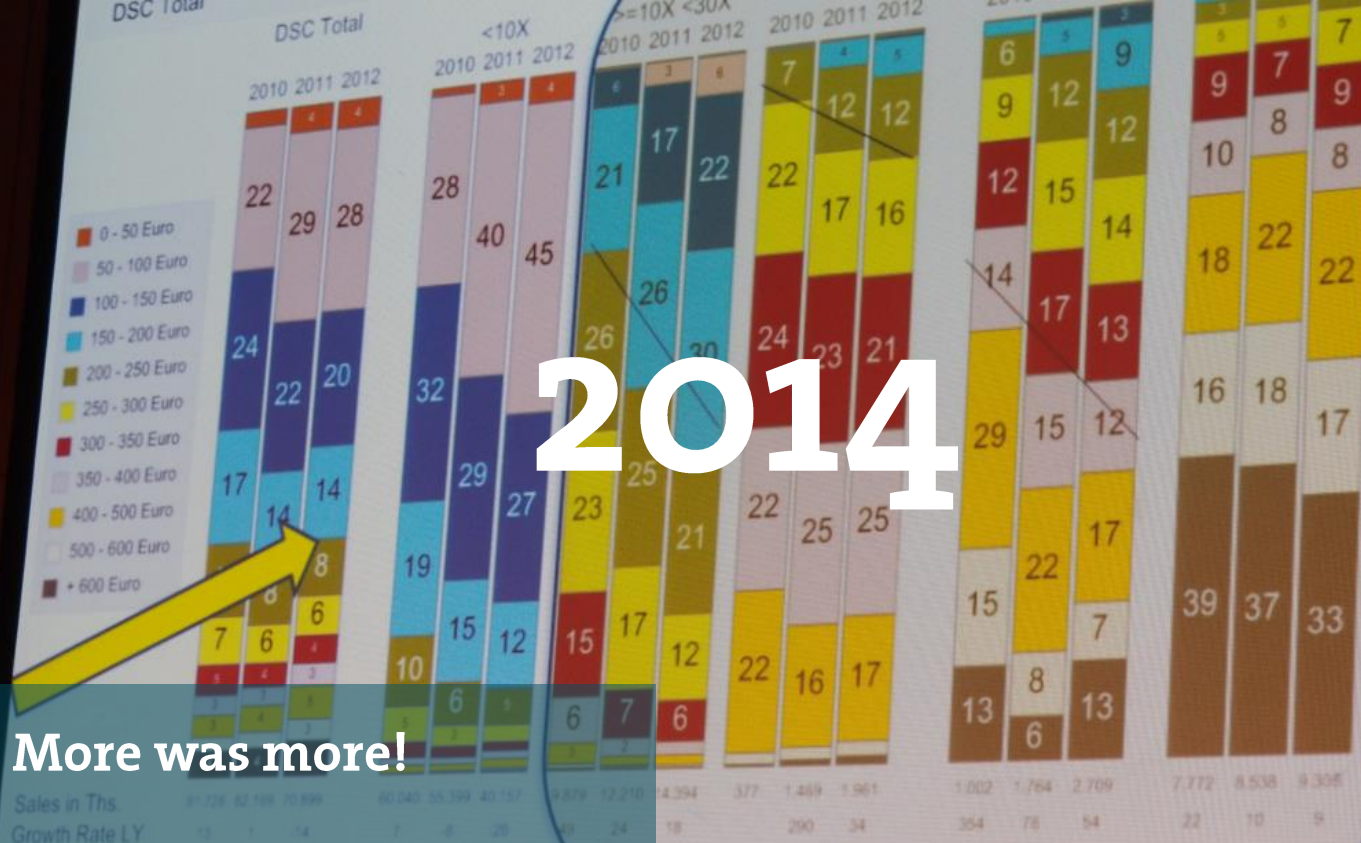
3

How can this situation be changed?

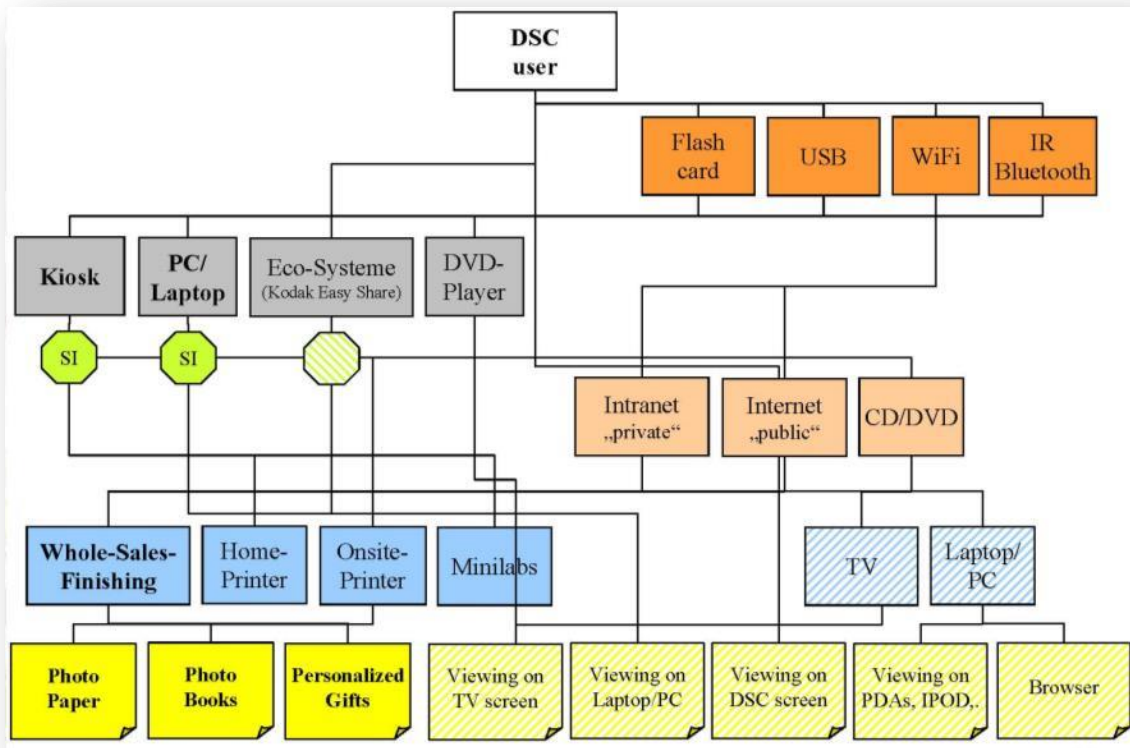


2014

More was more!



Imaging eco system



Source: unknown



We asked consumers **to solve our problems!**

4:3
VS
3:2



photo
books

Compact System Cameras

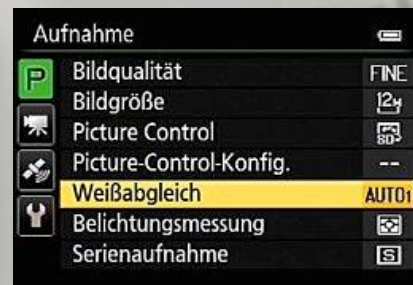
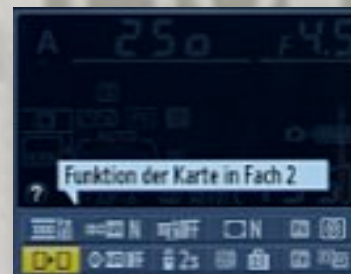
Mirrorless
System
Cameras

EVIL

Mirrorfree System Cameras

RAW





We talk about **photography** like physics:



Fun or Science?

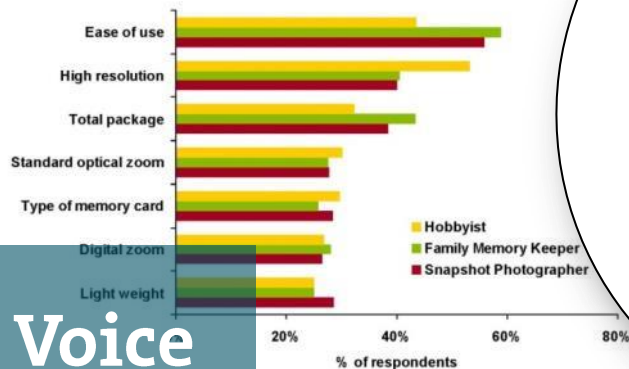


DIGITAL FOTO SERVICE

The **future of the photo industry** will depend on, to which extent **we meet consumers wishes**, not **how much technology we will offer**.

Ease of Use is Top of the List for Most Consumers

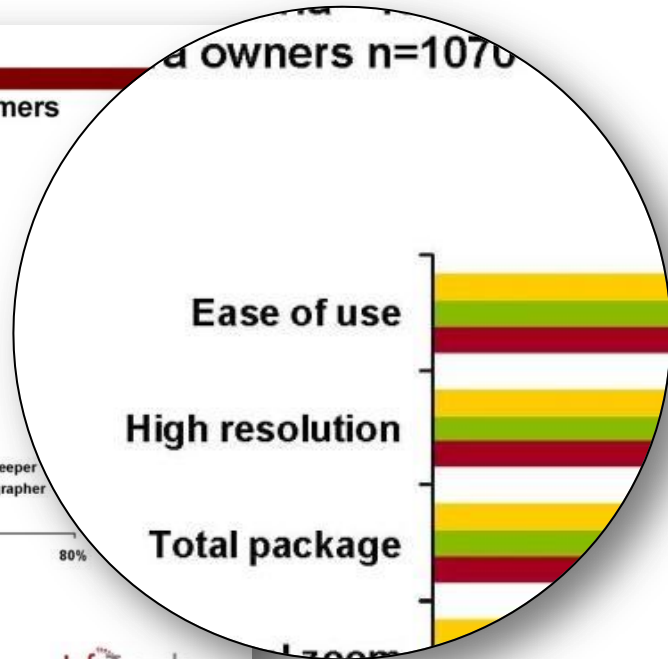
Top five purchasing criteria – features
Base: Digital camera owners n=1070



Source: InfoTrends' 2005 Western European Digital Photography Survey

InfoTrends
CAP VENTURES
www.infotrends-eg.com 32

2005: Consumers Voice



Source: InfoTrends

How can this situation be changed? **We have to change!**



Changing the language we use:

We have to communicate fun rather than technics.



No more scene programs:

Redesigning the camera concept as such



Cooperation across manufacturers, trade and service providers

Simplifying the imaging eco system



Harmonizing and unifying hard- and software

Stop fighting with patents

Cooperation is **legally impossible**?



Camera makers:

Film makers:

Labs

Camera makers:

Film makers:

Labs

Camera makers:

Film makers:

Labs



Patents as business tools?
Those days are over for the photo industry!

Patents don't help if the market is fading away!





How to find solutions?
Method: **Customer's journey**

Today's customer journey:



PIC0002461
PIC0002462
PIC0002463
PIC0002464
PIC0002465



Today's customer journey:

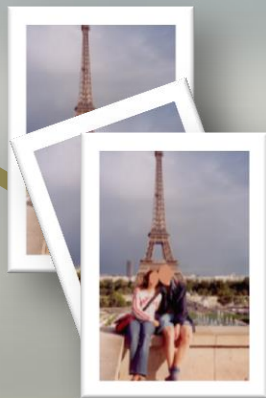


WORK

PIC0002461
PIC0002462
PIC0002463
PIC0002464
PIC0002465



The ideal customer journey:



Paris
12Jun2014
0002461.jpg

Customer's Journey

Not only for your own products -
but **for your neighborhood too!**



Is fun the solution? Does that work for cameras?

Berlin, Sunday morning, 10.54 o'clock



OLYMPUS

PHOTOGRAPHY
PLAYGROUND











2 hours queuing on a Saturday afternoon

Sources:
Reinhard Wagner, Johannes Pohlmann



Summary:

- **The reason for the market recession** are neither the smartphones nor market saturation.
- Rather than that, **consumers expect today different product concepts** and a different approach.
- We are in a demand-driven market – **we have to go where consumers are.**
- We have to change our style of communication away from technology and towards 'fun of photography'

Just imagine...

A photograph of a subway station interior. In the center, a wide staircase with metal railings leads upwards towards a bright, overexposed exit. The walls are made of light-colored tiles. Several people are visible: a woman in a white shirt and dark pants is walking down the stairs on the left; a group of people, including a woman in a bright green jacket with a backpack, are walking away from the camera on the right. A person is partially visible on the far left, walking towards the camera. The floor is covered in light-colored square tiles. The ceiling has several rectangular fluorescent light fixtures. A red circular light is visible on the left wall near the stairs.

The Fun Theory

see the full movie at
www.youtube.com/watch?v=2lXh2n0aPyw#t=14



The photo industry needs no more additional technology.
It needs new marketing concepts.

**Good luck
and thanks for listening!**

Contact:

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