Press Release
Austria

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Marion Knoche
GfK Marketing Services

The Photo Market in Austria in 2002:

General Economic Situation:

The WIFO (Wirtschaftsforschungsinstitut Austrian Federal Institute for Economic Research) business survey for the third quarter confirms the downward trend in firm´s assessment of their current situation and production expectations. The adverse trend is particularly visible in the basic goods and the technical manufactures sector.

The rise in employment has clearly lost momentum and can no longer prevent employment from heading up. Growth of overall employment has decelerated markedly since mid-year 2000. Latest figures show a modest gain of 0.5 percent (excluding people on parental leave and in statutory military service). The seasonally adjusted rate of unemployment last remained at 5.8 percent of the dependent labour force, or 3.8 percent of the total labour force accdording to Eurostat.

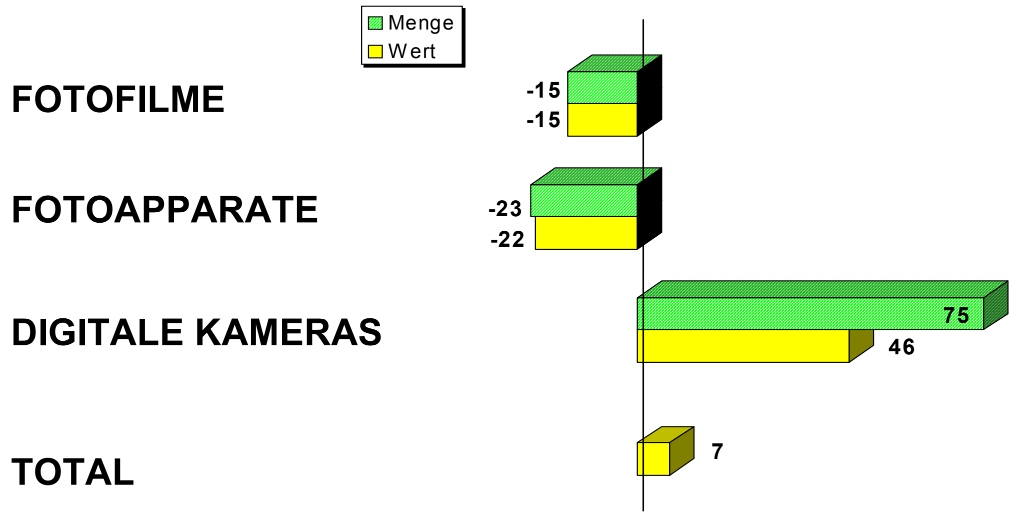
Consumer price inflation remained high in June, at a 2,8 percent rate, although the annual figure was no longer boosted by last year's raise in indirect taxes and public charges.

	Percentage changes compared to the previous year				
	1998	1999	2000	2001	2002
Gross National Product	+ 3,3	+ 2,8	+ 3,3	+ 1,7	+ 2,2
Export value	+ 8,1	+ 7,7	+ 13,0	+ 4,5	+ 5,7
Import value	+ 7,1	+ 6,9	+ 8,7	+ 4,5	+ 5,0
Consumer prices	+ 0,9	+ 0,6	+ 2,3	+ 2,3	+ 1,9
Employment	+ 1,0	+ 1,2	+ 1,0	+ 0,4	+ 0,5

Photo Market Austria

In the first half 2002 the turnover with the 3 audited product groups increased by 7%. Contrary to the unplesant development of Still Films and Still Cameras, the demand for digital cameras is still growing. Although especially for DSC a sharp trading down has to be accepted, the turnover of DSC exceeds already the sum of the sales of Still Films and Still Cameras together.

FOTO
Veränderung zu VJP. % Menge/Wert GfK-Panelmarkt
Februar – Juli 2001 : 2002



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Still Cameras

The market volume of Analogue Still Cameras dropped from 154 ths. pieces in the first half of 2001 to 118 ths. pieces in Feb/July 2002. This means a decline of –23%! Due to a quite stable price, the turnover developed in the same period from € 28 ths. in 2001 to € 22 ths. in 2002 (-22%).

All subgroups were effected by this development. Compact Cameras lost 21% of their volume, APS Compact Cameras 20%, 35 mm Compact 21%. In spite of this, Compact remains the most important segment, 81% in terms of units, 64% in terms of value. Even worse developed the turnover for LS APS: –29%. On the other hand 35 mm LS accieved a slight trading up that led to a drop of "only" –15% in value.

Especially Instant Cameras suffer an enormous decline: 40% of the volume amitted, this means a loss of turnover of one third compared to 2001.

Also the segment of SLR Cameras does not mean an exception in its development. Due to a 24% less sell out than 2001 and 29% less turnover, the share of SLR within Cameras remains 13%.

All distribution channels are concerned by the negative market situation for Still Cameras. Non Photo retailer have seen a steady decrease of their share within the Camera market. With a loss of 30% of sell out and 27% of turnover, they suffer even more than Photo retailer –21% in units and value. According to this development, Photo retailer are responsible for 83% of the turnover done with Still Cameras.

Digital Cameras

Digital Cameras are the only cause for the still positive development of the Austrian Photo market. Although increases of more than 100% (i.e. +130%, as seen in 2000) belong to the past, Digital Cameras are still very much in demand.

In the first half of 2002 81,5 ths. DSC were sold, 75% more than in 2001. Less pleasing is the development of the average prices. While 2001 € 800,-- had to be paid for a DSC, the consumer spends only € 665,-- in average in 2002 (-17%). Due to this development the turnover gained only increase of 45%. This is even more unpleasant, as the trend to better equipped models (higher resolutions, better zoom,...) is still continuing. The segment of 3-4 megapixel remains the most important pixel class (32%), the segment of 4-5 megapixel represents already 10%, models with more than 5 megapixel after all 5%.

All distribution channels can participate in the development of DSC. The most important channel, Photo retailer, increased their turnover by 46%, the share of 57% kept stable compared to 2001.

While Electro chains raised their turnover by +42%, traditional Electro retailers managed to gain a 53% higher turnover, by selling 88% more units than 2001. Due to this they are now responsible for even 9% of the turnover. Computershops and Systemhouses stay on a quite low level, 2%, and show much lower increases than other channels.

Especially Non-retailers are doing really well, +66% in terms of value, +122% in terms of volume.

Still Films

According to the development of Still Cameras, also the film market shows an enormous decline, -15% in volume and value.

All subsegments are affected, CN as well as CU and Instant Films. Both channels, Photo retailer and Non-Photo retailer, suffered by this loss, Photo retailer even harder.