

Market Research: Camera Industry



Marketing 382: Consumer Behavior
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Executive Summary

The purpose of this analysis is to report the camera industry's consumer behaviors and competitive landscape with a focus on digital and popular film devices. The industry has adapted to technological changes in recent years but is still attempting to remain innovative and relevant in the increasingly mobile age.

The camera industry includes a wide range of products designed to meet the needs of a variety of consumers. Different types of cameras include action cameras, instant film cameras, compact cameras, mirrorless cameras, consumer DSLR (digital single-lens reflex) cameras and professional DSLR cameras. The industry as a whole has been declining in recent years and this trend is expected to continue in the years to come.

Although the industry saw a boost in sales during the early 2000's as consumers made the switch from film to digital cameras, the increasing prevalence of smartphones and the quality of their built-in cameras has caused sales growth to slow considerably in recent years. Sales of consumer-oriented compact cameras, often referred to as 'point and shoot' cameras, have seen the greatest losses as consumers now tend to prefer the convenience of a single 'do-everything' device housed in a smartphone. Additionally, the improved quality of digital cameras has reduced the rate of 'replacement' sales as consumers have now become satisfied with the image quality of their current cameras and wait longer to upgrade them or choose not to do so at all. On the other hand, sales of instant film cameras and certain stocks of film have seen an unexpected resurgence as younger consumers embrace the nostalgia of these tangible items. Overall, the industry is expected to shift away from consumer-level products and move toward professional-level products in the coming years due to the continually decreasing demand at the consumer level.

Camera manufacturers in the industry include everything from smaller companies producing specialized products, such as GoPro, all the way up to global giants in consumer electronics manufacturing, such as Sony and Panasonic. We will be focusing on three major camera manufacturers in the industry: Canon, Fujifilm, and GoPro. These firms each have a unique approach to meeting the changing demands in the industry and as we will examine, some companies' strategies have worked while others have failed.

Canon, based out of Tokyo, Japan, is the largest player in the marketplace and produces a wide range of amateur and professional DSLRs as well as compact cameras. Although the industry as a whole has declined, Canon has managed to maintain its industry power by supplementing its photography division with profits from the rest of its product line that includes printers, scanners, security cameras, and office equipment.

Fujifilm will be the second company that our group will be focusing on as it presents a unique perspective that separates it from its competitors. While Fujifilm began almost exclusively as a film manufacturer, it adapted to the digital revolution far better than rivals such as Kodak and for

this reason it remains relevant today. Although a relatively small player in the industry as a whole, Fujifilm has seen some of the greatest growth, largely driven by its retro-inspired product line. In addition to its successful series of digital mirrorless cameras, Fujifilm continues to produce 35mm film and its line of Fuji Instax instant film cameras are increasingly popular with younger consumers, with the Instax Mini being the best-selling camera of any kind on the Amazon marketplace.

Finally, GoPro will illustrate how one of the larger niche markets in the camera industry has grown to become so popular. The development of a digital camera that can withstand extreme conditions and high involvement activities, has become widely used by athletes and entertainers. GoPro presents its products a little bit differently from other photography based companies, and markets them more through social media, user submitted content, and their POP (point of purchase) displays.

Throughout this report we will analyze how these three firms utilize behavioral analysis in their marketing in order to remain competitive in the photography industry. With the constant fluctuations in the market, the analysis will help us gain an understanding of the overall market trends and how these companies should or should not react in the future.

Product Definition and Important Characteristics

Digital Camera: A camera that records images as digital data, usually onto a memory card, instead of on film (Decarlo, 2016.)

POINT-AND-SHOOT CAMERA

Point-and-shoot cameras, also known as compact cameras, are devices that require little involvement when capturing an image. These cameras rely on many automated and built in systems including lenses, flash, and focusing options. These are the most popular types of cameras used by consumers because they don't require much skill to use. Point-and-shoot cameras are not usually used by professional photographers because of their simple design and lack of advanced features that would present better results. These devices often have a low price point when being compared to other cameras since the features presented are minimal, being between about \$5 and \$200 (Decarlo, 2016.)

SINGLE LENS REFLEX (SLR) CAMERA

The digital SLR camera has become the industry standard for most professional photographers because of its versatility, higher image quality and greater selection of available accessories. These cameras use an internal mirror/prism system that allows the photographer to see the exact image in which will be produced. These cameras sit above compact cameras because of the availability of various attachable accessories and more customizable design. SLR's are typically priced fairly high reaching \$10,000 at times due to all the options and settings available when using the device (Decarlo, 2016.)

Film Cameras: This type of camera captures images on light-sensitive photographic paper that is then developed in chemical baths or on the film itself (in the case of instant film.) Nothing is stored digitally and all images are captured on the film through light exposure (Decarlo, 2016.)

INSTANT FILM

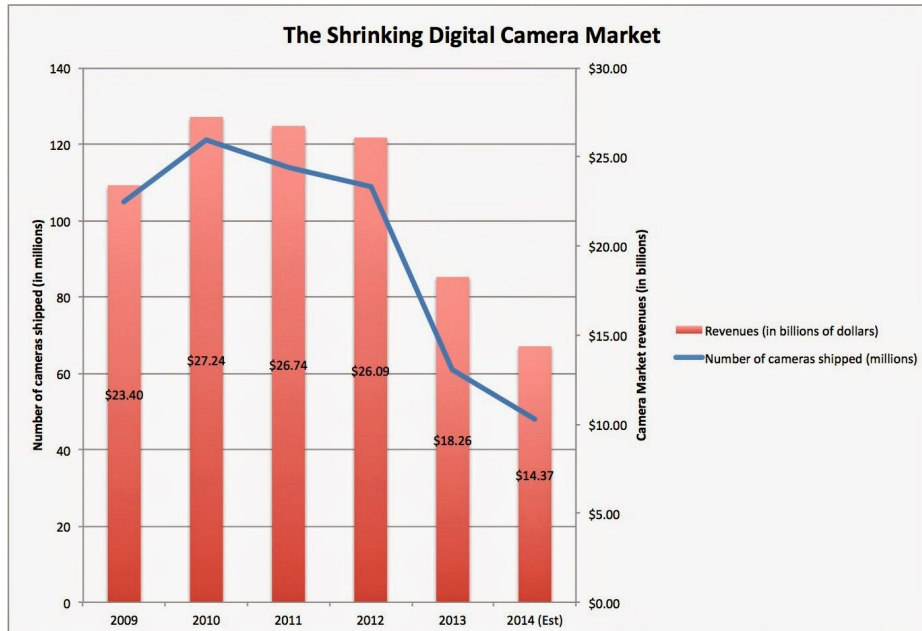
Instant film cameras have recently made a reappearance in the market targeting many millennials through nostalgia and 90's retro themes. Instant film cameras utilize self-developing film that allows the photographer to capture an image and receive the hard copy shortly after the picture is captured. The film is chemically developed within the camera to present these print results (Decarlo, 2016.)

Number of firms and brands competing in the digital camera category:

Industry Brands: Canon, Nikon, Fujifilm, Panasonic, Sony, Olympus, Pentax, Kodak, GoPro and Samsung (University Reporter, 2017)

Industry Firms: Kyocera, Matsushita (Panasonic), Samsung, Sony Corporation, Canon Corporation, Sanyo, Ricoh, Polaroid, Minolta, FujiFilm, Casio Corporation, Japan Victor Company (JVC), Nikon, Eastman Kodak, Hewlett Packard Company, and Olympus Corporation (Decarlo, 2016.)

The nature of the firms in the digital camera market are as varied as they are numbered. These digital camera producers include groups such as GoPro that produce action cameras, all the way to Leica, a high end luxury camera company that sells cameras as expensive as some cars. One thing all these groups have in common is they are all fighting for diminishing returns in a shrinking market. Many of these groups are now fighting to differentiate themselves from the rising cellphone camera market that is consuming a large portion of the traditional digital camera market.



Product Variations and Sub-categories

- △ Action Camera
- △ Standard Compact
- △ Instant Film Camera
- △ Film Camera
- △ Adventure Camera
- △ Mirrorless Camera
- △ Advanced Compact
- △ Super-Zoom
- △ Consumer DSLR (Digital Single-Lense Reflex)
- △ Pro-Level DSLR

(Beginners Guide to Different Types of Digital Cameras, 2016)

Product Functions, Features and Benefits

Action Camera	Instant film	Compact cameras	Mirrorless cameras	Consumer DSLR	Pro-level DSLR
					

Action Camera: These are cameras that are designed to be used while engaging in rigorous athletic behavior or in less than safe environments for traditional cameras. These cameras run from mountable cameras that attach to sports equipment or vehicles to trail cameras for hunters, naturalists, and cryptozoologists. The cameras typically eschew the traditional ergonomic camera shape and opt for a plastic protective shell. The camera itself is digital but it's durable shell allows for the camera to endure extreme weather conditions, forces, and aquatic environments among many other conditions.

Film Camera: Traditional film cameras require light sensitive photographic film that is developed in darkness using chemical treatments. Many purists and hobbyists choose to use film cameras due to their accessibility, not to mention the process of developing film and working in a darkroom is still romanticised today. These devices require more involvement in the developing process of the tangible print copy but instant film cameras minimize this process to a large extent making them easier to use for amateurs.

Instant Film Camera: Instant film cameras are very popular with hobbyists and casual users. Instant film first broke into the scene with Polaroid but unfortunately Polaroid fell upon rough economic times. Subsequently, FujiFilm decided to take advantage of the still popular instant film market that was left unserved. Instant film cameras provide the aesthetic quality of a film camera while not sacrificing the additional luxury of receiving an instant physical copy of the photo one has just taken. These devices are easy enough for the everyday person to use and allows them to receive a hard copy within a short amount of time after taking the photo.

Standard Compact: Also known as “point and shoots”, standard compacts are on the more affordable end of the digital camera spectrum. Typically advertised toward beginners, or those who plan to capture photos for less artistic purposes, these cameras supply an all in one instrument that is easy to use (Beginner's Guide to Different Types of Digital Cameras, 2016)

Mirrorless Camera: Mirrorless compacts have the bonus of having interchangeable lenses, while retaining the simplicity of a compact and the control that an advanced compact provides. Mirrorless cameras do not have a movable mirror in the optical path, hence its name, which allows them to be much smaller and lighter than their DSLR counterparts while maintaining many of the same features. These cameras sit within the digital camera category but don't quite reach the range of features that DSLR cameras provide (Beginners Guide to Different Types of Digital Cameras, 2016)

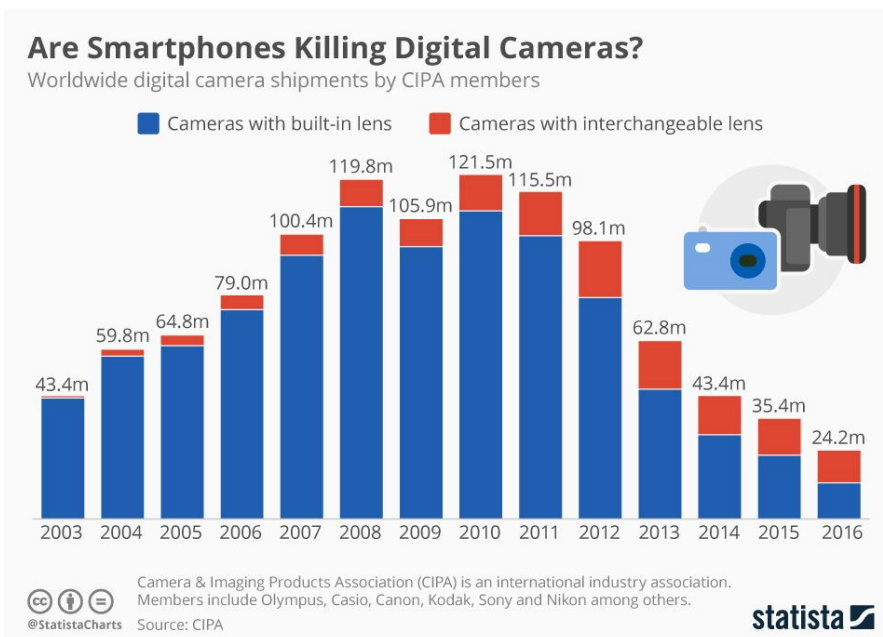
Consumer DSLR (Digital Single-Lense Reflex): These cameras provide the clearest image quality and the greatest control. DSLRs allow you to see directly through your lens and have interchangeable lenses and a plethora of manual controls allowing photographers to fine-tune desired picture attributes. They are the go-to choice for hobbyists and professionals alike. There are also many different detachable accessories that can improve and tailor the camera to the desired environmental setting (Beginners Guide to Different Types of Digital Cameras, 2016)

Pro-Level DSLR: These cameras are the pinnacle of the digital camera experience. Almost exclusively used by professionals and avid enthusiasts with a large disposable income. Starting prices for these cameras are around \$1,800 and can go up to \$10,000 or more depending on the features. Pro-Level DSLRs produce the best results and can be tailored to get many desired effects.

Market Size, Growth Trends & Conditions

NAICS 42341: Camera and Film Wholesaling in the US

While the camera industry saw a large increase in sales during the early 2000's as consumers made the switch from film to digital cameras, sales have declined dramatically since they peaked at \$27.4 billion domestically in 2004 (Sayler, Brian, 2016). From 2011 to 2016, revenue declined at an average rate of 8.7% per year to reach a total of \$9.7 billion. This downward trend is expected to continue over the next five years with revenues projected to decline at an average rate of 2.8% per year, falling to \$8.4 billion in 2021 (Decarlo, J.).



A major factor attributed to the declining sales is the increased prevalence of smartphones and the quality of their built-in cameras. With the gap in image quality between smartphones and traditional cameras continuing to decrease, industry demand has fallen dramatically as fewer consumers see the need to purchase a standalone digital camera and instead tend to prefer the convenience of a single 'do-everything' mobile device.

According to the Electronics Consumer Association, market penetration of digital cameras has reached over 84% and it is becoming increasingly difficult for companies to find new markets to sell to. Additionally, average prices of digital cameras continue to decrease in order to encourage sales and compete with similarly priced smartphones, in turn reducing revenue as profit margins decrease and actual quantity of sales continue to suffer.

Another factor contributing to declining revenue is the slowing rate of replacement sales among consumers. Although continually improving image quality was initially a driver of sales that helped entice consumers to upgrade, in recent years image quality has reached a level where camera owners have become satisfied with the quality of their current cameras and wait longer to upgrade or choose not to do so at all.

While the majority of the photography industry is in decline, film photography has witnessed an unexpected resurgence. The Fuji Instax Mini is the best-selling camera of any kind on the Amazon marketplace and producers of instant film such as Fujifilm and the Impossible Project are seeing growth as younger consumers continue to adopt this trend (Sintumuang, Kevin.)

With general industry trends projecting a decline in sales at the consumer-level, photography companies are becoming increasingly focused on marketing toward advanced amateurs and professionals. Camera companies must continually innovate and experiment with new technology in order to remain relevant in this fast-changing and increasingly mobile industry.

Primary Firms in the Camera Industry

The camera manufacturing industry is dominated by the top three firms of Canon, Sony, and Nikon who hold a combined market share of over 50%. Of these companies, Canon had the highest revenues raised through the sales of imaging products (cameras and related equipment) with \$9.86 billion in 2016.

Several other firms exist in the industry that each hold a lower market share, including Panasonic, Olympus, FujiFilm, and Pentax. The industry also includes small firms such as GoPro that produce specialty cameras that cater to a niche market of consumers.

The majority of firms in this industry also have divisions outside of imaging products. While Nikon raises the majority of its revenue through the sale of imaging products (63%), Canon's imaging division only raises 34% of its total revenues and imaging products make up a small 7.4% of Sony's total consumer-electronics business.

As the consumer demand for cameras continues to decrease, industry revenues are declining and several smaller companies are forced to drop out due to the intensive competition.

		Company Total		Imaging Products		
Company	Market Share	Revenue (2016)	Net Income (2016)	Revenue (2016)	Operating Income (2016)	Imaging as % of total sales
Canon (Canon Finance, 2017)	20.52 %	\$29.3 billion	\$13 billion	\$9.86 billion	N/A	34%
Sony (Sony Finance, 2017)	19.33 %	\$69.9 billion	\$1.8 billion	\$5.17 billion	\$422 million	7.4%
Nikon (Nikon Finance, 2017)	13.61 %	\$7.3 billion	\$197 million	\$4.6 billion	\$406 million	63%
FujiFilm (Fujifilm Holdings, 2016)	5.29%	\$22 billion	\$1.1 billion	\$3.17 billion	\$288 million	14%
GoPro (GoPro Finance, 2017)	< 2%	\$1.2 billion	-\$419 million (loss)	-----	-----	~100%

Consumer Decision Making Process

Consumers encounter different problems when they are considering what they need in a camera. A problem a consumer faces when in need for a compact camera is much different than a consumer who needs an action camera, or a pro-level DSLR camera. Someone who would purchase a compact camera would most likely be a casual user seeking to use their camera for merely functional purposes, their need would be recognized when planning to take some basic photos and are currently unable to.

The hobbyist or amateur photographer would develop a need when deciding what kind of photography they plan on, or would like to be doing. Their problem could be recognized when they're unsatisfied with their current product, or are seeking to utilize different functions of cameras such as film, mirrorless, or DSLR capabilities.

A pro-level photographer would recognize their need when a project or job calls for a specific function of camera which they believe will function for them best, most likely being consumer level DSLRs, or top tier DSLR cameras.

Camera consumers overall not only recognize their need based on the above factors, but also are influenced through new product availability and technological advancements, replacement needs, and specific environmental situations. When a new model or type of camera is developed and made available, it raises the user's ideal state. By introducing a new product to the market it causes people to want an upgrade to the newest, biggest thing. Another factor that would create a need would be if a photographer's camera were to get damaged resulting in a required replacement. Lastly, many photographers, especially those with more experience in the industry, would recognize that it would be essential for them to purchase a new camera based on a specific setting, event, trip, or activity that may not allow for just any type of picture capturing device.

The level of involvement when purchasing a digital camera fluctuates based upon several factors. The intent of use is a huge factor when considering involvement. Someone who is looking to purchase a Leica camera that has a thousand and one control features for professional use is far more likely to have greater levels of involvement in the purchasing process as compared to someone who is a casual user looking to buy a point and shoot.

Another factor when considering purchase involvement is price. A \$50 point and shoot will not require the same level of involvement as a professional camera that will cost north of \$2,000. Knowledge of products also plays a significant role in the level of involvement a consumer has when purchasing a digital camera. Those who know little and less and those who are experts on the subject will often spend the least amount of time researching information about the product, resulting in low involvement. Those who are moderately aware of the breadth and nature of products in the digital camera industry (hobbyists by and large) will spend the greatest portion of time researching, and therefore a greater amount of involvement is required on their part.

Consumers rely on environmental factors such as social, cultural, and economic aspects to aid their decision making process. These influences determine how each consumer reacts when purchasing a camera at different points in time. From an economic standpoint, as the consumer's financial ability fluctuates so do their purchase habits. When they are at a more stable point consumers are more likely to buy a camera rather than if they are having financial problems.

A very prominent factor in society today is that of social influences as well. Due to the growth of globalization and the advancements in technology we have experienced, our ability to connect with a larger variety of professional photographers has dramatically increased. This has helped consumers gain a wider array of knowledge about available products. Influencers help this progression and make suggestions to other photographers supporting others progression in the field and gaining a following for themselves.

Cultural environments contribute to different buying behaviors and are important when considering how cameras will be used by different groups of people. Companies have provided various types of digital cameras to include a variety of uses that pertain to the lifestyles of consumers that want to endure extreme weather conditions to get the perfect shot or a simple tourist capturing memories in a big city. These social, cultural, and economic factors that are embedded into the consumer environment act as catalysts to each individual purchase decision making process.

Primary Consumer Segments and Their Characteristics

Casual Users/Amateurs:

These are people who are looking to use a camera for functional purposes and are not as inclined to use their camera for aesthetic purposes. They probably utilize one camera, primarily a point and shoot or low end DSLR since they are not usually willing to spend a lot of money on premium photography equipment. Their knowledge of digital camera industry products is fairly low (Sayler, B.)

Demographics: A majority of casual users/amateurs are white (87.11%) women (55.1%) that have graduated college-plus (40.02%). They mostly consist of people 45-54 years old (19.63%) that have professional and related occupations (19.31%) making \$75K-\$149K a year (39.91%) (University Reporter, 2017.)

Hobbyists/Advanced Amateur:

Hobbyists will spend more than your average consumer looking to purchase a camera. Often they will have multiple lenses and possibly more than one camera. Hobbyists are looking for quality, but without the high demands that of professional photographers have. Knowledge of industry products usually range from moderate to advanced (Sayler, B.)

Demographics: Most hobbyist/advanced amateurs are primarily white (82.96%) men (54.36%) that have graduated college-plus (45.05%) and range between the ages of 45 and 54 (21.74%) years old. These people are usually in professional and related occupations (20.44%) making 75K-149K (37.4%) a year (University Reporter, 2017.)

Professional:

Professionals use high end camera equipment to achieve state of the art image quality. They will spend the most on camera products out of all the segments, and often will have more than one camera and several different lenses. They use a great deal of their preexisting knowledge when buying new equipment and selling what becomes old. Professionals are very informed consumers, knowledgeable on industry product information and price points (Sayler, B.)

Demographics: Professionals are primarily white (62.88%) men (55.95%) but there is insufficient data to complete a full demographic profile (University Reporter, 2017.)

Summary:

Overall, the split between all female and male digital camera users is fairly balanced and only changes by a few percentage points but the rest of the demographics are consistent when compared between amateurs, advanced amateurs, and professionals. People are mostly caucasians between the ages of 45 and 54 that have graduated college-plus. They also are in professional or related occupations making between \$75K and \$149K a year.

Consumer Purchasing & Decision Habits

Survey Findings

Survey: https://www.az1.qualtrics.com/jfe/form/SV_2siT6cBh03de7kx

To determine purchasing & decision habits for consumers in the camera market, our group conducted an online survey through Qualtrics to gain insight into consumer behaviors and trends in the industry. The survey consisted of 20 multiple choice questions and was distributed through social media and on photography group pages/forms by our marketing team to various friends, family, and photography enthusiasts. This survey was conducted using a convenience sample and as such does not reflect a representative sample of the population but will help gain an idea of the behaviors in the industry based on the people surveyed.

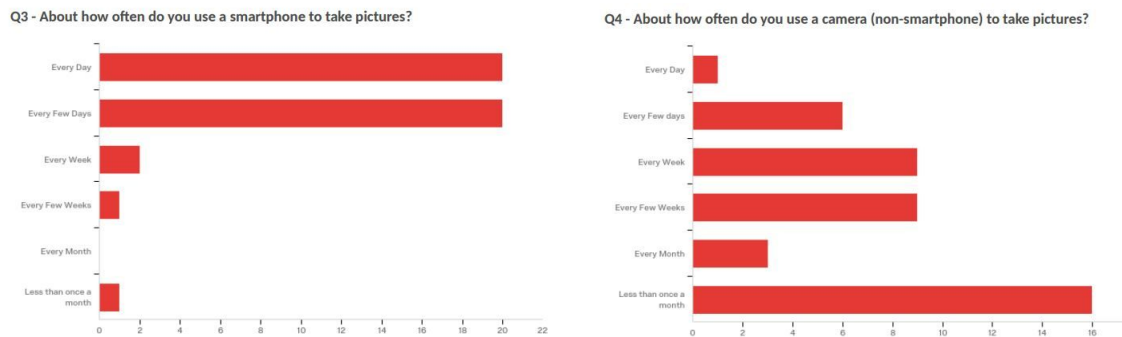
The question “Do you currently own a camera?” served as the screening question in our survey, determining which questions would later be asked to the participant and which ones would not. Several questions in this survey gave the option for multiple answers and for that reason percentages may exceed 100%. The structure and questions of this survey can be found in Appendix A.

A total of 44 responses were collected between the dates of May 6th to May 7th. The average respondent to our survey was female (55%), had an annual income level of less than \$25,000 (72%), was between the ages of 18-24 (66%), had some college education but no degree (48%), and identified as either Caucasian (61%) or Asian / Pacific Islander (39%). This data may be a little skewed due to the fact that much of the data was collected through social media and to limited respondents.

A sample of the survey’s findings will be summarized below and more information as well as the complete survey results can be found in Appendix B.

Product Usage:

The majority of respondents described their experience level with camera photography as “hobbyist or amateur” with 59% of respondents identifying as such. Eighty-nine percent of respondents currently own a camera and usage averages at less than once a month (36%). In comparison, the rise of smartphone photography is evident as over 90% of respondents say that they use their smartphone to take pictures either every day or every few days.

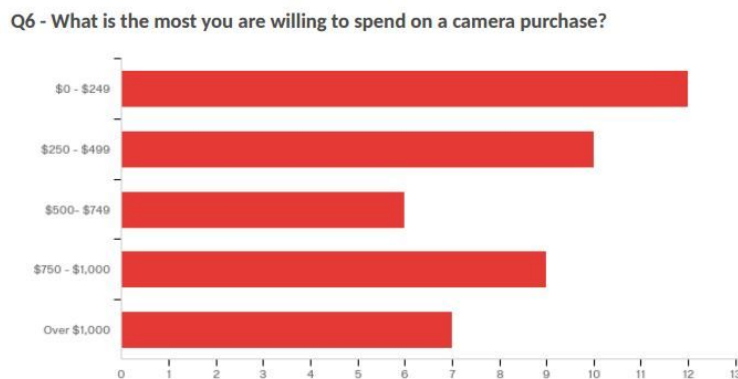


(Appendix B)

Purchase Frequency & Habits:

A total of 34% of respondents have purchased a camera within the past year, while 61% have purchased in the past few years or longer. This data supports industry trends that suggest consumers are now waiting longer before they decide to upgrade their camera or buy a new one.

Retail and electronics stores remain popular dealers for consumers, with 28% of respondents having purchased their last camera at one of these stores, followed closely by online dealers with 26%. Dedicated photography and camera stores have a relatively low share of only 10%. The most popular camera price range for respondents is between \$0-\$249, while 16% of respondents are willing to pay over \$1,000 for the purchase of a camera.



Purchase Triggers:

At 44%, most respondents claim that better image quality is their number one motivation for buying a new camera. Thirty-three percent of respondents claim that they are seeking advanced features in their camera and 15% say that an issue with their current camera is what motivates them to make a new purchase.

Evaluation Criteria:

Survey respondents rated the following product features based on their level of importance in purchasing a new camera. This was based on a five-point scale where 1 = 'Not at all important' and 5 = 'Extremely Important'.

- △ Image Quality & Features: The mean rating for the importance of image quality & features in decision making was 4.36, indicating that this is a "Very Important" factor for consumers in this survey.
- △ Price: The mean rating for the importance of price in decision making was 3.87, which indicates that price is a "Very Important" factor for respondents.
- △ Durability: The mean rating for the importance of camera durability in decision making was 3.77, indicating that this is an "Important" factor for respondents.
- △ Size & Weight: The mean rating for the importance of size & weight in decision making was 2.95, indicating that size & weight were "Moderately Important" factors for respondents.

The findings show that of the four tested camera traits, Image Quality & Features are the most important to consumers in this survey while Size & Weight are the least important. This indicates that consumers in our survey are generally willing to have a slightly bulkier or heavier camera in exchange for superior image quality and advanced features, a finding that further supports the trend of consumers moving away from compact cameras and toward DSLRs (Sayler, Brian, 2016.)

Sources of Information Used in Decision Making:

Branding information is often conveyed to consumers through a variety of media advertisements. Of the respondents, 70% have seen a camera advertisement in the past six months while the remaining 30% have not. The most popular form of media where these ads are seen are online (66%) and print (36%), followed by television in third place (27%).

To gather information prior to making a camera purchase, nearly all respondents utilize the internet for product research such as web reviews (97%). Friends & family are also powerful influencers with 67% of all respondents claiming to seek help from these connections, as well as in-store resources such as signage and store associates, with 44% of respondents using these resources.

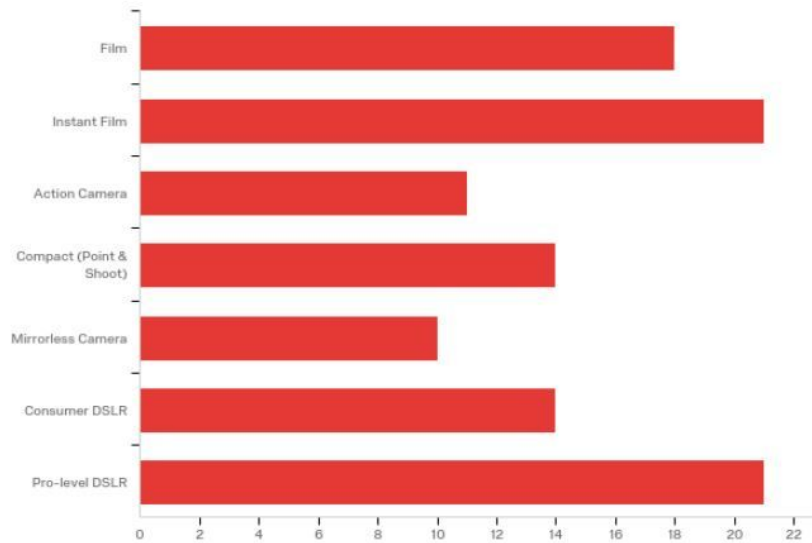
Other Findings:

Among the seven camera brand names tested, Canon, Nikon, and GoPro had the highest brand name recognition with over 95% of respondents having heard of each of these brands. At 61% and 75% respectively, Pentax and Fujifilm were the brands with the lowest brand name recognition, though a majority of respondents had still recognized these brands. These findings indicate that any one of these seven brands has a reasonable chance of being in a consumer's evoked set.

For camera ownership, Canon and Nikon exceeded all other brands by far with each being owned by over 40% of survey respondents. These statistics indicate that Canon and Nikon are the brands that are most likely to be in a consumer's consideration set for cameras.

The most commonly owned types of cameras were Consumer DSLRs (44% of respondents) and compact cameras (41%), followed by film cameras in third place (31%). Interestingly, instant film cameras were tied for pro-level DSLRs as the types of cameras that respondents were most interested in buying, each being desired by 50% of respondents. Following in third place were standard film cameras with 42.86%.

Q10 - What types of cameras would you be interested in buying? (If any; Choose all that apply)



(Appendix B)

The rising demand for pro-level DSLRs suggests that the rise of smartphone cameras has driven consumers toward cameras of top-tier quality. Additionally, the high demand for film and instant film cameras is strong evidence to support the idea that these technologies, once considered obsolete, are making a comeback -- a trend that companies such as Fujifilm have capitalized on (Sintumuang, Kevin.)

Firm Analyses: Canon, Fujifilm, Gopro



Firm Analysis: Canon Inc.

Company Background

Canon Inc. was founded in 1937 in Tokyo, Japan. The company produces a wide variety of products including office equipment, medical devices, and consumer cameras. The company's imaging division, which includes the sale of consumer cameras, represents about 34% of the company's total revenue and Canon currently sits at the top of the consumer camera industry with a market share of about 20% (Canon, 2016).

Target Market

Canon is the largest player in the camera industry and as such it manufactures products to meet the needs of every type of consumer. While casual users used to be a major segment that Canon marketed to, the company has begun to shift its focus to advanced amateurs and professionals in recent years due to the increasing prevalence of smartphone photography that has dramatically decreased the demand for cameras among casual users.

Branding Strategy

Canon has crafted its brand image to represent creativity, innovation, and professionalism. Among Canon's core themes is that of creation, branding itself as a company whose products can be used to create both memories and art. Innovation has also been a core belief of Canon, demonstrated by its game-changing introduction of EF autofocus lenses in the early 90's and the company's early forays into DSLR video and cinematography, an industry which the company now dominates. Additionally, Canon uses actual product design to ensure that its products are easily recognizable and associated with quality and professionalism, such as its L series lenses that feature a stylish red focus ring and their iconic gray telephoto lenses that are used for sports, wildlife, and photojournalism around the world.

Pricing & Product Segmentation

Strong branding has allowed Canon to command higher prices than other manufacturers in the marketplace. Canon's prices are on par with similarly featured products from main competitor, Nikon, but significantly higher than similar products from smaller companies such as Pentax. A simple compact camera from Canon may start around \$199 and prices can reach as high as \$5,000+ for professional DSLR cameras such as the 1D series. Canon's PowerShot compact cameras are geared toward casual users, its PowerShot hybrid cameras and Rebel-line DSLRs are aimed at hobbyist users, and the 5D and 1D lines feature advanced features marketed toward professionals.

Casual Users		Hobbyists / Amateurs		Advanced Amateurs		Professionals	
Compact		Hybrid	DSLR	Mirrorless	DSLR	DSLR	DSLR
							
ELPH 360	Power Shot N	PowerShot SX60	Rebel T6	M5	6D	5D Mk III	1D-X Mk II
\$199.99	\$299.99	\$429.99	\$449.99	\$1,199	\$1,699	\$2,799	\$5,999

Distribution

While based out of Japan, Canon's operations are divided into four major regions: Japan, the Americas, EMEA (Europe, Middle East, & Africa), and Asia & Oceania. Of these regions, the Americas represent Canon's largest market with 28.3% of total sales coming from this region (Canon, 2016).

Worldwide, Canon's products can be purchased in a variety of retail and electronic stores as well as online directly through their company website or through third-party retailers such as Amazon.

Advertising & Promotion Strategy

Canon's advertisement and promotion span a variety of media channels including social media, web, and television. Print also remains a strong focus of Canon's, including the successful "Wildlife as Canon sees it" campaign that promotes wildlife conservation through photography and has run in every issue of National Geographic Magazine since 1981. Using different ads for different media is a practice that Canon does effectively, such as how it promotes high-end cameras in National Geographic, whose readers tend to be older and have a larger disposable income.



Canon utilizes the ELM (elaboration likelihood model) in its marketing, using both the central route and peripheral route to persuade consumers to consider its products. Under the central route, Canon uses direct specifications of the camera to demonstrate the inherent qualities of the device, such as in ads that promote the camera's megapixel count, number of autofocus points, or the light weight of the device. This route is particularly emphasized in its advertisement for professional-level cameras where traits such as image quality, frames-per-second, and autofocus speed are of utmost importance to its target market.



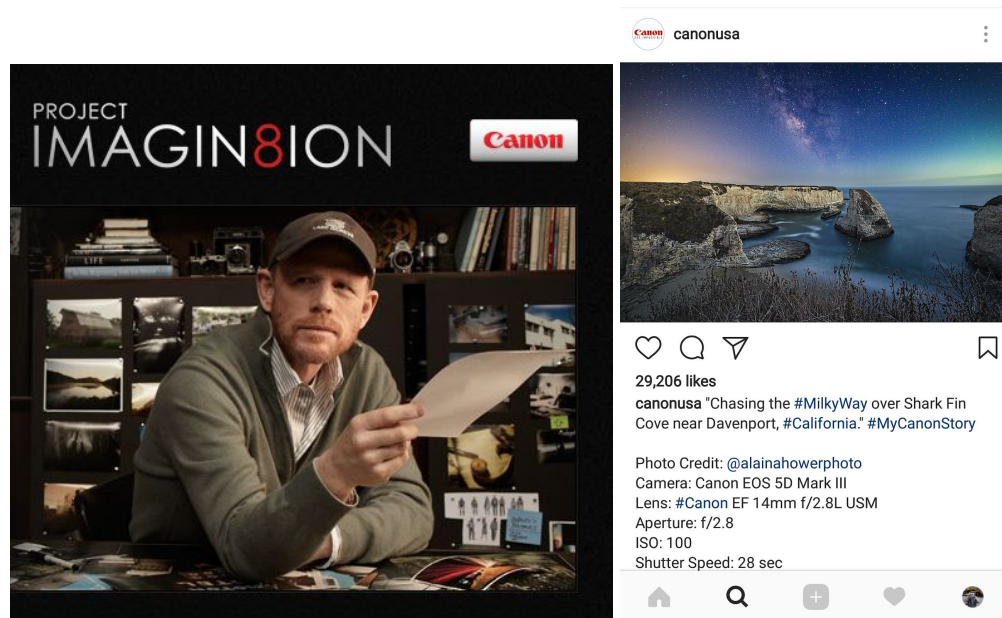
To an even greater extent than the central route, Canon’s advertising places heavy emphasis on the peripheral route of persuasion. One of Canon’s core messages is that everyone is capable of creating art and Canon promotes its products simply as tools of this artistic expression. Ads such as “Inspired” (below) by Grey New York demonstrate this idea by showing several ordinary people doing whatever it takes to create extraordinary photos (Nudd, 2013.) The “Inspired” ad was effective in using humor to grab viewers’ attention and also introduced an element of nostalgia with its “Beautiful Dreamer” soundtrack. To inspire creativity and motivation among viewers, Canon framed the ad with the tagline “Long live imagination.”



Canon “Inspired” (Click to view video)

Additionally, Canon has been successful in encouraging consumer content creation that has helped build a strong relationship with consumers and inspired affect toward the company. Among Canon’s most successful campaigns is “Project Imagin8ion” which saw millions of photo submissions as amateur photographers sought to have their photos featured in a short film produced by director Ron Howard (Horgan, 2011.)

With 1.3 million followers, the company's Instagram page also plays a large role in inspiring consumer content by featuring user-submitted photos every day. The page even lists the technical specs of each shot such as the shutter speed and the lens used, in effect giving the 'recipe' over to consumers so that they can go out and create their own art.



Overall Canon's advertising and promotion strategy has proven to be very effective, which has allowed the company to succeed in the marketplace in spite of bleak industry conditions.

Firm Analysis: Fujifilm Inc.



Company background

Fujifilm is a company started in Japan during 1934. Their market shares is 5.29% and known mainly for their instant film cameras. Most of Fujifilm's sales come from instax. In 2015, the company sold 5 million instax cameras and only 1.4 million digital cameras. Fujifilm first launched an instant film camera in Japan targeting high school girls. There was a boom in sales from 1998-2002. Around 2003, many photo companies experienced harsh setbacks in film product sales due to the advancement of digital cameras and the advancement of Camera Phones (Fujifilm Holdings income-statement 2016.)

Target Market

Fujifilm's target market is casual users, amateurs, and advanced amateurs. Fujifilm tends to focus on targeting the younger demographic.

Brand Strategy

The cameras that Fujifilm sells look very trendy, hipster, retro, and cute. This is a very effective approach because younger generations like to bring trends from the past back into style providing a feeling of nostalgia. Fujifilm captures this trend effectively by producing retro-themed products (Fujifilm Holdings income-statement 2016.)

Pricing & Product Segmentation

Casual Users			Hobbyists / Amateurs			Advanced Amateurs - Pro		
Instant Film			Instant	Mirrorless		Mirrorless		
								
Instax Mini 8	Instax Mini 70	Instax Printer	Instax Mini 90	X-A10	X-E2S	X-T20	X-T2	X-Pro 2
\$69.99	\$119.99	\$149.95	\$179.99	\$499.99	\$699.99	\$1,149	\$1,599	\$1,699

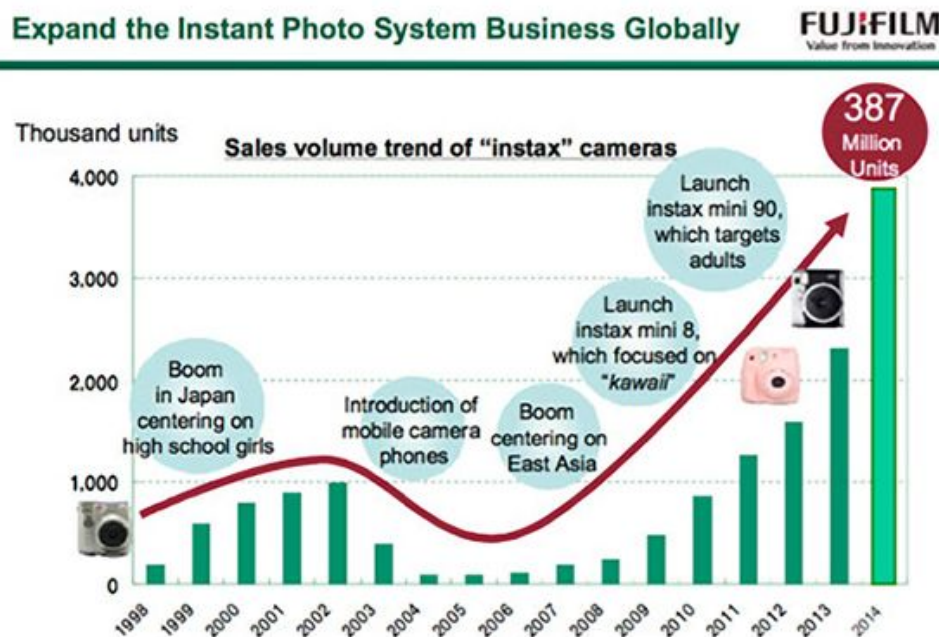
- △ Instax Cameras are normally priced at \$100-\$200
- △ Cameras for Digital Consumers are usually priced at around \$500 & Up
- △ Cameras for Digital Advanced Amateurs are usually priced at around \$1500 & Up

Distribution

Fujifilm was licensed by Polaroid to sell under its own brand in Japan. Once instant film cameras started coming back in style, Fujifilm sold their Instant Film Cameras in fashion boutiques, home decor outlets, and other channels of distribution that usually doesn't sell cameras. After Polaroid went bankrupt in 2008, Fujifilm started to expand worldwide. In the United States, Fujifilm cameras can be found at stores like Best Buy, Urban Outfitters, Wal-Mart, and Michaels. This is an effective approach because their target demographic tends to shop at these retail stores.

Advertising/Promotion Strategy

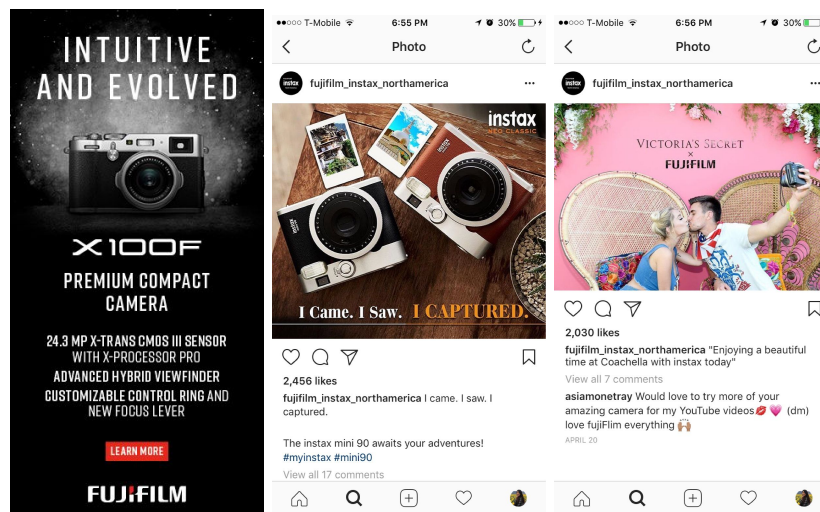
After an instax camera was featured in a popular South Korean Drama in 2007, sales on instant print cameras started to increase. The marketing team at Fujifilm started to advertise their products in non-traditional ways. Some promotion strategies include reaching out to fashion bloggers with their colorful cameras and partnering with other popular brands such as Hello Kitty.



as Hello Kitty.

Fujifilm's advertisements for digital cameras differ from the Instax Cameras. Advertisements for the digital cameras tend to be more practical, since these cameras are more targeted towards advanced amateurs, the ads provide more information that would be useful to the consumers. The advertisements are darker and it makes the camera look sturdy and also very retro. The advertisements for the Instax film cameras are more emotionally based, the Instax Mini 90 ads look very trendy, and the instax mini 8 cameras are all focused on looking cute and stylish. Fujifilm also partnered with Victoria's Secret to make an advertisement for Coachella, a popular music festival attended by lots of young adults. These campaigns with Victoria's Secret and

Coachella were the most effective because they partnered with stores and events that their target market are familiar with and enjoy, demonstrating that Fujifilm knows their consumers.



Firm Analysis: GoPro Inc.



Background:

GoPro, founded in 2002, discovered a niche in the photography industry with their action cameras. Their innovative design is meant for high quality image capturing with a simple to use approach. The brand has strong name for themselves within their competing firms and throughout the photography industry. They seek to help people looking to self-capture images of themselves participating in exciting physical activities, as well as sports enthusiast, and adrenaline junkies. GoPro states that their strategy is "Helping our consumers capture and share experiences is at the core of our business. We are committed to developing solutions that create an easy, seamless experience for consumers to capture, create and enjoy engaging personal content." (GoPro 2016 Proxy Statement and Annual Report.)

Target Market:

GoPro is a niche product line in the camera industry, with a narrow line of products their target market includes casual, amateur, and soon to be, advanced amateurs. Casual users have been the usual focus at GoPro, focusing on anybody who wishes to self-capture images of themselves participating in exciting physical activities, as well as sports enthusiast, and adrenaline junkies (GoPro 2016 Proxy Statement and Annual Report.) GoPro is currently working on an extension to their product line, the Karma Series, in hope that amateurs, and advanced amateurs, will adopt their new products when seeking to create higher quality production.

Branding Strategy:

GoPro has created a very specific strategy for their brand, with their slogan, "Be a HERO". GoPro says that the core of their business is to help consumers capture and share experiences. They commit themselves to developing a start to finish, storytelling solution which makes it easy for consumers to capture, create, and enjoy engaging personal content.

Pricing & Product Segmentation:

Casual Users & Hobbyists			Advanced Amateurs	
				
HERO5 Black	HERO5 Session	HERO Session	Flight Kit for Karma Grip	Karma Grip
\$399.99	\$299.99	\$149.99	\$599.99	\$299.99

Distribution:

GoPro distributes their cameras via direct sales to independent speciality retailers, big box retailers, mid-market retailers, and through their e-commerce channels. GoPro offers products in over 45,000 retail outlets in over 100 countries, through direct sales channels and indirectly through their distribution channel. With over 50 distributors who resell their products to retailers in international markets. In 2016, GoPro's direct sales accounted for 55% of their revenue, and their distributors accounted for 45% of their revenue (GoPro 2016 Proxy Statement and Annual Report.)

Advertising/Promotion Strategy:

GoPro has a reputable advertising and promotion strategy with a strong reach in the marketplace. Their content, and use of user generated content, of exciting, physical activities, done by GoPro and their consumers are a great example of content marketing. Social media plays a strong factor in GoPro's consumer marketing and lifestyle marketing. With over 12.4 million followers on Instagram and 4.8 million subscribers on youtube they have a strong social presence. GoPro supports a lot of community activities on their Instagram and their Youtube such as their photo and video of the day where they post user generated content that they like onto their Instagram. GoPro has created an extremely strong brand community where people in the community can directly relate their self concept to the traits of GoPro's brand image.

GoPro cultivates strong relationships with key influencers, event promotions, and other outreach efforts to expand their brand awareness and create a positive affect toward the brand. By using influential athletes, celebrities, entertainers, and brands, all of whom use GoPro to create and share engaging content with their fans and consumers. This content is used for mutual benefit of GoPro and the content creator, as GoPro has a strong reach within the marketplace.

In addition to GoPro's online presence and great content marketing, they also use their iconic POP (point of purchase) display to attract customers in a brick and mortar setting. Their POP display features user generated content as well as ads done by GoPro. Their displays are located at nearly all retail outlets where GoPros are sold. As of December 31, 2016, GoPro had approximately 29,000 POP displays in retail outlets worldwide, which is up from 25,000 displays in the previous year (GoPro 2016 Proxy Statement and Annual Report.) The POP displays have had great success in displaying GoPros product ecosystem to influence consumers decisions making process, as well as promote brand awareness with the attractive, consumer-friendly displays.



Firm Analysis: Summary & Comparison

As the firms Canon, Fujifilm, and GoPro demonstrate, it is still possible for camera companies to succeed in spite of the negative growth trend in the industry. These firms tackle the challenge with very different approaches. While Canon and GoPro aim to continuously innovate, Fujifilm has taken an almost opposite stance by designing retro-inspired products that harken back to decades prior. Despite the contrast between these methods, all three firms seem to have been successful in their approach.

Each company has crafted a powerful brand image and unique persona. Canon is an icon for aspiring artists and professionals, GoPro appeals to young adventurers, and Fujifilm has found its market in teenagers and young adults drawn to trendiness and counterculture.

While Canon tends to target advanced amateurs and professionals, GoPro and Fujifilm have found much of their success in targeting the casual and hobbyist user segment. Although casual users are the target market that is declining the fastest in the camera industry due to the rise of mobile photography, GoPro and Fujifilm have managed to find success among this segment by introducing new products that offer features that a smartphone cannot -- such as cameras that can dive to depths of hundreds of meters or ones that can produce physical copies of photos in an instant.

With these camera companies, the peripheral route of the ELM approach seems to be the most common. Rather than promote the features of the actual camera, these companies largely focus on the emotions and experiences that can be created by using these products.

Among the many techniques that these companies use to sell this idea, consumer-generated content has also been one of the most valuable marketing tactics used by these companies, with GoPro leading the way in this arena with its strong presence and large social media followings on YouTube, Facebook, and Instagram. By using this approach, these companies are able to form ongoing relationships with their customers and create positive affect toward the company.

While all three companies have demonstrated a keen understanding of consumer behavior and have used it to succeed under difficult industry conditions, it is important that these companies not get complacent. For example, GoPro's focus on a single product-line has led to high market saturation among its target market. Unless the company is able to branch out and expand its target market by offering new products and creating ads that appeal to new segments, it may continue to suffer financial losses and eventually go out of business -- a case where even strong brand image and customer loyalty are not enough to make up for declining sales.

Conclusion

The Camera industry is currently in a state of flux, with many industry players pivoting their former strategies in the wake of disruptive marketing forces. The development of better optical technology and the multifunctionality of smartphones have forced many larger, established companies (i.e. Canon, Nikon, Sony, etc.) to rethink their target markets and the products they offer to these different segments. Other smaller industry players such as GoPro and FujiFilm conversely have opted for a different strategy in this shifting marketplace, choosing instead to target niche markets that have a smaller portion of the overall market.

Canon, Nikon, and Sony have come to realize with the advancement in smartphone cameras, and ubiquity of the phones themselves, focusing on selling low-end (often point-and-shoots) cameras no longer has a place in these enterprises' respective business models. Many consumers who already have a smartphone no-longer need a device like a point-and-shoot that only serves one function and has limited capabilities. In response, these industry players have decided to focus on selling supplementary products that complement these businesses' high-end camera products. These supplementary products run the gambit from tripods to lenses that are as long as one's forearm. Products such as the ones mentioned previously cater to these firms newer, more focused target market, advanced amateurs and professional photographers. Realising diminishing returns from trying to sell products to casual photographers, Canon, Nikon, and Sony have decided to reallocate resources to better focus on the products they know they can sell.

Other enterprises such as GoPro and FujiFilm have decided to focus on different aspects of photography entirely. GoPro on the one hand has decided to focus on action cameras, such as mountable cameras and drones. With these types of products, hobbyists and professionals can capture once unthought of images, lending to a whole new type of photographic and cinematographic perspective. FujiFilm on the other hand has decided to focus on the chic, and at the same time nostalgic, market segment of instant film cameras. Instant film cameras are geared towards casual and amateur users that still enjoy the visceral experience of having the image one has captured printed out instantly. FujiFilm has catered to this experience in more than just one way by developing a range of accessories that accompany its instant cameras. Some of these products include mobile printers that can print off images that have been captured digitally as well, giving the user the best qualities of both the digital and film cameras worlds.

While the camera industry is more or less in a stable state, firms currently are fighting over the diminishing market. In this competition it seems quite probable that there will be a few industry players that will be exiting the market. Groups who have not focused enough on honing their individual strategies will face greater external pressures from those who have reformed themselves to this changing marketplace. While brands such as Pentax and Olympus were industry standard at one point, their ability to change to meet the new needs of consumers has

been limited. Groups such as Canon, Nikon, and Sony who have more successfully adapted are poised to be the ones to carve up what remains of these firms' market share.

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