

**DECEMBER 20, 2007**

## Digital Camera Market Gets Boost From Upgrade Cycle

*Overall growth rate slows, but IC content in new cameras keeps rising*

After surging early this decade, the \$20 billion digital still camera market is maturing as it moves from a film-camera replacement business to a consumer electronics segment that's highly dependent upon upgrade sales and new camera enhancements that go beyond increased megapixel counts for higher resolutions in pictures. Slower growth rates in the years ahead will continue to challenge camera suppliers, but greater emphasis on image processing and easy transfer of digital pictures to other systems is setting the stage for increased semiconductor content in camera models during the next five years, concludes the 2008 edition of IC Insights' *IC Market Drivers* report.

The good news for the marketplace is that consumers now appear to be willing to replace two- and three-year-old digital still cameras when more powerful models become available at lower prices. In 2007, camera upgrades drove sales higher than expected with unit volumes increasing 13% to 88.0 million from 78.1 million in 2006 and digital still camera revenues rising 6% to \$20.4 billion from \$19.2 billion last year, based on IC Insights' latest estimates. In 2008, digital still camera shipments are forecast to grow 10% to 96.5 million units worldwide, and sales are expected to rise 6% to \$21.7 million next year, according to IC Insights' new *IC Market Drivers* report.

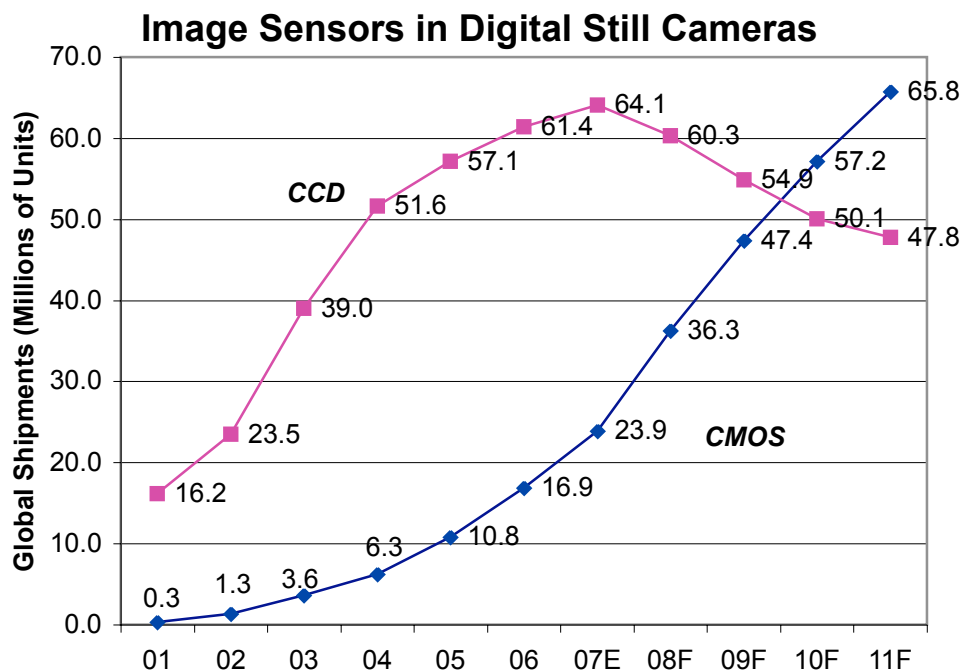
The integrated circuit market for digital still cameras is expected to grow 8% to \$6.4 billion in 2008 compared to \$5.9 billion in 2007, based on IC Insights' new forecast. Charge-coupled devices (CCDs) continue to be the dominate image-sensor technology in stand-alone digital cameras, but CMOS image sensors are gaining ground. In 2007, CMOS designs accounted for about 27% of the image sensors used in digital still cameras, compared to 16% in 2005. IC Insights believes CMOS image sensors in digital still cameras will pass up CCD units in the 2010 timeframe (Figure 1).

In 2007, the "sweet spot" for consumer digital cameras was in the 6-8Mpixel range for CCD image sensors; however, other features in cameras played a major role in the pricing of products. For example, basic 7Mpixel point-and-shoot models have been selling for an average of \$179 in U.S. retail stores in 4Q07, while 7Mpixel cameras with extra features (such as built-in connections to wireless networks, additional multimedia software, enhanced zoom lenses and autofocus systems, etc.) were priced about \$150 higher, on average, at \$330.

### MORE INFORMATION CONTACT

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The semiconductor content in digital cameras is expected to rise as camera manufacturers design in more powerful microprocessors, fast A/D converters, and higher resolution image sensors to differentiate their products from competitors. IC Insights believes semiconductor content in digital still cameras will nearly reach 31% in 2011 compared to less than 29% in 2007. By 2011, the digital still camera IC market (including image sensor devices) is expected to hit \$7.1 billion with revenues increasing at a cumulative average growth rate (CAGR) of 5% per year in the forecast period compared to CAGR of 34% in the 2001-2006 timeframe, according to IC Insights' new report.



Source: IC Insights

Figure 1

## Report Details

Details and forecasts of the IC market for PCs can be found in IC Insights' newly released 2008 Edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. The report identifies numerous existing end-use applications such as PCs, cellular phones, automotive systems, and wireless networking, and newly emerging applications that offer great potential to propel the IC market through 2011. Binder plus CD-ROM copies of the report are available for \$2,885 with a multi-user corporate license available for \$5,690.

### About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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