



# **CD Tracker™**

## ***Trends for CD-R/RW Writer and Media Markets***

---

**Vol. 13 No. 2**

**Q2 2008**

### **EXECUTIVE SUMMARY—QUARTER 2, 2008**

CD recordable technology revenue decreased from Q1, changing by -13% in Q2/08, to \$323 million. Writer revenue was down also, with lower prices in slim combo writers, the main CD hardware segment. Writer sales represented 25% of industry revenues. Media revenue declined as well, changing by -4%. CD-R disc unit sales were down as the market matured and end users relied on alternate storage to support their requirements.

The global CD writer market decreased from 4.798 million units to 3.790 million units on a quarter-to-quarter basis. This decline is explained by the continued shift to DVD writers. Aftermarket writers changed by -18% and PC OEM writer sales changed by -21%. Both segments were influenced by a greater interest in the DVD writer which has become the preferred optical device in PCs and also provides users the ability to record CD-Rs. The subsystem OEM segment had a -24% change in sales and typically supported a replacement market. Combo drives continued to have demand from value-priced notebook and desktop systems; this segment accounted for 96% of the CD writer market.

Taiwan- and Korea-based companies continued to dominate manufacture of CD writers and now represent 88% of the market. Write speed is no longer a major issue for the industry; price continued to be the more important criterion. The 52x writers represented 31% of volume during Q2, with most of this being half-high drives. The 24x segments represented 69%, largely supporting slim drives; the market has shifted to combo drives which now represent 96% of this market.

Global CD recordable disc sales decreased from \$253 MM to \$241 MM on a quarter-to-quarter basis. CD-R discs represented 97% of the market. Average prices were relatively flat during the quarter at \$0.16. CD-RW media sales continued to be limited, representing 3% of total unit sales.

Disc manufacturers have been phasing out production of CD-R media in response to the decline of the format. Some production lines have been shifted to countries where production costs less, like in Thailand and Vietnam, but the change in total optical-disc volume has not been significant. Overall, excess capacity exists in the market. Some of the equipment has been shifted to DVD media manufacturing, while other production lines are not in operation at all.