



CD Tracker™

Trends for CD-R/RW Writer and Media Markets

Vol. 13 No. 3

Q3 2008

EXECUTIVE SUMMARY—QUARTER 3, 2008

CD recordable technology revenue decreased from Q2, changing by -14% in Q3/08, to \$279 million. Writer revenue was down also, with declining sales of slim combo writers, the main CD hardware segment. Writer sales represented 24% of industry revenues. Media revenue declined as well, changing by -13%. CD-R disc unit sales declined less than expected. While this varies from region to region, it is evident that there is continued demand for CD-Rs in many user applications.

The global CD writer market decreased from 3.790 million units to 2.852 million units on a quarter-to-quarter basis. This decline is explained by the continued shift to DVD writers. Aftermarket writers changed by -27% and PC OEM writer sales changed by -24%. 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 -29% 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 28% of volume during Q3, with most of this being half-high drives. The 24x segments represented 72%, largely supporting slim drives; the market has shifted to combo drives, which now represent 96% of this market.

Global CD recordable disc sales changed by -6% on a quarter-to-quarter basis. CD-R discs represented 1218.433 MM units of this volume and 98% of the market. Average prices were relatively flat during the quarter at \$0.16. CD-RW media sales continued to be limited, representing 2% 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.