



CD Tracker™

Trends for CD-R/RW Writer and Media Markets

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EXECUTIVE SUMMARY—Year-End 2009

CD-R/RW media remains an important part of the recordable optical storage industry, with overall dollar sales of \$648.05 million in 2009. CD-R/RW writer and CD Combo sales were relatively insignificant during 2009. With DVD writers including CD write capability and being available for a nominal additional cost, most users and vendors have moved to DVD writers.

Disc media declined, with the market representing 4183.896 billion units in 2009. CD-R disc sales dipped below global volume of DVD discs in 2009. Revenues were influenced more by declining volume, with average unit pricing stabilizing,

Entertainment levies in Europe had a major influence on geographic sales of disc media. High-levy countries such as France, Italy, Sweden, Denmark, Austria, Spain, and Hungary saw their official markets decline because of this trend. Countries with low levies like Germany, the United Kingdom, Slovakia, Monaco, San Marino, Andorra, and Luxembourg benefited from this trend, with traders shipping discs to high-levy markets.

It is now estimated that there is 12% more supply than demand for CD-R discs. This appears to be a relatively good supply/demand balance; the market has seen pricing stabilize as it has approached cost. For manufacturers paying royalties to Philips and other companies, profits are limited at best. It is expected that manufacturers will decrease CD-R capacity in 2009, hoping that pricing will improve to allow profitability. Taiwan dominates manufacturing for CD-R discs, now representing 64% of global capacity. India is an important participant, with Moser Baer maintaining an additional 19%.

Disc volume is influenced by the installed base of optical writers that burn CDs. This includes CD writers, CD Combo drives, DVD writers, and some of the BD writers. The current installed base of optical devices supporting CD writing is 640 million in 2009 and is expected to be 511 million by 2014.