



CD Tracker™

Trends for CD-R/RW Writer and Media Markets

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EXECUTIVE SUMMARY—Year-End 2010

CD-R/RW media remains an important part of the recordable optical storage industry, with overall dollar sales of \$502.83 million in 2010. CD-R/RW writer and CD Combo sales largely disappeared in 2010, with inexpensive DVD writers taking their place. DVD writers include CD write capability and are available for a nominal additional cost. As a result, most users and vendors have moved to DVD writers.

Disc media declined, with the market representing 3.329 billion units in 2010. CD-R disc sales continued to be below global volume of DVD discs in 2010. Revenues were influenced 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 31% more supply than demand for CD-R discs. Manufacturers continue to adjust production, and much of this excess capacity is not operational. For manufacturers paying royalties to **Philips** and other companies, profits are limited at best. It is expected that manufacturers will continue to decrease CD-R capacity in 2011, 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 20%.

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 was 610 million in 2010 and is expected to be 517 million by 2015.