



DVD Tracker™

Trends for DVD Recorder/Writer and Media Markets

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EXECUTIVE SUMMARY—QUARTER 2, 2008

DVD recordable technology registered sales of \$2.2 billion in the second quarter, a change of -1%. This sales figure includes two DVD recorder segments—DVD writers (attached to PCs) and DVD video recorders (consumer devices attached to televisions)—as well as complementary media. Revenue was influenced by an increase in writer unit sales and decreases in unit sales both in the media and in the recorder markets; pricing was more stable in these segments in Q2. DVD recorder sales represented 86% of revenue, with media supporting the balance.

The writer segment registered a 5% change in unit sales during the quarter influenced by growth in notebook sales and the slim writers that support this market. Branded DVD writers decreased in volume in the second quarter of 2008 and represented 21% of the market. PC-OEM sales increased during the quarter, influenced by growth in the notebook computer segment.

Half-high writers dropped below half of the market in Q2, at 44% of the unit sales, with slim writers making up the balance. Most manufacturers now include RAM (SuperMulti) in their multi-function writers; this segment now accounts for 82% of the market, with dual writers (\pm) accounting for most of the balance. The SuperMulti devices allow wide-scale compatibility with all media formats and are experiencing strong acceptance in the PC-OEM and branded segments of the market.

The Asia/Pacific market represents the largest market for writer sales with 53%, influenced by OEMs that assemble PC drives in this region. This market is followed by the Americas, with 21%; Europe, with 19%; and Japan, with 7%.

Five primary types of media are sold into the DVD-recordable market: DVD-RW, DVD-R, DVD-RAM, DVD+RW, and DVD+R. These products combined represented revenues of \$296 million in Q2, with the DVD R segment (DVD+R and DVD-R) representing 95% of disc sales.

The Americas represents the largest market for media sales with 38%, followed by Europe with 33%; Asia/Pacific, with 14%; and Japan, with 15%. Blu-ray recordable media is a minor factor in the market but will likely offer better margins and could help the overall profitability of the DVD disc business in the future.