



# **USB Flash Tracker™**

## ***Trends for USB Flash Drive Markets***

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### **EXECUTIVE SUMMARY– Q1 2009**

USB flash drive shipments decreased to 45.701 MM units in the first quarter of 2009, a change of -3% from Q4/08. SCCG forecasts drive shipments to drop in Q2, influenced by a tight supply of key components. Shipments are projected to reach 185.774 MM units by the end of 2009.

The European market had the leading regional share in Q1/09, with 35.36%. The Americas were the second-leading market, with 29.17%, followed by Asia/Pacific, with 26.64%, and Japan, with 8.83%.

The average global capacity for USB flash drives was 5338 MB, but this ranged from a low of 4492 MB in Japan to a high of 6447 MB in The Americas. The leading segment was 4 GB, with 37% of the market. Products with capacities greater than 4 GB increased their share of the market and represented 36% of unit sales in Q1.

Prices dropped dramatically in Q1, with USB flash drive pricing into distribution changing by an average of -26%. This was influenced by excess supply and aggressive pricing in the market.

Global USB flash drive market leaders in Q1/09 were SanDisk–19%, Kingston–17%, and Transcend–10%. The market continues to be quite fragmented, with few brands commanding a significant global position and a number of vendors having strong regional positions in specific countries.

NAND flash chips were in oversupply in the fourth quarter of 2008, but manufacturers slowed output in the first quarter, reflecting concerns about the economy. Controller companies also slowed production. Apparently the cuts were too dramatic, leading to short supply of critical components in Q1. This has pushed finished USB flash prices to increase. Samsung maintained its lead in NAND chip sales, and Toshiba continued to be a strong second. Both of these companies have slowed production, assuming that the weaker economy will result in lower demand.