



USB Flash Tracker™

Trends for USB Flash Drive Markets

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Q3 2008

EXECUTIVE SUMMARY– Q3 2008

USB flash drive shipments increased to 43.559 MM units in the third quarter of 2008, a change of 9% from Q2/08. SCCG forecasts drive shipments to increase in Q4, influenced by the holiday season and aggressive pricing. Shipments are projected to reach 170.518 MM units by the end of 2008.

The European market had the leading regional share in Q3/08, with 33.77%. The Americas were the second-leading market, with 28.80%, followed by Asia/Pacific, with 28.61%, and Japan, with 8.83%.

The average global capacity for USB flash drives was 3764 MB, but this ranged from a low of 2807 MB in Japan to a high of 4079 MB in The Americas. The leading segment was 2 GB, with 37% of the market. Products with capacities of 4 GB and greater increased their share of the market and represented 54% of unit sales in Q3.

Prices dropped dramatically in Q3, with USB flash drive pricing into distribution changing by an average of -1%. This was influenced by excess supply and aggressive pricing in the market..

Global USB flash drive market leaders in Q3/08 were **Kingston**–14.73%, **Transcend**–13.48%, **SanDisk**–12.63%, **Sony**–5.39%, **Verbatim**–3.26%, **Lexar**–2.54%, **Buffalo**–2.26%, **PNY**–2.07%, **Imation**–1.68%, and **Memorex**–0.61%. 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 Q3. This resulted in significant price declines. Samsung maintained its lead in NAND chip sales, and Toshiba continued to be a strong second. Both of these companies continued to ramp production despite the oversupply, intent on maintaining their respective market shares. Other manufacturers, including Hynix/ST Micro and Micron, slowed production plans. SanDisk maintains a joint venture with Toshiba to produce flash chips, but sold a 30% interest in this venture back to Toshiba in Q4.