



USB Flash Tracker™

Trends for USB Flash Drive Markets

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EXECUTIVE SUMMARY—Q4/Year-End 2006

USB flash drive shipments grew by 7% in the fourth quarter of 2007 to 36.288 million units, influenced by the holiday buying season. SCCG forecasts drive shipments to decline modestly in Q1/08 reflecting the seasonal shift in buying patterns. Unit shipments reached 133.430 million units in 2007 and are estimated to grow to 168.759 million units by 2011.

The Americas had the leading regional share in Q4/07 with 34%, followed by Europe at 32%. The Americas and Europe gained share in the fourth quarter due to a surge in seasonal sales. The Asia/Pacific region was the third-largest region, with 26%, followed by Japan at 8%.

In Q4/07, the leading capacity segment was 1 GB with 37%, followed by 2 GB with 35%, 4 GB with 21%, 512 MB with 4%, and 256 MB with 1%. Sales of 8 GB products started to become more significant, representing 2% of units shipped. Globally, average capacity increased from 1810 MB in Q3/07 to 2079 MB in Q4/07, an increase of 15%. Average capacity for 2007 increased 111% over 2006.

Downward pricing pressure continued in the fourth quarter, challenging the margins for most of the USB flash drive vendors. NAND flash supply during the quarter was an important factor influencing pricing. The MP3 market was expected to put pressure on supply in Q4, but this was not the case. NAND vendors were able to sell production, but often at low prices. For the online market, \$10 was the sweet spot for 1 GB drives. Online prices ranged from a low of \$8 for a 1 GB drive from various Taiwan sources to nearly \$80 for 8 GB USB flash drives. Pricing across the regions varied, with Europe and Asia/Pacific being the most aggressive. Vendors continued to promote features for differentiation and value-add, especially around applications such as security and back-up; however, these applications remained niche markets.

Global branded market leaders in Q4/07 were **SanDisk**—15.53%, **Kingston**—14.92%, **Transcend**—8.72%, **Sony**—6.05%, **PNY**—3.40%, **Buffalo**—2.58%, and **Lexar**—2.06%.