AMERICAN CONSUMERS can’t seem to get enough of the DVD. Only seven years after their introduction, DVD players have become the fastest-adopted consumer electronic device since the television. They have overtaken VHS cassettes in movie sales and rentals, and over half of American households now own one. Yet DVD recorders, despite having the obvious advantage of being able to both play back and record, have sold much more slowly. Introduced in 2000, today they account for only 7 percent of all DVD devices on the market.

Why aren’t DVD recorders selling as quickly as DVD players? For one, Americans already have the ability to record (or timeshift) television; by 1997, nearly 90 percent of American households owned a VCR, making DVD players’ inability to record irrelevant. In fact, DVD technology surpassed VHS precisely because the DVD is designed as a player, delivering high-quality picture and sound that doesn’t degrade over time. The additional benefit of recording onto a DVD doesn’t seem necessary to most consumers.

In addition, DVD recorders face significant competition from both other technologies and from an internal format war. First, consumers can now timeshift programs not only with their VCRs, but also with digital video recorders (DVRs, such as TiVo). And soon they will be able to do so with video-on-demand from their cable or satellite provider. Second, DVD recorders currently use three different—and mostly incompatible—formats for saving data, and still more formats that allow for high-definition recording are on the way. With so many options, consumers may be skeptical about purchasing a device lest they get stuck with the modern equivalent of the Betamax.

Then, there’s the cost barrier. The price of DVD recorders, now averaging between $300 to $500, will likely need to fall substantially before most consumers feel justified in buying one. Indeed, DVDs may follow the path of the compact disc, which comfortably coexisted with audiocassette recorders for well over a decade before the price of CD recorders fell enough to push the tape deck out of the market.

One way manufacturers could speed up the DVD recorder market is to phase out play-only devices, but consumers may balk. In the meantime, don’t expect DVD recorders to kill off VHS any time soon.

—Brad Hershbein
Observations continued from previous page

were fairly evenly spread across all wage levels. But this time, the job downturn has fallen heavily on the highest wage industries. Ranking U.S. industries from highest to lowest pay, the top-paying 10 percent (such as telecom, software, finance, and certain segments of durables manufacturing) accounted for over a quarter of the total job losses.

Thus, regions with heavy shares of high-wage technology industries, which benefited greatly from the boom of the late 1990s, are now paying a heavy price. A full 16 percent of Massachusetts jobs are in the high-paying industries that comprise the top 10 percent of the nation’s employment. Because of this high concentration, and because job losses in one sector spill over into other sectors, the state lost nearly 6 percent of its employment—the largest statewide decline in the nation. Even worse, the San Francisco Bay Area, where 22 percent of jobs are in the top decile, has seen almost a 10 percent overall drop in employment. Still, despite the heavy toll, these job losses are no worse than would be expected given the nationwide weakness in top-paying industries. As these sectors improve, it’s likely that the local economies dependent upon them will strengthen, too.

But not all hard-hit regions are like Massachusetts. Heavily industrial Michigan and Ohio have also been hurt by losses in traditional manufacturing sectors such as metals, plastics, machinery, and auto parts–industries in the 50th to 80th percentiles of wages. They have lost more than 3 percent of their employment statewide, double the national average. The combination of large overall employment losses and a lower concentration of the highest-wage industries has placed these states in perhaps a more difficult position. Indeed, as the national jobs recovery continues to gather momentum, states like these may find it harder to share in the nation’s growth.

—Yolanda Kodrzycki and Nelson Gerew

ALMOST DAILY, the press alerts us that yet another major U.S. company has laid off several thousand U.S. workers while moving back office or skilled programming work, a call center, or even the whole corporate HR function to China, India, or other low-wage countries. Media analyses claim that anywhere from 250,000 to 500,000 business service jobs moved abroad between 2001 and 2003, at the same time that total U.S. nonfarm employment remains down almost 500,000 from its most recent peak. Indeed, although the U.S. economy has finally begun creating jobs—2.1 million in the past 12 months—this recovery has witnessed the weakest job growth of any upturn since World War II. Voters, policymakers, and the media are all calling for measures to stem the job flow.

Outsourcing work to foreign countries, per se, is nothing new. We understand that this is part of

Professional jobs are starting to migrate overseas, as manufacturing jobs did before them. But this only accounts for a small portion of job losses in the recent recession.

By Jane Sneddon Little
Illustration by Dan Page