Gartner

Press Release

Gartner Says Western Europe PC Market Grew 19.6 Per Cent in Second Quarter of 2010

- Western Europe Saw Another Quarter of Strong Growth, But UK Remained Weak

Egham, UK, 25 August 2010 — PC shipments in Western Europe totalled 15.6 million units in the second quarter of 2010, a 19.6 per cent increase from the same period in 2009, according to Gartner, Inc.

"Western Europe showed continued growth in the second quarter, recovering quickly from the slowdown seen in the first half of 2009," said Ranjit Atwal, research director at Gartner. "The PC market has so far defied the general economic downturn, but the real test will be in the second half of 2010, since we saw a stronger second half in 2009."

"The strong performance in the second quarter of 2010 was partly due to a weak second quarter of 2009. For a better comparison, the PC market in Western Europe grew 6 per cent compared with the second quarter of 2008, indicating not only a recovery but good underlying market strength. Economic concerns in several southern European countries (Spain, Portugal, Italy and Greece) created uncertainty in the PC market and caused more volatility in the second quarter of 2010, rather than softening overall demand," said Mr Atwal.

The consumer market continued to perform significantly above the professional segment, driven by consumer notebooks and expanding sales of all-in-one desktop PCs. Demand for mini-notebooks slowed down, especially in Western Europe. For the first time, mini-notebook growth reached less than 10 per cent, below the growth rate of standard mobile PCs. However, the mini-notebook market has established a strong position in the market and represented 19 per cent of all mobile PC sales in Western Europe.

The improvement in demand from the professional market was relatively modest in the second quarter. The professional market has been affected by the economic conditions and unit price increases, causing some PC purchases to be delayed.

In the second quarter of 2010, Acer moved to the No. 1 position in Western Europe (see Table 1) as a result of strong growth in consumer PCs. ASUS and vendors outside the top five experienced strong growth, with Apple, Sony, Samsung and Lenovo all growing above 30 per cent in the second quarter.

"Despite the increased economic concerns, the Western European PC market is the most competitive we have seen for many years," said Mr Atwal. "It is now a market influenced by the top 10, and not just by the top five vendors."

Table 1
Western Europe: PC Vendor Unit Shipment Estimates for 2Q10 (Thousands of Units)

Company	2Q10 Shipments	2Q10 Market Share (%)	2Q09 Shipments	2Q09 Market Share (%)	2Q10-2Q09 Growth (%)
Acer	3,696	23.7	2,846	21.8	29.9
HP	3,376	21.6	3,014	23.1	12.0
Dell	1,572	10.1	1,514	11.8	2.0
ASUS	1,325	8.5	679	5.2	95.1
Toshiba	917	5.9	767	5.9	19.5
Others	4,737	30.3	4,239	32.3	12.5
Total	**15,622**	**100.0**	**13,059**	**100.0**	**19.6**

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Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (August 2010)

The UK Remained the Weakest of the Larger Markets in Western Europe

PC shipments in the UK totalled 2.9 million units in the second quarter of 2010, a 15.1 per cent increase compared with the same period in 2009 (see Table 2).

"The UK market remained the weakest of the larger PC markets in Western Europe with growth almost half that of France. Given the UK market was also the weakest in the downturn, its recovery had been much more muted," said Mr Atwal.

In the second quarter, the mobile PC market grew 17 per cent, with consumer PCs leading the way with more than 30 per cent growth compared to low double-digit professional mobile growth. This trend was repeated for desk-based PCs. All-in-one consumer PC sales grew in double-digits while professional desk–based PCs saw only single-digit growth, despite a very weak second quarter of 2009. This indicates the recovery of the professional market is being delayed.

"There is no doubt that the introduction of the austerity measures in the UK has hindered any anticipated improvement in the underlying demand for PCs," said Mr Atwal. "We don't expect this to change for the rest of 2010. As businesses and consumers come to terms with the potential impact of the government measures, caution is certainly the keyword across all IT markets and the PC market is currently no different."

Dell felt the full impact of the UK's market weakness, shrinking more than 20 per cent year-on-year. Dell was affected on the professional side and was unable to capture retail shelf space, as the PC channel squeezed overall volumes in reaction to a weaker market. Acer and HP's respective performance was more than twice the average market growth as they dominated the consumer market with a combined share of almost 45 per cent. "In many ways, the remaining vendors only have half the consumer market to target, and in a weak market that is a tough proposition," added Mr Atwal.

Table 2
United Kingdom: PC Vendor Unit Shipment Estimates for 2Q10 (Thousands of Units)

Company	2Q10 Shipments	2Q10 Market Share (%)	2Q09 Shipments	2Q09 Market Share (%)	2Q10-2Q09 Growth (%)
Acer	648	22.4	475	18.9	36.4
HP	594	20.5	431	17.1	37.8
Dell	462	15.9	597	23.7	-22.6
Toshiba	221	7.6	208	8.3	6.3
Samsung Electronics	172	5.9	132	5.2	30.3
Others	800	27.6	673	26.7	18.9
Total	**2,897**	**100.0**	**2,516**	**100.0**	**15.1**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (August 2010)

France: Ranked No. 2 in EMEA for the First Time

PC shipments in France totalled 2.8 million units in the second quarter of 2010, an increase of 28.9 per cent compared with the same period in 2009 (see Table 3).

"Despite growing concern about unfavourable exchange rates, the PC market in France performed above expectations, but we need to recognise that this was growth from a low base last year. This quarter's strong performance helped France become the No. 2 market in EMEA in terms of PC shipments, where it previously held the No. 3 position," said Isabelle Durand, principal analyst at Gartner.

In the second quarter of 2010, the mobile PC market accounted for 67 per cent of total PC shipments in France, with volumes increasing 37 per cent. Desk-based PCs recovered with growth of 15 per cent year-on-year. “The growth in desktop PCs can be mainly attributed to high demand for all-in-one desktop models from Apple and HP. All-in-one PC represented 10 per cent of all desk-based shipments in the second quarter of 2010,” added Ms Durand.

The consumer PC market continued to exhibit strong growth, with an increase of 39 per cent year-on-year. The professional PC market was driven by spending on replacement PCs and Windows 7 migrations, and achieved 15 per cent growth in the second quarter of 2010. The consumer PC market continued to be driven by mainstream notebooks but also saw a resurgence in demand for consumer desktops, which grew by 26 per cent in the second quarter of 2010. Mini-notebooks retained a 25 per cent share of all mobile PCs shipped in France.

In the second quarter of 2010, HP regained the No. 1 position from Acer, while Acer grew less than the market average. ASUS was the fastest-growing PC vendor of the top five in France, and as a result moved up to third place. ASUS continued to use mini-notebooks as a vehicle for growth, and sales of mini-notebooks represented 35 per cent of its PC shipments. “Dell’s strategy for improving business demand and enhancing its presence in the retail market was not sufficient to retain the No. 3 position in France,” said Ms Durand.

Gartner analysts expect PC demand will continue to increase during the second half of 2010. “Nevertheless, shipment growth is likely to be lower than in the second quarter of 2010 as vendors have already postponed some orders to reduce costs, and high inventory levels could impact the market,” said Ms Durand.

Table 3
France: PC Vendor Unit Shipment Estimates for 2Q10 (Thousands of Units)

Company	2Q10 Shipments	2Q10 Market Share (%)	2Q09 Shipments	2Q09 Market Share (%)	2Q10-2Q09 Growth (%)
HP	740	26.1	557	25.3	32.9
Acer	720	25.4	627	28.5	14.8
ASUS	332	11.7	122	5.6	171.2
Dell	281	9.9	229	10.4	23.0
Toshiba	187	6.6	120	5.5	56.3
Others	574	20.3	544	24.8	5.5
Total	**2,835**	**100.0**	**2,199**	**100.0**	**28.9**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (August 2010)

Germany: PC Shipments Continued to Exhibit Double-Digit Growth

PC shipments in Germany totalled 2.8 million units in the second quarter of 2010, an increase of 22.9 per cent compared with the same period in 2009 (see Table 4).

"Although the growth is based on a weak second quarter in 2009, compared to the second quarter of 2008 we are looking at an increase of 18 per cent, which definitely points to a return to normal demand patterns," said Meike Escherich, principal research analyst at Gartner.

Mobile PC shipments in Germany increased 30 per cent in the second quarter of 2010. Mainstream notebooks grew 35 per cent year-on-year, while desktop PCs increased 11 per cent. Most of the growth in the desktop PC market was generated by strong demand for mini-PCs and the new all-in-one category. Mini-notebooks declined 7 per cent, losing out to slightly larger, but still inexpensive, ultraportables from vendors like ASUS and Acer.

Both the consumer and professional segments grew in double-digits in the second quarter. The government sector showed the slowest uptake, at 3 per cent growth year-on-year. "This is in line with the austerity measures undertaken due to debt issues across Europe, which saw the German government freeze IT projects and cut IT spending," said Ms Escherich.

In the second quarter of 2010, Acer maintained its No. 1 position thanks to a strong performance in the consumer notebook market. HP struggled with product refreshment and overly aggressive pricing in the retail segment, and its volumes grew by less than the market average. Dell and ASUS shared third place. ASUS continued to perform well in the mini-notebook market, with sales of these products accounting for 36 per cent of its total PC shipments. Dell grew its volumes for both notebooks and desktop PCs by more than 20 per cent in the second quarter of 2010. Lenovo secured fifth place, ahead of Medion.

"PC prices have declined by 15 to 20 per cent year-on-year for the last two years, but the second quarter of 2010 showed that such steep declines are no longer sustainable, due to an increase in bill-of-materials costs for PCs (screens, memory, etc.) and the appreciation of the dollar against the euro. The growth in demand from the professional segment during the quarter caused prices to go up, and we should expect PC prices to stabilise further," said Ms Escherich.

Table 4
Germany: PC Vendor Unit Shipment Estimates for 2Q10 (Thousands of Units)

Company	2Q10 Shipments	2Q10 Market Share (%)	2Q09 Shipments	2Q09 Market Share (%)	2Q10-2Q09 Growth (%)
Acer	516	18.3	366	16.0	40.9
HP	332	11.8	306	13.4	8.5
Dell	257	9.2	208	9.1	23.5
ASUS	257	9.2	180	7.8	42.7
Lenovo	251	8.9	140	6.1	79.3
Others	1,195	42.6	1,085	47.6	10.1
Total	**2,808**	**100**	**2,285**	**100**	**22.9**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (August 2010)

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