Gartner

Press Release

FOR IMMEDIATE RELEASE

CONTACT:
Holly Winter
Gartner
+ 44 (0) 1784 267 738
Holly.winter@gartner.com

PC Shipments in Western Europe Grew 23 Per Cent in Second Quarter of 2008

Egham, UK, 31 July, 2008 — PC shipments in Western Europe totalled 13.8 million units in the second quarter of 2008, an increase of 22.9 per cent compared with the same period in 2007.

"The PC market in Western Europe is growing strongly despite the prevailing weakening economic climate. While the PC market is not immune from the economic forces, sharp declines in average selling prices have certainly fostered the growth. Steeper-than-expected price cuts could hit PC-makers' profit margins and prolonged price pressure will force further consolidation amongst vendors," said Ranjit Atwal, principal analyst at Gartner, based in the UK.

The PC market in Western Europe has not showed this level of growth since 1999 with sales in all the major countries such as the UK, Germany and France increasing at more than 20 per cent respectively. Sales in mobile PCs bolstered the growth with an increase of 45 per cent in the second quarter of 2008 and contributed to an overall growth of 23 per cent in the same period.

UK Exhibits Strongest Growth in Western Europe

PC shipments in the UK totalled 2.8 million units in the second quarter of 2008, an increase of 27.4 per cent compared with the same period in 2007.

"The PC market in the UK performed strongly this quarter with both the consumer and professional markets fuelling growth. This strong performance can only be sustained if new users are being reached or existing users are buying additional PCs or replacing their old ones more rapidly," said Mr Atwal.

The market was driven by strong mobile PC sales that accounted for 64 per cent of the total PC shipments, with volumes increasing 60 per cent in the second quarter of 2008. The desk-based PC market suffered again with an 8 per cent decline year-on-year.

Dell and HP remained in No. 1 and No. 2 positions with a combined market share of nearly 45 per cent. Dell continued to expand its retail presence but HP excelled by increasing its growth by nearly 100 per cent in the consumer market. This is the result of an expanded presence in its own retail channels. Acer's growth suffered due to a combination of weakened demand for the Packard Bell products and challenges with product transition as sales from inventory slowed down. Apple and ASUS, holding the fifth and sixth positions respectively added a new dimension to the consumer market.

"The PC market in the UK again performed above expectations as the consumer market continued to boom. The introduction of the mini-notebook PC has created some excitement, and we expect sales in this segment will help the market sustain growth for the rest of the year," said Mr Atwal.

Table 1
UK PC Vendor Unit Shipment Estimates for 2Q08 (Thousands of Units)

Company	2Q08 Shipments	2Q08 Market Share (%)	2Q07 Shipments	2Q07 Market Share (%)	2Q08-2Q07 Growth (%)
Dell Inc.	645	23.4	530	24.5	21.7
Hewlett-Packard	575	20.9	405	18.7	42.0
Acer	404	14.7	345	15.9	171
Toshiba	244	8.9	165	7.6	47.9
Apple Computer	119	4.3	85	3.9	40.0
Others	769	27.9	634	29.3	4.9
Total	**2,756**	**100.0**	**2,164**	**100.0**	**27.4**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (July 2008)

France: Mini-Notebook Fuels Growth in Mobile PC shipments

PC shipments in France totalled 2.3 million units in the second quarter of 2008, an increase of 23.8 per cent compared with the same period in 2007.

“We have been expecting the economic slowdown, decreasing consumer confidence and rising oil prices to impact the demand but it has not yet happened,” said Isabelle Durand, principal analyst at Gartner, based in France.

The PC market in France continued to be driven by strong mobile PC sales. Growth was bolstered by shipments of low cost mobile PCs. Mini-notebooks represented 10.6 per cent of mobile PC sales.

The mobile PC market accounted for 55 per cent of total PC shipments in the second quarter of 2008, with volumes increasing 45.3 per cent year-on-year. Desk-based PCs performed a little better than expected with shipments increasing 5 per cent as a result of decreasing price competition in this segment.

While the professional market showed a healthy 13.3 per cent growth in the second quarter of 2008, the consumer market exhibited a 36.5 per cent increase. The consumer segment saw strong growth in mobile PCs with 59 per cent increase in the second quarter of 2008 and the consumer desk-based PC market returned to growth with a 7 per cent year-on-year increase.

Acer maintained its leadership and achieved strong performance with growth across the desk-based and mobile PC markets. The acquisition of Packard Bell allowed Acer to gain 2.5 percentage points of market share and widen the gap with HP. In the second quarter of 2008, Acer introduced its mini-notebook Aspire One and remained the leader in the mobile PC segment with 44 per cent growth year-on-year.

ASUS gained the fourth position displacing Toshiba. Asus continued to achieve strong sales with its eee PC, which represented 74 per cent of all Asus PC shipments. This performance allowed the vendor to reach the No. 3 spot in the mobile market.

Overall, mobile PCs in France will continue to perform strongly in the third quarter of 2008 with the introduction of new mini-notebooks models from HP, MSI and other local vendors and new technologies from Intel Montevina and Puma from AMD.

Table 2
France PC Vendor Unit Shipment Estimates for 2Q08 (Thousands of Units)

Company	2Q08 Shipments	2Q8 Market Share (%)	2Q07 Shipments	2Q07 Market Share (%)	2Q08-2Q07 Growth (%)
Acer	607	26.6	445	24.1	36.5

Hewlett-Packard	480	21.0	381	20.6	25.8
Dell	318	13.9	281	15.2	13.0
Asus	149	6.5	34	1.8	338.0
Lenovo	136	6.0	124	6.7	10.2
Others	596	26.0	583	31.5	2.4
Total	**2.286**	**100.0**	**1.847**	**100.0**	**23.8**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (July 2008)

Germany: Fujitsu Siemens Computers Looses Market Lead

PC shipments in Germany totalled 2.4 million units in the second quarter of 2008, an increase of 22.4 per cent compared with the same period in 2007.

The market was driven by strong mobile PC sales that accounted for 56 per cent of the total PC shipments, with volumes increasing 37 per cent compared with the second quarter of 2007. The desktop market showed a healthy 8 per cent growth year-on-year.

Acer gained the No. 1 position in Germany exhibiting a strong performance with a 45.4 per cent increase year-on-year, twice above the market average. “Acer’s position has significantly solidified since the Packard Bell’s acquisition. It was one of the few vendors shipping mini-notebooks during the second quarter of 2008 and has very aggressive plans in this segment for the second half of 2008,” said Meike Escherich, principal analyst at Gartner, based in the UK.

The decline in PC shipments in all segments meant a loss of four percentage points of for FSC, which is now holding the No. 2 spot closely followed by HP. With a weak dollar making imported computers cheaper, it has become increasingly difficult for FSC to compete effectively and expand its presence in the market.

HP saw a strong performance in the consumer segment. HP had to resolve an inventory issue in the second quarter of 2008, which meant that it applied very aggressive pricing, particularly in the retail sector. Although Dell grew 40 per cent in the mobile PC segment and held the No. 1 spot in the professional segment, it is still struggling to capture the imagination of German consumers. Medion’s performance relied upon successful ALDI promotions, which this time included an AMD processor desk-based PC.

Ms Escherich concluded: “Inventory overhang from the first quarter of 2008 has led to very aggressive pricing by the major vendors, especially in the mobile PC segment. Even though the market is still driven by strong consumer sales, the professional market performed well and reached 15 per cent increase in 2008. Restrained corporate IT spending since 2001 has created limited demand, and as a result the second half of 2008 & 2009 will likely see an increase in PC replacement activity in the professional segment. “

Table 3
Germany PC Vendor Unit Shipment Estimates for 2Q08 (Thousands of Units)

Company	2Q08 Shipments	2Q08 Market Share (%)	2Q07 Shipments	2Q07 Market Share (%)	2Q08-2Q07 Growth (%)
Acer	298	12.2	205	10.3	45.4
FSC	278	11.4	301	15.1	-7.6
Hewlett-Packard	277	11.4	245	12.3	13.1
Dell Inc.	274	11.2	230	11.5	19.1
Medion	181	7.4	145	7.3	24.8
Others	1,130	46.3	866	43.5	30.5

Total	**2,438**	**100.0**	**1,992**	**100.0**	**22.4**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (July 2008)

About Gartner
Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the indispensable partner to 60,000 clients in 10,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,000 associates, including 1,200 research analysts and consultants in 80 countries. For more information, visit www.gartner.com.

# # #