Gartner

Press Release

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Gartner Says Worldwide PC Shipments Grew 7.6 Per Cent in Third Quarter of 2010

Softness in Consumer PC Demand Slowed Shipment Growth

STAMFORD, Conn., October 13, 2010 — Worldwide PC shipments surpassed 88.3 million units in the third quarter of 2010, a 7.6 per cent increase from the third quarter of 2009, according to preliminary results by Gartner, Inc. These third quarter results were below Gartner's earlier market outlook. Gartner had expected third quarter PC shipments to grow 12.7 per cent.

"The major growth inhibitor in the third quarter of 2010 was softness in consumer PC demand in the US and Western Europe. The third quarter historically is a strong consumer quarter, led by back-to-school sales," said Mikako Kitagawa, principal analyst at Gartner. "Consumer mobile PC demand, driven by low-priced notebooks, including mini-notebooks, slowed after very strong growth the past two years."

"Media tablet hype around devices such as the iPad has also affected consumer notebook growth by delaying some PC purchases, especially in the US consumer market. Media tablets don't replace primary PCs, but they affect PC purchases in many ways," Ms Kitagawa said. "At this stage, hype around media tablets has led consumers and the channels to take a 'wait and see' approach to buying a new device."

HP remained in the top worldwide position (see Table 1), but it experienced a slight decline in shipments in the quarter. HP experienced a 20 per cent decline in shipments in Asia/Pacific as the company put a higher priority on profits in the region. In the US, the company was impacted by weak consumer growth.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 3Q10 (Thousands of Units)

Company	3Q10 Shipments	3Q10 Market Share (%)	3Q09 Shipments	3Q09 Market Share (%)	3Q09-3Q10 Growth (%)
HP	15,431,749	17.5	15,513,420	18.9	-0.5
Acer	11,527,716	13.1	11,726,586	14.3	-1.7
Dell	10,816,474	12.2	9,908,099	12.1	9.2
Lenovo	9,140,778	10.4	6,871,379	8.4	33.0
Asus	4,793,186	5.4	3,911,263	4.8	22.5
Toshiba	4,695,600	5.3	4,014,945	4.9	17.0
Others	31,896,091	36.7	30,106,333	37.1	5.9
Total	**88,301,595**	**100.0**	**82,052,026**	**100.0**	**7.6**

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

Acer experienced a shipment decline of 1.7 per cent in the third quarter. Dell showed solid growth across most regions. Overall, Dell benefited from the professional PC market refresh, but North America showed disappointing results. Lenovo showed the strongest growth among the top five vendors worldwide. The professional PC market helped boost Lenovo's growth in the US and Europe the Middle East and Africa (EMEA).

In the US, PC shipments surpassed 17.6 million units in the third quarter of 2010, a 2.2 per cent increase from the third quarter of 2009. Consumer mobile PC shipments were the weakest in the last several years.

"The weak back-to-school sales were not because students held off on PC purchases, but because nonstudent buyers, who normally are lured by massive back-to-school promotions, stayed away from PC purchases," Ms Kitagawa said. "These buyers were influenced by media tablet introductions, as well as the still-gloomy economy, since these buyers do not have an immediate need to purchase a PC."

In the US market, HP was the No. 1 vendor in the third quarter of 2010 as its shipments increased 2 per cent (see Table 2). HP was impacted by consumer PC demand. Dell also had a challenging quarter. Apple had another strong quarter. Increasing traffic to Apple, associated with the iPad release (iPads are not included in Gartner's PC shipment statistics), as well as iMac and Mac Pro refreshes, contributed to the growth.

Table 2
Preliminary US PC Vendor Unit Shipment Estimates for 3Q10 (Thousands of Units)

Company	3Q10 Shipments	3Q10 Market Share (%)	3Q09 Shipments	3Q09 Market Share (%)	3Q09-3Q10 Growth (%)
HP	4,459,473	25.3	4,372,231	25.4	2.0
Dell	4,188,688	23.8	4,447,478	25.8	-5.8
Acer	1,848,511	10.5	2,338,816	13.6	-21.0
Apple	1,831,664	10.4	1,611,000	9.3	13.7
Toshiba	1,629,100	9.3	1,427,000	8.3	14.2
Others	3,650,807	20.7	3,036,573	17.6	20.2
Total	**17,608,242**	**100.0**	**17,233,099**	**100.0**	**2.2**

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

In the third quarter of 2010, PC shipments in EMEA totalled 27.3 million units, an increase of 7.3 per cent from the third quarter last year (see Table 3).

“The single-digit growth experienced in the third quarter signals a slow down in the EMEA PC market after a very strong first half of 2010. Undoubtedly consumers and businesses are delaying PC purchases as device choice broadens, and as they await attractive seasonal offerings in the fourth quarter of 2010,” said Ranjit Atwal, research director at Gartner.

The emerging markets of Central Eastern Europe (CEE) and Middle East and Africa (MEA) saw better growth but not enough to offset the weakness of the PC market in Western Europe.

PC shipments into the channel significantly exceeded PC demand in the second quarter of 2010, resulting in significant inventory leading into the third quarter of 2010. Many leading PC vendors spent most of the third quarter clearing inventory, but were unable to use price reductions to stimulate demand, as their margins were constrained by increased component costs and the weaker euro in the first half of 2010.

The expected upturn in the professional market was slower than expected, as the weak economic climate further dampened spending, even on aging PC hardware. The ongoing spending reviews of most public institutions has further slowed PC spend in the third quarter of 2010, and Windows 7 deployment is now perceived to be moving into 2011.

Table 3
Preliminary EMEA PC Vendor Unit Shipment Estimates for 3Q10 (Thousands of Units)

Company	3Q10 Shipments	3Q10 Market Share (%)	3Q09 Shipments	3Q09 Market Share (%)	3Q09-3Q10 Growth (%)

Acer	6,147	22.5	6,161	24.2	-0.2
HP	5,206	19.1	4,949	19.5	5.2
Dell	2,449	9.0	2,201	8.7	11.3
Asus	2,370	8.7	1,875	7.4	26.4
Lenovo	1,613	5.9	1,000	3.9	61.3
Others	9,498	34.8	9,235	36.3	2.8
Total	**27,284**	**100.0**	**25,420**	**100.0**	**7.3**

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

While causing minimal cannibalisation of the PC market, media tablets have certainly caused delays of PC purchases among consumers in Western Europe. “At this stage, the hype around the iPad and other media tablets has led the consumers to consider the tablet at least as a complimentary device, if not a substitute. Looking forward, as consumers beyond the early adopters consider media tablets, competition for already constrained disposable consumer spending will rise. Further delay in PC purchases is increasing the risk of slower growth of mature consumer mobile PC markets in 2011,” said Mr Atwal.

“For the first time both leading vendors Acer and HP failed to perform ahead of the market average in the third quarter of 2010,” said Mr Atwal. “Acer not only performed below the market average but saw a decline as inventory clearance inhibited growth.” “HP suffered more on the commercial environment as professional notebooks performance slowed against expectations.”

The vendors outside the top five continued to outperform the market. Lenovo’s very strong performance in the consumer market across all regions helped the vendor move into the top five for the first time, displacing Toshiba. Lenovo had the strongest growth rate among the top five vendors in EMEA in the third quarter of 2010, and saw its shipments grow 61.3 per cent year-on-year.

In Asia/Pacific, PC shipments reached 29.7 million units in the third quarter of 2010, a 10.5 per cent increase from the third quarter of 2009. In the emerging markets, mobile PC demand in the consumer segment continued to grow unabated as mainstream notebooks continue to appeal to first-time PC buyers as well as those substituting notebooks for desktops. PC shipments in China in the third quarter of 2010 held steady at 62 per cent of all PCs shipped in Asia/Pacific, growing 11.3 per cent over the same quarter last year.

Latin American PC shipments totalled 8.2 million units in the third quarter of 2010, a 9.9 per cent increase from the third quarter of 2009. Back-to-school PC sales in Latin America were sluggish, and this transpired into fewer home mobile PC shipments. Consumers were searching for promotional sales that simply didn't materialise at retailers throughout the region.

PC shipments in Japan surpassed 3.6 million units in the third quarter of 2010, a 14.1 per cent increase from the same period last year. Large deals in the enterprise and government sectors drove PC sales in the quarter. In the consumer market, replacement demand for primary PCs, both desktop and large-size mobile PCs, has continued to grow since the beginning of 2010.

Additional information is available in the Gartner report "Market Share Alert: Preliminary PC Market Results, Worldwide, 3Q10." The report is available on Gartner's website at http://www.gartner.com/resId=1451731.

These results are preliminary. Final statistics will be available soon to clients of Gartner's PC Quarterly Statistics Worldwide by Region program. This program offers a comprehensive and timely picture of the worldwide PC market, allowing product-planning, distribution, marketing and sales organizations to keep abreast of key issues and their future implications around the globe. Additional research can be found in

the Computing Hardware section of Gartner's website at
http://www.gartner.com/it/products/research/asset_129157_2395.jsp.

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