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## Gartner Says In the Fourth Quarter of 2008 the PC Industry Suffered Its Worst Shipment Growth Rate Since 2002

STAMFORD, Conn., 14 January, 2009 — In the fourth quarter of 2008, the worldwide PC industry suffered its worst growth rate since 2002 as worldwide shipments totalled 78.1 million units, a 1.1 per cent increase from the fourth quarter of 2007, according to preliminary results by Gartner, Inc.

“The United States experienced steeper than expected shipment declines due to the recession. The Europe, Middle East and Africa (EMEA) region was also affected by the economic slow down across key countries,” said Mika Kitagawa, principal analyst for Gartner's Client Computing Markets group. “Asia/Pacific recorded the worst shipment growth since Gartner started its PC statistics research. Latin America met expectations, but its growth was much lower than in the past.”

The growth driver for the 2008 holiday PC season was the mini-notebook segment. With more vendors offering creative sales promotions, the mini-notebook segment outpaced overall mobile PC growth. However, PC revenue experienced a record decline. Steep average selling price (ASP) declines, as well as robust growth of low-priced systems, including mini-notebooks, contributed to this drop.

Hewlett-Packard (HP) managed to grow above the worldwide average in the fourth quarter of 2008 (see Table 1), however its year-on-year growth was its lowest since its merger with Compaq in 2003. HP did well in EMEA by aggressively promoting the mini-notebook segment, but it was impacted by sales in the US market.

**Table 1**
**Preliminary Worldwide PC Vendor Unit Shipment Estimates for 4Q08 (Thousands of Units)**

| Company | 4Q08 Shipments | 4Q08 Market Share (%) | 4Q07 Shipments | 4Q07 Market Share (%) | 4Q08-4Q07 Growth (%) |
|---|---|---|---|---|---|
| Hewlett-Packard | 14,915.4 | 19.1 | 14,405.0 | 18.7 | 3.5 |
| Dell Inc. | 10,319.7 | 13.2 | 10,971.7 | 14.2 | -5.9 |
| Acer | 9,637.3 | 12.3 | 7,351.3 | 9.5 | 31.1 |
| Lenovo | 5,549.2 | 7.1 | 5,808.4 | 7.5 | -4.5 |
| Toshiba | 3,654.9 | 4.7 | 3,026.9 | 3.9 | 20.7 |
| Others | 34,006.4 | 43.6 | 35,632.7 | 46.2 | -4.6 |
| **Total** | **78,082.9** | **100.0** | **77,195.9** | **100.0** | **1.1** |

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (January 2009)

Dell showed strong growth in Asia/Pacific, but it struggled to increase shipment volume in North America and EMEA in the fourth quarter of 2008. Acer continued to show exceptional growth with worldwide PC shipments growing 31.1 per cent in the fourth quarter of 2008. Acer’s sales were driven by low priced PCs such as mini-notebooks. Lenovo maintained the fourth position in the worldwide market in the fourth quarter, but it suffered a shipment decline for the first time since 2006.

In the US, the PC market in the fourth quarter of 2008 had its worst shipment decline since the last US recession in 2001. PC shipments in the US declined 10 per cent in the fourth quarter of 2008.

“The fourth quarter started out with a relatively optimistic view, but then it got worse every month,” Ms Kitagawa said. “In the fourth quarter, US businesses quickly cut IT spending with public sectors, including some government and education buyers, postponed PC procurement due to budget crisis concerns. PC vendors focused on the professional market were especially hit by the weakening market conditions. Overall, consumer mobile PC shipments showed strength, but the shipment growth was boosted by steep ASP declines which were further accelerated by the popularity of mini-notebooks.”

Dell maintained the No. 1 position in the US PC market in the fourth quarter of 2008 (see Table 2), but its shipments declined 16.4 per cent from the fourth quarter of 2007. Dell was impacted by a very weak professional market.

HP’s shipments in the US market declined 3.4 per cent in the fourth quarter, while Acer’s shipments increased 55 per cent. As in the global market, Acer’s success was attributed to its offerings in the mini-notebook space.

**Table 2**
**Preliminary United States PC Vendor Unit Shipment Estimates for 4Q08 (Thousands of Units)**

| Company | 4Q08 Shipments | 4Q08 Market Share (%) | 4Q07 Shipments | 4Q07 Market Share (%) | 4Q08-4Q07 Growth (%) |
|---|---|---|---|---|---|
| Dell Inc. | 4,465.8 | 28.6 | 5,344.6 | 30.8 | -16.4 |
| Hewlett-Packard | 4,288.3 | 27.5 | 4,439.5 | 25.6 | -3.4 |
| Acer | 2,373.9 | 15.2 | 1,527.3 | 8.8 | 55.4 |
| Apple | 1,255.0 | 8.0 | 1,159.3 | 6.7 | 8.3 |
| Toshiba | 1,007.7 | 6.5 | 900.0 | 5.2 | 12.0 |
| Others | 2,219.2 | 14.2 | 3,992.6 | 23.0 | -44.4 |
| **Total** | **15,609.8** | **100.0** | **17,363.3** | **100.0** | **-10.1** |

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (January 2009)

For the year, worldwide PC shipments totalled 302.2 million units in 2008, a 10.9 per cent increase from 2007 (see Table 3). The top 5 ranking remained unchanged compared to 2007. Dell recovered from its restructuring process in 2008, showing a slightly higher growth rate compared to the worldwide average. Lenovo continued to struggle outside of China’s market. Its attempt to enter the consumer markets was not successful in 2008. Toshiba grew faster than the worldwide average by heavily targeting the consumer market.

**Table 3**
**Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2008 (Thousands of Units)**

| Company | 2008 Shipments | 2008 Market Share (%) | 2007 Shipments | 2007 Market Share (%) | 2008-2007 Growth (%) |
|---|---|---|---|---|---|
| Hewlett-Packard | 55,686.8 | 18.4 | 49,428.3 | 18.1 | 12.7 |
| Dell Inc. | 43,144.4 | 14.3 | 38,703.0 | 14.2 | 11.5 |
| Acer | 33,497.4 | 11.1 | 26,484.5 | 9.7 | 26.5 |
| Lenovo | 21,869.1 | 7.2 | 20,114.6 | 7.4 | 8.7 |
| Toshiba | 13,499.6 | 4.5 | 10,955.2 | 4.0 | 23.2 |
| Others | 134,510.2 | 44.5 | 126,766.9 | 46.5 | 6.1 |
| **Total** | **302,207.5** | **100.0** | **272,452.5** | **100.0** | **10.9** |

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (January 2009)

In EMEA, PC shipments reached 107.9 million units in 2008, a 17.0 per cent increase from 2007. In the fourth quarter of 2008, PC shipments totalled 30.4 million units, only a 4.9 per cent increase from the fourth quarter of 2007 (see Table 4).

“As expected the EMEA PC market slowed rapidly during the fourth quarter of 2008 with growth levels hitting those last seen during the 2000/2001 period,” said Ranjit Atwal, principal analyst for Gartner’s Client Computing Markets group in EMEA. “Although the fourth quarter results lowered the overall 2008 growth rate, the market still saw strong growth at 17.0 per cent for the year and Hewlett Packard retained the leading vendor position in EMEA.”

**Table 4**
**Preliminary EMEA PC Vendor Unit Shipment Estimates for 4Q08 (Thousands of Units)**

| Company | 4Q08 Shipments | 4Q08 Market Share (%) | 4Q07 Shipments | 4Q07 Market Share (%) | 4Q08-4Q07 Growth (%) |
|---|---|---|---|---|---|
| Hewlett-Packard | 6,459 | 21.2 | 5,742 | 19.8 | 12.5 |
| Acer | 4,998 | 16.4 | 4,682 | 16.1 | 6.8 |
| Dell Inc. | 2,762 | 9.1 | 2,748 | 9.5 | 0.5 |
| ASUS | 1,937 | 6.4 | 1,154 | 4.0 | 67.9 |
| Toshiba | 1,735 | 5.7 | 1,339 | 4.6 | 29.6 |
| Others | 12,539 | 41.2 | 13,349 | 46.0 | -6.1 |
| **Total** | **30,430** | **100.0** | **29,014** | **100.0** | **4.9** |

Note: Data includes desk-based PCs, mobile PCs and X86 servers.
Source: Gartner (January 2009)

All regions in the EMEA PC market exhibited weak growth. In Western Europe, the UK saw the weakest growth, while Russian markets in Central Eastern Europe and Turkish markets in the Middle East and African region were exceptionally slow.

The professional market is now experiencing the full impact of the economic slowdown as all business markets were affected. The consumer market was the least affected of all the segments, with mobile PCs driving growth. However, this was in part driven by the continued rollout of mini-notebooks as vendors Acer and Asus were joined by Toshiba, Dell, HP and Samsung.

HP regained the No. 1 position from Acer in the fourth quarter of 2008 and remained the No. 1 vendor in 2008. HP had impressive growth in consumer mobile, especially in France. In contrast, Acer had to reduce inventory levels as demand from the channel decreased in these uncertain times. “ASUS exhibited the best performance year-on-year with 67.9 per cent growth. Its performance was primarily driven by continued demand in the mini-notebook market,” said Mr Atwal.

In Asia/Pacific, PC shipments grew 1.8 per cent with volume reaching 19.5 million units in the fourth quarter of 2008. The China and India PC markets accounted for approximately 65 per cent of the market in Asia/Pacific in the fourth quarter, and these countries were impacted by a slow consumer market. PC shipments in China grew an estimated 0.8 per cent, and 2.2 per cent in India.

The PC market in Latin America grew 10 per cent with shipments surpassing 7.2 million units in the fourth quarter in 2008. The general devaluation of local Latin American currencies is impacting foreign PC vendors as their systems are more expensive.

PC shipments in Japan grew 7 per cent with shipments reaching 3.5 million units in the fourth quarter of 2008. The country was impacted by lower corporate demand and fewer shipments of spring consumer models that were launched in late December.

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

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