Gartner

Press Release

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Gartner Says Worldwide PC Shipments Grew 3.2 Per Cent in Third Quarter of 2011

For the First Time, Lenovo Moved Into the No. 2 Position and Asus Became the No. 5 Vendor

STAMFORD, Conn., October 12, 2011 — Worldwide PC shipments totalled 91.8 million units in the third quarter of 2011, a 3.2 per cent increase from the third quarter of 2010, according to preliminary results by Gartner, Inc. These results are slightly lower than Gartner's earlier projection of 5.1 per cent growth for the quarter. The EMEA region contributed to lower-than-expected growth led by a weak Western European market.

"The inventory build-up, which slowed growth the last four quarters, mostly cleared out during the third quarter of this year; however, the PC industry has been performing below normal seasonality," said Mikako Kitagawa, principal analyst at Gartner. "As expected, back-to-school PC sales were disappointing in mature markets, confirming that the consumer PC market continues to be weak. The popularity of non-PC devices, including media tablets, such as the iPad and smartphones, took consumers' spending away from PCs.

"As the PC market faced a slowdown, vendor consolidation has become a more apparent trend in the industry. Lenovo's recent merger with NEC, and its acquisition of Medion, as well as HP's announcement that it may spin off or sell its PC business, underlined this trend during the quarter."

HP, the No. 1 vendor based on global PC shipments, grew faster than the industry average, and its market share reached 17.7 per cent in the third quarter of 2011 (see Table 1). Despite announcing in the middle of the second quarter of 2011 the potential spin-off of its PC business, HP experienced strong growth in the US, while outside the US, growth was relatively weak or average.

Lenovo became the second-largest PC vendor in the worldwide market for the first time. The company's expansion was boosted in part by the joint vendor with NEC in Japan. However, its aggressive marketing to both the professional and consumer PC markets accelerated its shipment volume.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 3Q11 (Units)

Company	3Q11 Shipments	3Q11 Market Share (%)	3Q10 Shipments	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	16,231,528	17.7	15,419,654	17.3	5.3
Lenovo	12,352,194	13.5	9,867,917	11.1	25.2
Dell	10,676,360	11.6	10,829,115	12.2	-1.4
Acer Group	9,686,853	10.6	12,612,822	14.2	-23.2
Asus	5,693,146	6.2	4,802,481	5.4	18.5
Others	37,146,785	40.5	35,420,559	39.8	4.9
Total	**91,786,865**	**100.0**	**88,952,547**	**100.0**	**3.2**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablets such as the iPad. Final estimates will be subject to change.
Lenovo shipments include NEC shipments, but not Medion's shipments.

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Source: Gartner (October 2011)

Dell's performance was below the industry average in most regions, as the company faced intensified competition in the professional space, where Dell has been traditionally strong. Acer mostly cleared its inventory build-up in the EMEA region by the third quarter of 2011. However, channels have been adopting a conservative position in regard to placing orders following the inventory issues. Asus widened the gap with Toshiba, the sixth-largest vendor. Asus achieved strong growth in China.

In the US, PC shipments totalled 17.8 million units in the third quarter of 2011, a 1.1 per cent increase from the third quarter of 2010. The US PC market experienced year-over-year growth for the first time in three quarters. While the consumer market continued to be weak with disappointing back-to-school sales in the third quarter, the inventory was kept mostly in check as industry expectations were relatively low.

"The main contributor to the weak consumer PC market in the US was intensified competition for consumers' money," Ms Kitagawa said. "Media tablets and smartphones took centre stage in the US retail sector, and the expectation is for continuing demand for these devices throughout the holiday season."

HP showed strong growth in the US PC market, as shipments increased 15.1 per cent in the third quarter, and its market share totalled 28.9 per cent (see Table 2). Despite the potential spin-off of its PC business, HP executives' efforts to give the appearance of "business as usual" seemed to work in the quarter.

Dell struggled as shipments declined 7.2 per cent in the third quarter of 2011. "Dell's issue has been balancing profitability and market share gain, a difficult task in a PC industry where high volumes and low margins are the norm," Ms Kitagawa said.

Gartner's early study shows that Apple experienced the strongest growth among the top five vendors in the US PC market. Apple's PC shipments increased 21.5 per cent in the third quarter of 2011. The robust growth of the MacBook Air continued to lead Apple's overall growth in the US market.

Table 2
Preliminary United States PC Vendor Unit Shipment Estimates for 3Q11 (Units)

Company	3Q11 Shipments	3Q11 Market Share (%)	3Q10 Shipments	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	5,132,614	28.9	4,459,120	25.4	15.1
Dell	3,886,864	21.9	4,188,687	23.8	-7.2
Apple	2,300,000	12.9	1,893,600	10.8	21.5
Toshiba	1,486,100	8.4	1,545,630	8.8	-3.9
Acer Group	1,378,768	7.8	1,848,511	10.5	-25.4
Others	3,580,989	20.2	3,635,684	20.7	-1.5
Total	**17,765,335**	**100.0**	**17,571,232**	**100.0**	**1.1**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablets such as the iPad. Final estimates will be subject to change.
Source: Gartner (October 2011)

PC shipments in Europe, the Middle East and Africa (EMEA) totalled 26.6 million units in the third quarter of 2011, a 2.9 per cent decline from the third quarter of 2010 (see Table 3).

Table 3
Preliminary EMEA PC Vendor Unit Shipment Estimates for 3Q11 (Units)

Company	3Q11 Shipments	3Q11 Market Share (%)	3Q10 Shipments	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	5,355	20.1	5,206	19.0	2.9
Acer Group	3,615	13.6	5,955	21.7	-39.3

Asus	2,686	10.1	2,370	8.7	13.3
Dell	2,390	9.0	2,450	8.9	-2.4
Lenovo	1,971	7.4	1,612	5.9	22.2
Others	10,574	39.8	9,799	35.8	7.9
Total	**26,591**	**100.0**	**27,393**	**100.0**	**-2.9**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablets such as the iPad. Final estimates will be subject to change.
Lenovo shipments include NEC shipments, but not Medion's shipments.
Source: Gartner (October 2011)

“The PC market in EMEA remained weak in the third quarter of 2011, due to slow consumer demand and lower sell-in to the channel,” said Ranjit Atwal, research director at Gartner. “As a result, the market recorded its third consecutive quarterly decline.”

Acer pulled down the market average as it continued to suffer inventory issues. “The impact on the market of Acer’s difficulties is clear,” Mr Atwal said. “Over the first three quarters of 2011, the EMEA PC market declined 4 per cent, compared with the same period in 2010. Most of the decline resulted from the continued poor performance of Acer, which declined more than 30 per cent. The prolonged inventory clearance will have a permanent impact on Acer, as its direct competitors are securing new channel and retailer partners."

In an uncertain environment, quarter-on-quarter growth provides a better indication of the dynamics of the EMEA PC market. The EMEA PC market exhibited growth of 17.1 per cent from the second quarter of 2011. “This level of growth was higher than seasonally expected, and a sign of some stability, especially after four weak quarters,” said Mr Atwal.

In the third quarter of 2011, HP regained the No. 1 position from Acer and grew its market share by 1.1 percentage points year-on-year. HP managed the impact of separating its PC division better than we had expected.

Asus's shipments grew sharply, with increased sales of mobile PCs in both the consumer market and the small and midsize business market. It moved up to third place, overtaking Dell.

Lenovo performed strongly in both the professional and consumer markets. It took advantage of HP’s strategic issues and Dell’s inability to match Lenovo's prices in the professional market.

Many PC vendors were banking on media tablets to boost their growth in the second half of 2011, but given the collapse of the non-Apple part of the media tablet market, most have refocused on getting PCs into retailers. However, retailers remain cautious about demand and have shortened their order lead times. This passes more cost on to the PC vendors at a time when margins are under pressure.

In Asia/Pacific, PC shipments reached 31.8 million units in the third quarter of 2011, a 6 per cent increase from the same period last year. Vendors continued to stimulate demand aggressively with promotions and prices, benefiting buyers looking for good prices. It also provided an opportunity for some consumers to buy their first mobile PC.

The PC market in Latin America grew 19.6 per cent in the third quarter of 2011. Mobile PC shipments grew 31.1 per cent year-on-year, and desk-based PC shipments increased 6.5 per cent in the third quarter of 2011.

PC shipments in Japan grew 3 per cent, with shipments reaching 3.9 million units. The consumer market received a boost in demand with the introduction by vendors of new consumer models in September. There was also a rebound in production for the professional market, after a drop in enterprise demand because of the higher prioritisation for business continuity plans that coincided with the earthquake and tsunami in March.

These results are preliminary. Final statistics will be available soon to clients of Gartner's PC Quarterly Statistics Worldwide by Region programme. This programme offers a comprehensive and timely picture of the worldwide PC market, allowing product planning, distribution, marketing and sales organisations to keep abreast of key issues and their future implications around the globe. Additional research can be found on the Computing Hardware section on Gartner's website at http://www.gartner.com/it/products/research/asset_129157_2395.jsp.

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