Gartner

Press Release

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Gartner Says Western Europe PC Market Declined 4 Per Cent in Fourth Quarter of 2010

- *HP Regained No. 1 Position in Western Europe and UK*
- *Apple Made Its Debut Among the Top Five PC Vendors in France and UK*

Egham, UK, 8 February 2011 - PC shipments in Western Europe totalled 19.4 million units in the fourth quarter of 2010, a decline of 4.4 per cent from the same period in 2009, according to Gartner, Inc (see Table 1). In 2010, PC shipments reached 46 million units in Western Europe, a flat market from 2009.

"Traditionally the last quarter of the year is driven by growth in the consumer segment," said Meike Escherich, principal analyst at Gartner. "However, between October and the end of December 2010 the consumer PC market in Western Europe continued its downward spiral, with shipments declining 8.1 per cent." Mobile PC shipments in the consumer market declined 2 per cent, mainly because many PC vendors delayed orders as cautious retailers kept inventory in check.

In a weak economic environment, consumer spending shifted decisively from PCs to other consumer electronic devices, including media tablets, gaming machines and e-readers. A wait-and-see approach impacted PC spending as consumers expected new products and cheaper media tablets in the first quarter of 2011. Additionally, adverse weather conditions in several countries minimised foot traffic into retail shops, diminishing selling opportunities.

Western Europe's professional PC market remained flat in the fourth quarter of 2010. PC pricing remained an issue as increased Euro/Dollar exchange rates limited any price reductions, resulting in an increase of 0.9 per cent year-on-year.

In the fourth quarter of 2010, the top three PC vendors all saw declines year-on-year in Western Europe. HP regained the No. 1 position from Acer with a 22.1 per cent market share. HP retained the lead in the professional and desk-based PC segments, but lost the No. 1 position to Acer in the consumer PC segment. Acer lost 2.2 percentage points of market share, with a 13.5 per cent decline in shipments. Acer was affected by declining demand for mini-notebooks and an excess of channel inventory in some countries. Dell continued to struggle in the consumer PC market, but benefited from a slight pickup in demand for professional PCs.

"2011 will be a defining year for the consumer device market," said Ms Escherich." Vendors and service providers will have to rethink how they retain customers and attract new ones if they want to survive in this highly competitive environment."

Table 1
Western Europe: PC Vendor Unit Shipment Estimates for 4Q10 (Thousands of Units)

Vendor	4Q10 Shipments	4Q10 Market Share (%)	4Q09 Shipments	4Q09 Market Share (%)	4Q09-4Q10 Growth (%)
HP	4,287	22.1	4,310	21.2	-0.5
Acer	4,041	20.8	4,673	23.0	-13.5
Dell	1,899	9.8	2,004	9.9	-5.3

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Asus	1,850	9.5	1,631	8.0	13.5
Apple	1,203	6.2	1,062	5.2	13.3
Others	6,118	31.6	6,611	32.7	-7.5
Total	**19,398**	**100.0**	**20,291**	**100.0**	**-4.4**

Note: Data includes desk-based PCs and mobile PCs. Media tablets are excluded.
Source: Gartner (February 2011)

UK: Consumer PC Sales Were Weak During Christmas Holiday Season

PC shipments in the UK totalled 3.7 million units in the fourth quarter of 2010, a decline of 2.7 per cent from the same period in 2009 (see Table 2). In 2010, PC shipments in the UK reached 13.1 million units, representing a 5.4 per cent increase from 2009.

"For the first time since 2006 the overall consumer PC segment showed weak results during the Christmas holiday season, and declined 2.5 per cent in the fourth quarter of 2010," said Ranjit Atwal, research director at Gartner. "Uncertain economic factors and unemployment influenced consumers to delay or be conservative with discretionary spending," he explained. The PC has also lost the consumer electronics limelight to smartphones and tablets, and without the arrival of new products, growth has fallen quickly.

In the fourth quarter of 2010, the UK's professional PC market remained weak, declining 3.1 per cent. The expected replacement cycle was again delayed as organisations extended PC life cycles.

In the fourth quarter of 2010, HP moved up to the No. 1 position, displacing Acer, with a market share of 23.1 per cent. Apple made its debut among the top five PC vendors, accounting for 6.2 per cent of market share. Apple's performance was the result of strong retail sales and high demand for the new MacBook Air. Acer faced challenges as a result of a slowdown in the consumer mobile PC market, and was also impacted by weak sales in the mini-notebook segment.

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

Vendor	4Q10 Shipments	4Q10 Market Share (%)	4Q09 Shipments	4Q09 Market Share (%)	4Q09-4Q10 Growth (%)
HP	847	23.1	712	18.9	19.0
Acer	610	16.7	721	19.1	-15.3
Dell	601	16.4	620	16.5	-3.0
Toshiba	313	8.5	391	10.4	-20.0
Apple	228	6.2	202	5.4	12.9
Others	1,065	29.1	1,120	29.7	-5.0
Total	**3,664**	**100.0**	**3,766**	**100.0**	**-2.7**

Note: Data includes desk-based PCs and mobile PCs. Media tablets are excluded.
Source: Gartner (February 2011)

"We will continue to see a tough business environment in the first half of 2011, and until additional budget becomes available the PC market will remain under pressure," said Mr Atwal.

France: Apple Made Its Debut Among the Top Five PC Vendors

PC shipments in France totalled 3.1 million units in the fourth quarter of 2010, a decline of 5.2 per cent compared with the same period in 2009 (see Table 3). In 2010, PC shipments in France reached 11.8 million units, a 10 per cent rise from 2009.

"The PC market in France performed below expectations, as demand weakened particularly in the consumer segment," said Isabelle Durand, principal analyst at Gartner.

In the fourth quarter of 2010, the consumer market declined 14 per cent. “Consumer confidence continued to be affected by the uncertain economic environment, and spending on IT products was lower than expected, especially during the Christmas period,” said Ms Durand. PC pricing also remained an issue as increased euro/dollar exchange rates limited price reductions and affected PC promotions.

In the fourth quarter of 2010, the mobile PC market accounted for 67 per cent of PC shipments in France, with volumes declining 1 per cent. Despite more demand for all-in-one models, desk-based PC shipments declined by 12 per cent year-on-year.

The professional segment regained growth, with an increase of 10 per cent. Shipments in this segment were driven by deals from the Department of Education and small and medium-sized businesses, and by large accounts starting to replace aging PC equipment.

Although Acer and HP both registered falls in PC shipments in the fourth quarter of 2010, they remained in first and second place, respectively. The slowdown in the mini-notebook market and weak demand for consumer desktop PCs affected Acer’s overall growth. Apple was the fastest-growing vendor in the top five, with 7.7 per cent growth in the fourth quarter 2010. Apple displaced Toshiba to claim fifth place — this is the first time it has been among the top five PC vendors in France. Dell grew its volumes and benefited from PC replacements in both desktop and mobile segments.

“PC demand in France will remain weak in the first quarter of 2011. During 2011, PC vendors will face increasing competition from consumer devices such as media tablets and smartphones, which will capture a slice of consumers' PC budgets and will ultimately displace mobile PCs,” said Ms Durand.

Table 3
France: PC Vendor Unit Shipment Estimates for 4Q10 (Thousands of Units)

Company	4Q10 Shipments	4Q10 Market Share (%)	4Q09 Shipments	4Q09 Market Share (%)	4Q09-4Q10 Growth (%)
Acer	729	23.3	814	24.7	-10.5
HP	709	22.6	807	24.4	-12.2
Dell	364	11.6	345	10.4	5.5
Asus	345	11.0	336	10.2	2.7
Apple	196	6.3	182	5.5	7.7
Others	790	25.2	819	24.8	-3.6
Total	**3,133**	**100.0**	**3,303**	**100.0**	**-5.2**

Note: Data includes desk-based PCs and mobile PCs. Media tablets are excluded.
Source: Gartner (February 2011)

Germany: PC Shipments Fell Again as Consumers Remained Cautious

PC shipments in Germany totalled 3.9 million units in the fourth quarter of 2010, a decrease of 5.4 per cent compared with the same period in 2009 (see Table 4). In 2010, PC shipments in Germany reached 13.3 million units, representing 4.7 per cent growth from 2009.

“Although PC shipments in Germany recorded a 20.7 per cent increase from the third quarter of 2010, we saw a continuing decline in demand for mobile PCs, which adversely affected annual market growth,” said Ms Escherich. “With restricted budgets and a lack of new technologies in the PC space, a wait-and-see attitude impacted spending. Available money went into alternative products like media tablets, smartphones and games consoles,” she added.

In the fourth quarter of 2010, mobile PC shipments in Germany decreased 1.6 per cent. Desktop PC shipments fell by 13.3 per cent to attain a market share of 33 per cent.

Germany's professional segment is showing signs of slow recovery. In the fourth quarter of 2010, shipments increased 2 per cent as some businesses started to replace aging equipment.

Despite declining PC shipments, Acer remained No. 1 in all segments with the exception of desktops, and it maintained a lead of approximately 8 percentage points in market share over HP. HP recorded double-digit growth in the professional segment (12.9 per cent). Its decline in the consumer market was less than the market average of 5 per cent, but HP could not match Acer's overall PC shipments. Asus managed to resist the general trend of decline in the consumer segment, with 16 per cent growth in this segment. Medion, Dell and most of the other vendors showed declines, largely driven by their reliance on consumer demand.

"Selling hardware has become less about the hardware itself and more about software, services and applications," Ms Escherich said. "The fourth quarter of 2010 is a good indicator that the market will have to get used too much slower demand for consumer PCs in the future," Ms Escherich said.

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

Company	4Q10 Shipments	4Q10 Market Share (%)	4Q09 Shipments	4Q09 Market Share (%)	4Q09-4Q10 Growth (%)
Acer	796	20.2	808	19.4	-1.6
HP	494	12.6	462	11.1	6.9
Asus	493	12.5	414	9.9	19.1
Dell	323	8.2	354	8.5	-8.8
Medion	295	7.5	325	7.8	-9.2
Others	1,537	39.0	1,801	43.3	-14.6
Total	**3,938**	**100.0**	**4,164**	**100.0**	**-5.4**

Note: Data includes desk-based PCs and mobile PCs. Media tablets are excluded.
Source: Gartner (February 2011)

About Gartner
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