Gartner

Press Release

Gartner Says Western Europe PC Market Grew 12 Per Cent in Fourth Quarter 2008

In the UK, Consumer Market Bolstered By Strong Mini-Notebook Sales While Professional PC Market Plummeted

Egham, UK, 3 February 2009 - PC shipments in Western Europe totalled 20.1 million units in the fourth quarter of 2008, an increase of 12.1 per cent from the same period in 2007. In 2008, PC shipments reached 66 million units in Western Europe, representing 17.2 per cent growth from 2007 (see Table 1).

“Surprisingly, in the fourth quarter of 2008 Western Europe was the strongest performing region in Europe, the Middle East and Africa (EMEA) as both Central Eastern Europe and the Middle East and Africa were impacted severely by the worsening economic conditions,” said Ranjit Atwal, principal analyst at Gartner, based in the UK. ”Mini-notebooks continued to boost growth reaching nearly 2.5 million units in the fourth quarter of 2008, with the Telco channel gathering greater importance as a route to market for the PC vendors”.

“While growth in PC sales in Western Europe was good, the underlying trend was down, with the professional market experiencing a 5 per cent decline in the fourth quarter of 2008. If it wasn’t for mini-notebooks, the overall Western European market would be showing a decline. This does not bode well for 2009 as we expect the general economic conditions to worsen,” said Mr Atwal.

The vendors that were active in the consumer market achieved the best results, with all three major European countries—the UK, France and Germany—leading the growth. In the fourth quarter of 2008, ASUS and Toshiba recorded the highest growth as they grew mainstream notebooks on top of mini-notebook shipments.

In the fourth quarter of 2008, price competition remained fierce with average selling prices falling 15 per cent year-on-year. “Vendors have to manage risk in the PC business by balancing shipment levels with revenues and margins, while understanding there is still a significant PC market in 2009 with opportunities for the best prepared vendors,” said Mr Atwal.

Table 1
Western Europe PC Vendor Unit Shipment Estimates for 4Q08 (Thousands of Units)

Company	4Q08 Shipments	4Q8 Market Share (%)	4Q07 Shipments	4Q07 Market Share (%)	4Q08-4Q07 Growth (%)
Hewlett-Packard	4,658	23.2	4,058	22.6	14.8
Acer	4,067	20.3	3,618	20.2	12.4
Dell Inc.	2,032	10.1	1,980	11.1	2.6
ASUS	1,490	7.4	513	2.9	190.4
Toshiba	1,277	6.4	995	5.6	28.3
Others	6,558	32.7	6,755	37.7	3.0
Total	**20,083**	**100**	**17,920**	**100**	**12.1**

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

UK: Consumer Market Bolstered By Strong Mini-Notebook Sales While Professional PC Market Plummeted

PC shipments in the UK totalled 3.7 million units in the fourth quarter of 2008, an increase of 12.2 per cent compared with the same period in 2007 (see Table 2).

“In the UK, the consumer market grew strongly while the professional market dipped dramatically with professional deskbased shipments declining 15 per cent in the fourth quarter of 2008,” said Mr Atwal. “The fourth quarter of 2008 is the start of the adjustments the PC industry will have to go through as PC vendors manage business models in line with the new lower growth rates. As such, inventory levels are being adjusted and costs have to be managed much more closely.”

Across most of Western Europe, the consumer market held up well, with most vendors offering mini-notebooks through the Telco channel. These subsidised notebooks are being adopted as both replacements and additional PCs. With the economic conditions expected to worsen, these bundled broadband deals will appeal even more to consumers.

In the fourth quarter of 2008, ASUS increased its share in the market with impressive growth across all of its product lines. Toshiba defied the market with positive growth in both the consumer and professional markets. Dell did very well in the consumer mobile market but saw its deskbased shipments decline 25 per cent across all segments.

“2009 is expected to see growth weaken in the UK and the mini-notebooks market is likely to be the only shining light in a difficult year for the PC industry,” added Mr Atwal.

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

Company	4Q08 Shipments	4Q8 Market Share (%)	4Q07 Shipments	4Q07 Market Share (%)	4Q08-4Q07 Growth (%)
Hewlett-Packard	766	20.5	736	22.1	4.1
Dell Inc.	667	17.9	607	18.2	9.9
Acer	642	17.2	664	19.9	-3.3
Toshiba	385	10.3	300	9.0	28.4
ASUS	227	6.1	35	1.0	552.4
Others	1,048	28.1	988	29.7	-5.7
Total	**3,735**	**100**	**3,329**	**100**	**12.2**

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

France: PC Market Defied Market Economic Downturn

PC shipments in France totalled 3.2 million units in the fourth quarter of 2008, an increase of 13 per cent compared with the same period in 2007 (see Table 3).

“The PC market in France has defied the current economic situation in the fourth quarter of 2008,” said Isabelle Durand, principal analyst at Gartner based in France. “Demand for consumer PCs during the Christmas period was buoyant with 32 per cent growth year-on-year. However, we have not seen the impact of the recession yet and the worse is still to come.”

In the fourth quarter of 2008, PC shipments in France remained strong driven by the continued uptake of mini-notebooks and the increased demand of entry level mobile PCs that reached 15 per cent growth in the fourth quarter of 2008.

The PC market in France continued to be bolstered by strong sales in mobile PCs. Gartner estimates that 365 million units of mini-notebooks were shipped in the fourth quarter of 2008 and sales of mini-notebooks grew 40 per cent sequentially. In addition, the top five PC mobile vendors shipped 75 per cent of all mobile PCs in the fourth quarter of 2008.

The mobile PC market accounted for 63 per cent of total PC shipments in the fourth quarter of 2008, with volumes increasing 41 per cent year-on-year. Deskbound PCs declined 15 per cent despite the entry of some new All-in-One low cost PCs in the market.

“Increased competition in the All-In-One space is expected in 2009,” said Ms Durand. “Many PC vendors are launching their All-in-One low cost models and these products could be an attractive product in time of recession. They could help the declining desktop consumer market return to growth.”

The professional market declined 5 per cent in the fourth quarter of 2008 and its performance was particularly affected by low demand from the SMBs segment.

In the fourth quarter 2008, Acer maintained its leadership but grew below the market average mainly due to its limited performance on the desktop professional market. It continued to achieve strong results in the mobile PC market with 54 per cent growth in the fourth quarter of 2008. ASUS maintained its strong performance with its Eee PC that represented nearly 60 per cent of all ASUS PC shipments. This performance allowed the vendor to gain the fourth position displacing Toshiba in the overall PC market and to reach the No. 3 spot in the mobile market.

Table 3
France PC Vendor Unit Shipment Estimates for 4Q08 (Thousands of Units)

Company	4Q08 Shipments	4Q8 Market Share (%)	4Q07 Shipments	4Q07 Market Share (%)	4Q08-4Q07 Growth (%)
Acer	803	24.7	732	25.5	9.7
Hewlett-Packard	787	24.2	657	22.9	19.7
Dell Inc.	330	10.2	326	11.4	1.2
ASUS	264	8.1	97	3.4	172.4
Toshiba	183	5.6	159	5.5	15.1
Others	884	27.2	897	31.3	-1.5
Total	**3250**	**100.0**	**2868**	**100.0**	**13.3**

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

Germany: Consumers Resisted Downturn with Nearly 35 Per Cent Growth in Consumer PC Market

PC shipments in Germany totalled 3.9 million units in the fourth quarter of 2008, an increase of 13.5 per cent compared with the same period in 2007 (see Table 4).

The overall market was driven by strong mobile PC sales that accounted for 66 per cent of total PC shipments. Volumes increased 36 per cent compared with the fourth quarter of 2007. Gartner estimates that in the fourth quarter of 2008 close to half a million mini-notebooks were shipped in Germany. That equals nearly one in five mobile PCs being a mini-notebook. In the desktop market, shipments declined 14 per cent year-on-year.

In the fourth quarter of 2008, HP reached the No. 1 position with growth in the professional space and in consumer mobile PCs. “This is a very good performance, especially considering that HP only joined the mini-notebook market at the end of the quarter,” said Meike Escherich, principal analyst at Gartner, based in the UK. “Demand for mobile PCs was still buoyant, and sales during the Christmas period were good, despite some inventory issues at the end of the third quarter of 2008."

A further volume decline of 17 per cent in 2008 meant that FSC held the No. 3 position behind HP and Acer. The transition phase after the "merger" with Fujitsu has lead to an inevitable concentration of internal issues like management and restructuring. FSC only managed to keep its leading position in the desktop market. Acer remained No. 1 in the mobile PC market, but HP narrowed the gap with 1.5 percentage points between the two vendors. Among the other vendors, ASUS and Samsung, ranked No. 6 and ranked No. 8 respectively exhibited strong performances, which saw them more than double their market shares in the mobile PC market.

Ms Escherich concluded: "Germany's economy has been deeply hit by a loss of confidence and increasingly difficult credit conditions. But German consumers resisted the downturn with demand for consumer PCs remaining buoyant in the fourth quarter of 2008 with nearly 35 per cent growth year-on-year. Nevertheless, 2009 is going to be hard for PC vendors, with flat to negative unit growth and substantial revenue declines."

Table 4
Germany 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	531	13.6	429	12.5	23.8
Acer	500	12.8	396	11.5	26.2
FSC	449	11.5	541	15.8	-16.9
Medion	320	8.2	281	8.2	13.8
Dell	319	8.2	280	8.2	14.1
Others	1,779	45.7	1,506	43.8	18.1
Total	**3,898**	**100.0**	**3,433**	**100.0**	**13.5**

Note: Data includes desk-based PCs and mobile PCs
Source: Gartner (Jan 2009)

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