Gartner

Press Release

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Gartner Says Worldwide PC Shipments Increased 2.3 Per Cent in Second Quarter of 2011

PC Market Is Still in a Period of Adjustment

STAMFORD, Conn., July 13, 2011 — Worldwide PC shipments surpassed 85.2 million units in the second quarter of 2011, a 2.3 per cent increase from the same period last year, according to preliminary results by Gartner, Inc. These results are below Gartner's earlier projection for 6.7 per cent growth.

"After strong growth in shipments of consumer PCs for four years, driven by strong demand for mini-notebooks and low-priced consumer notebooks, the market is shifting to modest, but steady growth, said Mikako Kitagawa, principal analyst at Gartner. “The slow overall growth indicates that the PC market is still in a period of adjustment, which began in the second half of 2010."

"Vendor's performances have become variable as they have had to deal with significant inventory buildup, changes to their product mix, and the fact that growth has been coming mostly from emerging markets. Vendors are having to shift resources away from mature consumer markets. They are also invested in developing media tablets, many of which launched in the first half of 2011."

HP continued to be the worldwide leader, as it accounted for 17.5 per cent of worldwide PC shipments in the second quarter of 2011 (see Table 1). The company performed better than average in most regions, but it was pulled down by its performance in Asia/Pacific. Globally, HP achieved solid growth in the professional PC market, but it continued to face challenges in the consumer segment.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2Q11 (Units)

Company	2Q11 Shipments	2Q11 Market Share (%)	2Q10 Shipments	2Q10 Market Share (%)	2Q10-2Q11 Growth (%)
HP	14,888,086	17.5	14,454,971	17.4	3.0
Dell	10,621,436	12.5	10,283,074	12.3	3.3
Lenovo	10,225,358	12.0	8,349,272	10.0	22.5
Acer	9,298,989	10.9	11,689,255	14.0	-20.4
Asus	4,467,611	5.2	4,306,241	5.2	3.7
Toshiba	4,411,400	5.2	4,497,576	5.4	-1.9
Others	31,306,987	36.7	29,732,493	35.7	5.3
Total	**85,219,865**	**100.0**	**83,312,882**	**100.0**	**2.3**

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 (July 2011)

Dell moved into second place in the worldwide PC market for the first time since the fourth quarter of 2008. Dell did well in Asia/Pacific, where it has invested heavily lately. Professional PC refreshments definitely boosted Dell's growth. Lenovo experienced the strongest growth among the top-tier vendors, as shipments increased 22.5 per cent. Lenovo achieved strong growth in Asia/Pacific, the US and Latin America with both desktop and mobile PCs.

Acer dropped from No. 2 to the No. 4 position in the worldwide PC market in the second quarter of 2011. Acer's problems stemmed from its low-price, high-volume business model, which is no longer effective.

In the US, PC shipments totalled 16.9 million units in the second quarter of 2011, a 5.6 per cent decline from the second quarter of 2010. The major inhibitor was clearly a weak consumer PC market.

"Given the hype around media tablets such as the iPad, retailers were very conservative in placing orders for PCs. Instead, they wanted to secure space for media tablets. Some PC vendors had to lower their inventory through promotions, while others slimmed their product lines at retailers," Ms Kitagawa said.

"The professional PC sector was the bright spot in the US market," Ms Kitagawa said. "Large organizations were in the middle of their refreshment purchase period, which started last year. Small and midsize businesses (SMBs) were also at the peak of their refreshment periods. Due to budgetary constraints, the public sector had a slow start in the second quarter of 2011, even though the second quarter is typically a period of high PC sales."

Based on preliminary results, Apple showed the strongest growth among the top-tier vendors in the US, as it climbed from fifth place to third, overtaking Acer and Toshiba (see Table 2). The preliminary findings show Apple's performance far exceed the industry average, partly driven by an iMac refreshment that attracted both consumers and buyers in the education sector.

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

Company	2Q11 Shipments	2Q11 Market Share (%)	2Q10 Shipments	2Q10 Market Share (%)	2Q11-2Q10 Growth (%)
HP	4,552,777	26.9	4,608,280	25.7	-1.2
Dell	3,821,759	22.6	4,236,303	23.6	-9.8
Apple	1,814,000	10.7	1,671,500	9.3	8.5
Toshiba	1,616,400	9.6	1,565,000	8.7	3.3
Acer	1,570,257	9.3	2,028,284	11.3	-22.6
Others	3,539,666	20.9	3,803,974	21.2	-6.9
Total	**16,914,859**	**100.0**	**17,913,341**	**100.0**	**-5.6**

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

PC shipments in EMEA totalled 23.1 million units in the second quarter of 2011, a 4.8 per cent decline from the second quarter of 2010 (see Table 3).

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

Company	2Q11 Shipments	2Q11 Market Share (%)	2Q10 Shipments	2Q10 Market Share (%)	2Q11-2Q10 Growth (%)
HP	4,930,934	21.4	4,757,512	19.6	3.6
Acer	3,255,000	14.1	5,001,106	20.6	-34.9
Dell	2,416,497	10.5	2,217,815	9.2	9.0
Asus	2,005,809	8.7	2,054,264	8.5	-2.4
Lenovo	1,333,857	5.8	1,299,758	5.4	2.6
Others	9,128,114	39.6	8,901,074	36.7	2.6

Total	23,070,211	100.0	24,231,529	100.0	-4.8

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

“For the second consecutive quarter the PC market in EMEA showed decline,” said Ranjit Atwal, research director at Gartner. “The PC market in the region remained weak due to slow consumer demand and lower sell-in with PC shipments. In addition, high inventory adjustments by Acer worsened the downside view of the market.

The impact of the Acer inventory clearance saw Acer shipments decline 34.9 per cent year-on-year, as some 3 million mobile PCs were cleared out of distribution. Acer’s weak performance contributed nearly 55 per cent to the decline of the EMEA PC market in the second half of 2011. “If we remove Acer, the EMEA PC market would have showed a 3 per cent growth year-on-year,” said Mr Atwal. “While this may be an impractical view of the market, it is important to separate supply issues of one vendor against the general trends in the market.”

Demand in the professional PC market has picked up as organisations released budgets to migrate aging PCs to Windows 7. Dell in particular seemed to benefit from this upturn in the professional market.

Acer and Asus were the only vendors of the top five vendors ranking to show decline in shipments and market share in the second quarter of 2011. HP retained the No. 1 spot with encouraging growth in the professional PC market. Lenovo’s takeover of Medion did not have any impact on the overall results this quarter but the professional market bolstered the vendor’s growth. Overall shipments of media tablets took place late this quarter and volumes remained low, minimising any impact of the media tablets for PC substitutions in the second quarter of 2011.

“There is no doubt that the continued weak consumer demand within Western Europe and economic issues in Southern Europe had some impact on consumer confidence across Western Europe,” said Mr Atwal. “The feedback from retail channels remained pessimistic, especially in most of Southern Europe, with only France and Germany reporting stronger end-of-quarter shipments as channels cleaned out inventory.” Overall growth in the Central and Eastern Europe and the Middle East and Africa markets could not compensate for the weak shipments in Western Europe.

In Asia/Pacific, PC shipments reached 30.5 million units in the second quarter of 2011, a 9.6 per cent increase from the same period last year. The PC market continued to grow moderately, cushioned from the volatility in other regions. However, individual market performances were mixed, with indications of channel inventory issues and delivery postponements in some Southeast Asian countries. India showed weaker-than-expected consumer demand, while China's PC market grew 10.9 per cent year-on-year. China's growth was attributed to the release of pent-up demand for consumer PCs.

The PC market in Latin America grew 15 per cent in the second quarter of 2011, as shipments totalled 9.2 million units. Concerns over Brazil's overheating economy are abating with news that the country's gross domestic product (GDP) for the first quarter of 2011 grew by 1.3 per cent. Inflation in May was down from the previous seven months. Able Brazilian PC vendors are trying to expand in response to increased foreign competition. Local vendors are looking to make up for lost growth in their home country by entering foreign markets where multinational PC vendors are unlikely to venture.

PC shipments in Japan grew 5.5 per cent in the second quarter of 2011, with shipments reaching 3.9 million units. The biggest contributor to growth in the professional market in the second quarter of 2011 was a supply-side factor. Many of the shipments in the second quarter had been postponed from March due to the earthquake and tsunami. In the consumer segment, demand for PCs to replace desktop PCs was the main driver of growth. All-in-one desktops and notebooks with large screens sold well at retail stores.

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

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