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Gartner Says Worldwide PC Shipment Growth Was Flat in Second Quarter of 2012

Ultrabooks Had Little Impact on Overall Shipments in the Quarter

STAMFORD, Conn., July 11, 2012 — Worldwide PC shipments totalled 87.5 million units in the second quarter of 2012, a decline of 0.1 per cent from the second quarter of 2011, according to preliminary results by Gartner, Inc.

"In the second quarter of 2012, the PC market suffered through its seventh consecutive quarter of flat to single-digit growth," said Mikako Kitagawa, principal analyst at Gartner. "Uncertainties in the economy in various regions, as well as consumer's low interest in PC purchases, were some of the key influencers of slow PC shipment growth. Despite the high expectations for the thin and light notebook segment, Ultrabooks, shipment volume was small and little impact on overall shipment growth."

"Consumers are less interested in spending on PCs as there are other technology product and services, such as the latest smartphones and media tablets that they are purchasing. This is more of a trend in the mature market as PCs are highly saturated in these markets," Ms Kitagawa said. "A big portion of R&D spending has been allocated to Ultrabook development, together with Intel's massive investments to establish the market segment. Though Ultrabook was at first introduced in the market in 2011, the major promotion kicked off toward the end of 2Q12 with the IvyBridge, based Ultrabook release. This segment is still in an early adopter's stage."

HP continued to be in the top position in worldwide PC shipments (see Table 1). It accounted for 14.9 per cent of the market, but its global shipments declined 12.1 per cent. Some of HP's disappointing results were due to internal issues from the organisational changes. HP's PC business has not been back to pre re-structuring level yet. The company also faced aggressive pricing from Lenovo in the professional market, and threats from companies such as ASUS and Samsung in the already crowded consumer markets.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2Q12 (Units)

Company	2Q12 Shipments	2Q12 Market Share (%)	2Q11 Shipments	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	13,036,548	14.9	14,838,734	16.9	-12.1
Lenovo	12,820,301	14.7	11,160,303	12.7	14.9
Acer Group	9,646,383	11.0	9,315,341	10.6	3.6
Dell	9,349,212	10.7	10,570,007	12.1	-11.5
ASUS	6,120,957	7.0	4,416,125	5.0	38.6
Others	36,495,872	41.7	37,256,607	42.6	-2.0
Total	**87,469,273**	**100.0**	**87,557,116**	**100.0**	**-0.1**

Note: Data includes desk-based PCs and mobile PCs, including mini-notebooks but not media tablets such as the iPad.
Source: Gartner (July 2012)

Lenovo' s shipment growth continued to exceed the worldwide average, significantly narrowing the market share gap with HP. Lenovo has been very aggressive to expand through a series of acquisitions, as well as aggressive pricing. Lenovo's aggressive expansion damaged its competitor's performance, namely HP and Dell, by taking shares from them. Lenovo showed significant growth in EMEA though there is growing concern of the inventory build toward the second half of 2012.

Acer managed to increase shipments compared to a year ago, and the company was able to clear its inventory issues, and prepare for the growth. Acer has been one of the first vendors to release Ultrabooks, and it will most likely lower the Ultrabook price faster than other vendors. Acer has been also very actively promoting its media tablet products.

Dell has been in a process of transforming itself from a PC supplier to solution provider for professional markets. Although Dell's focus was not to pursue the market share gain, Dell needs to maintain certain level of market share. Dell showed year on year shipment decline across all regions, but EMEA and Asia/Pacific were particularly challenging markets.

ASUS showed the strongest growth among the top five vendors worldwide, as its shipments increased 38.6 per cent in the second quarter of 2012. ASUS's strong growth came from EMEA and US markets. ASUS did well at diversifying the product portfolio: starting with mini-notebook expansion, then quickly moving to the mid- to high-end notebook market.

In the US, PC shipments totalled 15.9 million units in the second quarter of 2012, a 5.7 per cent decline from the same period last year. The slowdown in the US market was largely attributed to weak consumer spending on PCs. This reflects a combination of consumers' reduced interest in PCs, and vendors reduced willingness to sell PCs due to other products and services that consumers are interested. The major promotion of Ultrabooks could potentially change the market dynamics.

"Weakness in the US public market affected the professional segment despite the high PC procurement season in the second quarter," Ms Kitagawa said. "Both government and education institutions are encountering tight budget situations. Shipments to the public sector are expected to be lower than normal seasonality."

HP continued to lead the US PC market, as it accounted for 25 per cent of PC shipments in the second quarter of 2012. Among the top five vendors in the US PC market, all but Apple experienced a decline in shipments (see Table 2).

Table 2
Preliminary US PC Vendor Unit Shipment Estimates for 2Q12 (Units)

Company	2Q12 Shipments	2Q12 Market Share (%)	2Q11 Shipments	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	3,976,017	25.0	4,552,333	27.0	-12.7
Dell	3,458,736	21.7	3,821,759	22.6	-9.5
Apple	1,910,000	12.0	1,830,866	10.8	4.3
Acer Group	1,348,993	8.5	1,570,073	9.3	-14.1
Toshiba	1,302,000	8.2	1,616,400	9.6	-19.5
Others	3,911,343	24.6	3,483,421	20.6	12.3
Total	**15,907,088**	**100.0**	**16,874,852**	**100.0**	**-5.7**

Note: Data includes desk-based PCs and mobile PCs, including mini-notebooks but not media tablets such as the iPad.
Source: Gartner (July 2012)

From a regional perspective, EMEA, Asia/Pacific and Japan registered low single digit-growth while all Americas markets posted year-on-year shipment declines.

PC shipments in EMEA totalled 25.1 million units in the second quarter of 2012, a 1.9 per cent increase from the same period last year. Western Europe saw very weak demand across all countries but especially Southern Europe. Consumer willingness to spend on PCs was furthered hindered by the growing eurozone economic crisis. Retailers again took a risk adverse approach but distributors may well have greater levels of inventory. This will hinder future growth of markets as Windows 8 and more Ultramobile notebooks arrive in the second half of 2012.

The Asia/Pacific PC market grew 2 per cent, as shipments reached 31.8 million units. The weak US and European economic situation, coupled with the slowing economy in China, affected the region's market sentiments where people reacted by scaling back on spending due to the uncertainties. There was the tightening of budgets in the professional segment, as well as a lack in new government initiatives to stimulate IT purchasing activities. Consumers either spent on alternative devices or remained cautious on discretionary spending.

In Latin America, PC shipments in the second quarter of 2012 totalled 9.3 million units, a decline of 1.7 per cent from the second quarter of last year. PC shipments in Japan grew 2 per cent in the second quarter of 2012, as shipments surpassed 3.9 million units.

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

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