Gartner

Press Release

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Gartner Says Worldwide PC Shipments in First Quarter of 2011 Suffer First Year-Over-Year Decline in Six Quarters

Hype for Media Tablets Slows Consumer PC Demand

STAMFORD, Conn., April 13, 2011 — Worldwide PC shipments totalled 84.3 million units in the first quarter of 2011, a 1.1 per cent decline from the first quarter of 2010, according to preliminary results Gartner, Inc. Although the first quarter is traditionally a slow one for PC sales, these shipment results indicate potential sluggishness, not just a normal seasonal slowdown. These figures are below Gartner's earlier forecast for 3 per cent growth in the first quarter of 2011.

"Weak demand for consumer PCs was the biggest inhibitor of growth," said Mikako Kitagawa, principal analyst at Gartner. "Low prices for consumer PCs, which had long stimulated growth, no longer attracted buyers. Instead, consumers turned their attention to media tablets and other consumer electronics. With the launch of the iPad 2 in February, more consumers either switched to buying an alternative device, or simply held back from buying PCs. We're investigating whether this trend is likely to have a long-term effect on the PC market."

Steady growth in the professional PC sector, driven by the replacement cycle, was a bright spot for the global PC market. Without the professional segment growth, the PC market could have experienced one of the worst declines in its recent history. Replacement sales will generally continue into late 2011 or the start of 2012, with some variations between different regions and market segments.

HP performed below the worldwide average, but maintained the No. 1 position, accounting for 17.6 per cent of worldwide PC shipments in the first quarter of 2011 (see Table 1). HP was impacted by weak consumer PC demand, as well as growing issues in Asia/Pacific. Acer continued to face challenges as the mini-notebook market was impacted by media tablets, and its shipments declined 12.2 per cent.

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

Company	1Q11 Shipments	1Q11 Market Share (%)	1Q10 Shipments	1Q11 Market Share (%)	1Q11-1Q10 Growth (%)
HP	14,797,299	17.6	15,312,468	18.0	-3.4
Acer Group	10,893,793	12.9	12,412,859	14.6	-12.2
Dell	9,984,370	11.9	10,210,766	12.0	-2.2
Lenovo	8,137,904	9.7	6,976,683	8.2	16.6
Toshiba	4,821,600	5.7	4,580,746	5.4	5.3
Others	35,615,953	42.3	35,686,995	41.9	-0.2
Total	**84,250,918**	**100.0**	**85,180,518**	**100.0**	**-1.1**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablet such as the iPad.
Source: Gartner (April 2011)

In the first quarter of 2011, Dell experienced a shipment decline year-over-year for the first time in six quarters. Dell underperformed in the US, Europe, the Middle East and Africa (EMEA) and Latin America, but it achieved strong growth in Asia/Pacific. Lenovo experienced the strongest growth among the top five vendors (16.6 per cent) as it continued to price its products very competitively in both the consumer and professional sectors. It achieved strong growth across all regions.

In the US, PC shipments totalled 16.1 million units in the first quarter of 2011, a 6.1 per cent decline from the first quarter of 2010. "As with the worldwide market, the US PC market was affected by the hype surrounding media tablets. This was the third consecutive quarter of mobile PC shipment declines in the US," Ms Kitagawa said. "The US professional PC market showed steady growth across all sectors. However, the public sector showed more than the normal seasonal weakness due to budgetary issues."

HP continued to lead the US market with its market share increasing to 26.2 per cent, despite a shipment decline of 3.5 per cent in the first quarter (see Table 2). While HP struggled in the consumer PC market, it also encountered tough price competition in the professional segment, especially in the midmarket.

Dell faced tough competition in both the US consumer and professional markets. The challenge for Dell arose in the midmarket, where more vendors tried to squeeze in to benefit from professional PC refresh cycles. Apple maintained strong shipment growth, even after the holiday season. The MacBook Pro refresh at the end of February accelerated already strong Mac growth.

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

Company	1Q11 Shipments	1Q11 Market Share (%)	1Q10 Shipments	1Q10 Market Share (%)	1Q11-1Q10 Growth (%)
HP	4,214,271	26.2	4,366,543	25.5	-3.5
Dell	3,587,715	22.3	4,080,473	23.8	-12.1
Acer Group	1,828,477	11.3	2,435,084	14.2	-24.9
Toshiba	1,669,700	10.4	1,506,074	8.8	10.9
Apple	1,491,125	9.3	1,254,100	7.3	18.9
Others	3,321,076	20.6	3,514,063	20.5	-5.5
Total	**16,112,364**	**100.0**	**17,156,338**	**100.0**	**-6.1**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks, but not media tablet such as the iPad.
Source: Gartner (April 2010)

PC shipments in EMEA totalled 26.1 million units in the first quarter of 2011, a 2.8 per cent decline from the first quarter of 2010 (see Table 3).

Table 3
Preliminary EMEA PC Vendor Unit Shipment Estimates for 1Q11 (Thousands of Units)

Company	1Q11 Shipments	1Q11 Market Share (%)	1Q10 Shipments	1Q10 Market Share (%)	1Q11-1Q10 Growth (%)
Hewlett-Packard	5,019	19.2	5,532	20.6	-9.3
Acer Group	4,939	18.9	5,557	20.7	-11.1
Dell	2,318	8.9	2,500	9.3	-7.3
ASUS	1,950	7.5	2,186	8.1	-10.8
Lenovo	1,325	5.1	1,236	4.6	7.2
Others	10,567	40.5	9,856	36.7	7.2
Total	**26,119**	**100.0**	**26,867**	**100.0**	**-2.8**

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablet such as the iPad.
Source: Gartner (April 2011)

“The PC market in EMEA had not exhibited decline since the third quarter of 2009 when the market declined 8.9 per cent,” said Ranjit Atwal, research director at Gartner. “The excess inventory accumulated at the end of the fourth quarter of 2010 was reduced slowly, especially as some of the delayed Sandy Bridge products entered the market in March. The seasonal trend was also weaker than expected, indicating that the downward trend seen at the end of 2010 continued into the first quarter of 2011."

Western Europe remained the main weakness in EMEA, as consumers continue to both hold back disposable spend on PCs, or spend it on other devices like media tablets, especially after the launch of iPad2.

The Middle East and Africa (MEA) market was a little weaker than expected as the growing unrest in North Africa caused some caution among business and consumers when purchasing PCs. Overall the MEA and Central and Eastern Europe (CEE) markets showed strong growth, highlighting the growing divergence in growth trends between the mature and emerging PC markets in EMEA.

"Demand in the professional PC market held back this quarter as the weak economic environment continues to discourage PC spending," said Meike Escherich, principal analyst at Gartner.

All of the top five vendors apart from Lenovo exhibited a decline year-on-year below the market average. Lenovo did particularly well in the first quarter of 2011 because of more aggressive pricing tactics. HP regained the No. 1 position in EMEA from Acer, largely due to HP picking up tactical deals as Acer declined rapidly.

In Asia/Pacific, PC shipments surpassed 28.2 million units in the first quarter of 2011, a 4.1 per cent increase from the first quarter of 2010. PC purchases by consumers remained weak, especially in China and Taiwan. PCs were not high on consumers' shopping lists during the Chinese New Year holiday. In India, consumers were distracted by the Cricket World Cup. They also preferred to upgrade or purchase new TVs or other home electronics.

The PC market in Lain America grew 5.4 per cent in the first quarter of 2011, as shipments totalled 8.1 million units. Brazil accounted for over 40 per cent of Latin America's PC shipments. As PC vendors' interest in Brazil grows, so does competition. Local PC vendors are particularly vulnerable, as their strength lies in the production of desk-based PCs. Multinational vendors are making inroads by selling less-expensive mobile PCs.

PC shipments in Japan declined 13.1 per cent in the first quarter of 2011, with shipments reaching 4 million units. The earthquake and tsunami on March 11 reduced PC shipments, and Gartner analysts are still investigating the scale of the impact on the market in first quarter. The impact of the disaster was most evident in the professional PC market, where the second half of March is the year's busiest procurement period.

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

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