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PC Market Will Slow As Financial Turmoil Spreads, According to IDC

FRAMINGHAM, Mass., December 3, 2008 – As the economic crisis continues to evolve – constraining GDP, Consumer and Commercial confidence, capital and credit availability, and creating other challenges – demand for Personal Computers is expected to slow quickly. Worldwide PC shipments are expected to grow just 3.8% in 2009 with shipment value falling by 5.3%. This is considerably slower than second quarter projections of 13.7% growth in units and 4.5% in shipment value. The outlook for full year 2008 and 2010 have each been lowered a couple percent to 12.4% and 10.9%, respectively, with growth above 12% for 2011 and 2012.

Emerging markets in Latin America, Central Europe, the Middle East and Africa are among the most significantly affected in the short term. Falling commodity prices, a rising dollar, and restricted credit have had a dramatic affect on Consumer and distribution channel financing. These regions had been among the fastest growing markets over the past several years as falling prices helped new users acquire systems. Now Latin America and Central/Eastern Europe are expecting volume to fall through the third quarter of 2009. Volume will continue to expand in the Middle East and Africa, but at a slower pace than in recent years.

More mature regions are also expecting slower growth. Although the credit crunch will have a significant impact on spending in these regions too, a larger portion of the market will be able to weather the storm. Volume growth in these regions has been lowered by 4 to 9% for 2009. Shipments in the United States are expected to decline by almost 3% in 2009 with low single-digit increases in subsequent years. Japan and Canada will see low single-digit growth for a couple years as well. Western Europe has been slower to feel the credit crunch, and low cost Notebooks remain a huge driver, so growth is expected to continue at 6%, although this is well below growth of more than 20% in 2008. Asia Pacific excluding Japan (APeJ) is also affected, although growth is not slowing as fast as in other emerging regions, and total growth remains above the mature regions. Shipments in APeJ are expected to increase by 7% in 2009 and by 18-20% in subsequent years, making APeJ as the fastest growing region throughout the forecast.

“Portable PC adoption, falling prices, and system replacements remain the key drivers,” said Loren Loverde, director of IDC’s Worldwide Quarterly PC Tracker. “Low-cost Mini Notebooks will help volume but pressure margins and revenues. Consumer and Commercial segments will be much more conservative in their purchases over the coming year or two, and while low prices will remain essential, they will not drive volumes as they did the past few years.”

"Declining shipment growth in the consumer market along with the relatively stagnant commercial market will lead to fewer opportunities and more intense competition in the U.S. PC market," said Richard Shim, Personal Computing research manager. "Consolidation is expected as PC makers tough out the competitive climate amid lower than expected volumes and thinner margins."

PC Shipments By Region And Form Factor (in Millions), 2007-2012

Region	Form Factor	2007	2008*	2009*	2010*	2011*	2012*
USA	Desktop & x86 Server	37.0	34.4	30.1	27.7	26.0	24.3
	Portables	30.0	34.7	37.0	41.0	45.7	50.8
	Total	67.0	69.1	67.1	68.7	71.7	75.0

International	Desktop & x86 Server	124.1	122.0	115.8	119.4	125.3	132.3
	Portables	78.0	111.2	131.0	159.8	194.8	235.0
	Total	202.0	233.2	246.8	279.3	320.1	367.3
Worldwide	Desktop & x86 Server	161.1	156.4	145.8	147.2	151.3	156.6
	Portables	108.0	145.9	168.0	200.8	240.5	285.7
	Total	269.1	302.3	313.9	348.0	391.9	442.3

* Forecast data
Source: IDC Worldwide Quarterly PC Tracker, December 2008

PC Shipment Growth By Region And Form Factor, 2007-2012

Region	Form Factor	2007	2008*	2009*	2010*	2011*	2012*
USA	Desktop & x86 Server	-2.8%	-7.0%	-12.6%	-7.8%	-6.2%	-6.8%
	Portables	23.6%	15.6%	6.7%	10.7%	11.5%	11.1%
	Total	7.5%	3.1%	-2.9%	2.4%	4.4%	4.6%
International	Desktop & x86 Server	7.7%	-1.7%	-5.1%	3.2%	4.9%	5.6%
	Portables	38.5%	42.6%	17.8%	22.0%	21.9%	20.6%
	Total	17.8%	15.4%	5.8%	13.2%	14.6%	14.7%
Worldwide	Desktop & x86 Server	5.1%	-2.9%	-6.7%	0.9%	2.8%	3.5%
	Portables	34.0%	35.1%	15.2%	19.5%	19.8%	18.8%
	Total	15.1%	12.4%	3.8%	10.9%	12.6%	12.9%

* Forecast data
Source: IDC Worldwide Quarterly PC Tracker, December 2008

Taxonomy Note: PCs include Desktop, Notebook, Ultra Portable, and x86 Server and do not include handhelds.

IDC's Worldwide Quarterly PC Tracker gathers PC market data in 55 countries by vendor, form factor, brand, processor brand and speed, sales channel and user segment. The research includes historical and forecast trend analysis as well as price band and installed base data.

For more information, or to subscribe to the research, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

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