

Worldwide PC Shipments Fall for Only Second Time in History

Leslie Fiering, Charles Smulders, Mark A. Margevicius

Gartner research reveals a decline in worldwide PC shipments during the fourth quarter of 2001, and for the full year. A return to growth will likely occur in the latter part of 2002.

NEWS ANALYSIS

Event

On 17, January 2001, Gartner released a preliminary estimate of worldwide PC market shipments during the fourth quarter of 2001.

Analysis

For just the second time in the history of the PC market, year-end shipment totals show the worldwide and U.S. PC industries experienced a decline in shipments. Worldwide PC shipments totaled 128 million units in 2001, a 4.6 percent decline from 2000. PC shipments in the United States reached 44 million units, an 11.1 percent decline from 2000. The PC industry has not experienced such a difficult year since 1985 when worldwide PC shipments declined 2.3 percent, and U.S. PC shipments dropped 21.8 percent.

Economic conditions combined with saturation in developed markets continue to hurt PC market growth rates. Preliminary indications reveal no return to buying in the Fortune 500 market but a slightly better than expected performance in the consumer market. The mismatch in supply and demand has resulted in falling average selling prices, increasing margin pressure and a reduction in industry head count as vendors bring operating expenses in line with the new business environment. Dell Computer led the price reductions in the first quarter of 2001, leaving its competitors faced with the choice of following its lead or facing major share losses.

All of the top-tier vendors experienced double-digit declines worldwide in 2001, except for Dell, which grew 18.3 percent and moved past Compaq Computer as the top vendor based on shipments. In the U.S. PC market, Dell's market share increased to 24.5 percent. Even with the proposed merger of Compaq Computer and Hewlett-Packard (HP), Dell would still rank first based on shipments since Compaq and HP accounted for 22.5 percent of U.S. PC shipments in 2001.

Gartner expects that five out of the eight regional markets will show a year-over-year decline in the fourth quarter of 2001. Those regions are the United States, Western Europe, Japan, Canada and Latin America. Asia/Pacific, Central and Eastern Europe. The Middle East and Africa will likely show modest growth. Worldwide PC shipments will likely decline 4 percent in the first quarter of 2002, but finish the year with a growth rate of 4 percent. Gartner does not expect a significant upturn in growth until the fourth quarter of 2002.

Analytical Sources: Leslie Firing and Charles Smulders, Hardware Platforms Worldwide, and Mark Margevicius, End-User Computing

Need to Know: Reference Material and Recommended Reading

- - "U.S. and Worldwide PC Markets Continue to Contract in 4Q01" (HARD-WW-DA-0038) More details on to the 4Q01 preliminary results discussed above. **By Charles Smulders, Mikako Kitagawa, Luis Anavitarte, Brian Gammage, Kanae Maita, Lillian Tay**
 - "U.S. and Worldwide PC Markets Contract Sharply in 3Q01" (HARD-WW-DA-0027) Comprehensive coverage of worldwide PC market activity during the third quarter of 2001. **By Charles Smulders, Mikako Kitagawa, Luis Anavitarte, Brian Gammage, Kanae Maita, Lillian Tay**

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REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Level 7, 40 Miller Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Latin America Headquarters
Av. das Nações Unidas 12.551
9 andar—WTC
04578-903 São Paulo SP
BRAZIL
+55 11 3443 1509