The 2007 Asia/Pacific PC Market Is Off To A Good Start with 18% Year-on-Year Growth in the First Quarter, Reports IDC

Singapore and Hong Kong, April 20, 2007 – IDC's preliminary results show that the Asia/Pacific (excluding Japan) PC market totaled 12.7 million units in the first quarter of 2007, representing a 2% sequential decline and an 18% year-on-year growth. Total 1Q07 shipments for the region came in 3% higher than IDC’s initial forecasts. The seasonal decline was expected due to the Lunar New Year holidays across the region in February.

"As expected, the launch of Windows Vista did not necessarily create any major inflection point in the growth of the PC market. But we’re still looking at a rather healthy momentum in the region, especially with notebooks fueling the fire,” said Bryan Ma, Director of Asia/Pacific Personal Systems Research at IDC. "Smaller emerging markets in the region represent pockets of opportunity too. The aggregate of the , , and Bangladesh PC markets is expected to grow about 20% this year off a 2006 base of just under one million units."

There were no changes to the Top 3 PC vendor rankings in 1Q07. In first place, Lenovo's shipments fell quarter-on-quarter as demand fell seasonally in the market. However, on a year-on-year basis, its market share managed to expand slightly. In second place, HP's robust notebook shipments continued to support its strong year-on-year growth. Dell's market share remained steady in 1Q07 and it held onto the third position. Finally, Acer swapped places with Founder to come in fourth place in 1Q07. As Founder's PCs were sold only to the market, it was more affected by the Lunar New Year slowdown during the quarter. But Acer's slide in the market was offset by its strong growth in Southeast Asia.

Country Highlights

China’s PC market fell quarter-on-quarter as expected, given the slowdown that normally occurs during the Lunar New Year holidays. But year-on-year growth remained positive, thanks to the maturing retail market in the North and East China sub-regions. Government IT spending for the vocational schools also continued to support the market. In , the long-awaited central purchasing contract from the government helped drive PC spending for the quarter. Demand from SMBs also picked up in March, as the first quarter period also marked the financial year-end for most businesses there. Meanwhile, ’s PC market was supported by strong demand from the education segment.

IT spending in was strongly driven by the new government purchases, thanks to the new budget for the year. However, businesses there still kept a tight rein on IT spending in 1Q07 as profit concerns arose from the stronger Won and higher costs of raw materials. ’s PC market met with seasonally weaker consumer demand due to the long holidays as well as a smaller IT show during the quarter.

"In , the March IT Show proved successful as shoppers looked to spend their year-end bonuses. Competition was rife, and vendors slashed their prices earlier than usual to clear stock. Although consumers were open to the new Vista OS, commercial buyers were understandably reluctant to migrate as yet, and clamored for the remaining XP-based systems," said Reuben Tan, Research Manager of Asia/Pacific Personal Systems Research at IDC. "The polytechnic student purchasing schemes for the next quarter also started to roll out in March, which helped the overall market in 1Q07 to grow by 26% year-on-year, despite sales in February being slower than expected."

Kathy Sin, Research Manager of Asia/Pacific Personal Systems Research at IDC, said, “In Hong Kong, government IT spending peaked late in the quarter due to the financial year-end period, but this was not enough to offset the usual holiday slowdown in the retail PC market. However, year-on-year growth for 1Q07 was positive at 1% backed by the territory's bright economic outlook during the quarter.”

Table 1

Asia/Pacific (ex.) PC Shipments by Vendor, 1Q07 (Preliminary)

Rank

Vendor

1Q 2007 Market Share

4Q 2006 Market Share

1Q 2006 Market Share

Year-on-Year Unit Growth

1

Lenovo

17.8%

21.5%

16.8%

24.3%

2

HP

15.4%

13.2%

12.5%

44.9%

3

Dell

8.1%

8.4%

8.5%

12.8%

4

Acer

6.5%

6.1%

6.8%

12.0%

5

Founder

5.6%

6.5%

5.5%

19.3%

Others

46.5%

44.3%

49.8%

9.9%

Total

100.0%

100.0%

100.0%

17.6%

Source: IDC, April 2007

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