

Amid Market Consolidation, the Top Four PC Vendors Accounted for 64 Percent of Shipments in 2017

Worldwide PC shipments totaled 71.6 million units in the fourth quarter of 2017, a 2 percent decline from the fourth quarter of 2016, according to preliminary results by Gartner, Inc. For the year, 2017 PC shipments surpassed 262.5 million units, a 2.8 percent decline from 2016. It was the 13th consecutive quarter of declining global PC shipments, as well as the sixth year of annual declines. However, Gartner analysts said there were some signs for optimism. "In the fourth quarter of 2017, there was PC shipment growth in Asia/Pacific, Japan and Latin America. There was only a moderate shipment decline in EMEA," said Mikako Kitagawa, principal analyst at Gartner. "However, the U.S. market saw a steep decline, which offset the generally positive results in other regions. "The fourth quarter results confirmed again that PCs are no longer popular holiday gift items. This does not mean that PCs will disappear from households," Kitagawa said. "Rather, the PC will become a more specialized, purpose-driven device. PC buyers will look for quality and functionality rather than looking for the lowest price, which will increase PC average selling prices (ASPs) and improve profitability in the long run. However, until this point is reached, the market will have to go through the shrinking phase caused by fewer PC users."

HP Inc. moved into the No. 1 position in the fourth quarter of 2017, as its shipments grew 6.6 percent, and its market share totaled 22.5 percent (see Table 1). The company showed year-over-year growth in all regions, including the challenging U.S. market. For the fourth consecutive quarter, Lenovo experienced a decline in shipments. Lenovo had moderate growth in EMEA and Asia/Pacific, but shipments declined in North America. Table 1 Preliminary Worldwide PC Vendor Unit Shipment Estimates for 4Q17 (Thousands of Units)

Company	4Q17 Shipments	4Q17 Market Share (%)	4Q17-4Q16 Growth (%)
HP Inc.	16,076	22.5	6.6
Lenovo	15,084	20.7	-2.2
Dell	10,841	15.2	0.7
Apple	5,449	7.6	1.4
Asus	4,731	6.6	-5.4
Acer Group	4,726	6.6	-11.3
Others	13,990	19.6	-10.3
Total	71,556	100.0	-2.0

Notes: Data includes desk-based PCs, notebook PCs and ultramobile premiums (such as Microsoft Surface), but not Chromebooks or iPads. All data is estimated based on a preliminary study. Final estimates will be subject to change. The statistics are based on shipments selling into channels. Source: Gartner (January 2018) Dell's shipments grew slightly in the fourth quarter of 2017. Dell did well in EMEA, Asia/Pacific and Latin America, but it had weak results in North America. Generally, Dell has put a higher priority on profitability over market share. Regional Breakdown In the U.S., PC shipments surpassed 15.2 million units in the fourth quarter of 2017, an 8 percent decline from the fourth quarter of 2016. Four of the top five vendors experienced a decline in U.S. PC shipments in the fourth quarter of 2017. HP Inc. was the only vendor to increase shipments in the quarter. The decline was attributed to weak consumer demand despite holiday season sales. PC shipments in EMEA totaled 21.8 million units in the fourth quarter of 2017, a 1.4 percent decline year over year. PC demand in the U.K. was still ailing and unit shipments into Germany were weaker than expected. PC revenue is expected to be up year over year in Western Europe. The rise in ASPs is due to currency fluctuations, the need for vendors to offset rising component costs, and a product-mix shift toward higher-value items, such as gaming systems and high-performing notebooks. The Asia/Pacific PC market totaled 25 million units in the fourth quarter of 2017, a 0.6 percent increase from the fourth quarter of 2016. The consumer market stabilized with fourth-quarter online promotions in many countries, which drove demand for gaming PCs and thin and light notebooks. China experienced its first positive PC shipment growth since the first quarter of 2012. The success of the 11.11 shopping festival and the continuing demand for PCs in the commercial market drove the China PC market to 1.1 percent growth in the quarter. PC Market Consolidation in 2017 For the year, worldwide PC shipments totaled 262.5 million units in 2017, a 2.8 percent decrease from 2016 (see Table 3). As the PC industry continues to consolidate, the top four vendors in 2017 accounted for 64 percent of global PC shipments. In 2011, the top four vendors accounted for 45 percent of PC shipments. "The top vendors have taken advantage of their volume operations to lower production costs, pushing small to midsize vendors out of the market," Kitagawa said. Table 2 Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2017 (Thousands of Units)

Company	2017 Shipments	2017 Market Share (%)	2016 Shipments	2016 Market Share (%)	2017-2016 Growth (%)
HP Inc.	55,162	21.0	52,734	19.5	4.6
Lenovo	54,714	20.8	55,951	20.7	-2.2
Dell	39,871	15.2	39,421	14.6	1.1
Apple	19,299	7.4	18,546	6.9	4.1
Asus	17,967	6.8	20,496	7.6	-12.3
Acer Group	17,088	6.5	18,274	6.8	-6.5
Others	58,435	22.3	64,683	23.9	-9.7
Total	262,537	100.0	270,106	100.0	-2.8

Notes: Data includes desk-based PCs, notebook PCs and ultramobile premiums (such as Microsoft Surface), but not Chromebooks or iPads. All data is estimated based on a preliminary study. Final estimates will be subject to change. The statistics are based on shipments selling into channels. Source: Gartner (January 2018) 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.

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