

# PCs sales in 2010: Tale of the Tablet

January 13 2011, By JORDAN ROBERTSON , AP Technology Writer

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(AP) -- The story of the personal computer industry in the second half of 2010 could well be called "The Tale of the Tablet."

New data from market research firms Gartner Inc. and IDC released Wednesday offered more evidence that Apple Inc.'s iPad, which has essentially created the tablet market, is having a serious effect on PC sales.

Shipments of new PCs in the fourth quarter rose but not as strongly as either Gartner or IDC expected. Both blamed weak consumer demand, particularly in the U.S., and the iPad's influence, as it forced consumers to think twice about what type of device they'd like to buy.

Some 92 million PCs were shipped during the quarter, according to IDC. Gartner put the number at more than 93 million. The companies measure the market in different ways. The increases over last year, 2.7 percent by IDC's method, and 3.1 percent by Gartner's, were below each firm's prior estimates.

Total PC shipments in 2010 reached 346.2 million, a 13.6 percent increase, according to IDC, and 350.9 million units, according to Gartner.

While the iPad has energized the PC industry, it has also created a threat for the old guard of PC makers and their suppliers, which are scrambling to get in on the action. More than 7 million iPads were sold in the device's first six months on sale.

The threat to the PC industry is that people might buy fewer PCs, and buy tablets instead. Gartner and IDC emphasized that the extent to which that is happening still isn't known, but said the rise of tablets will create hard decisions for people about how to allocate their technology dollars.

What's also unclear is whether the trajectory of tablets' sales will follow what's happened with so-called "netbooks" - inexpensive, mini-PCs used mostly for surfing the Internet. Spurred by marketing pushes by PC makers and [Intel Corp.](#), the world's biggest PC processor maker, netbooks helped buoy the PC industry during the depth of the [recession](#), as people sought bargains.

But expectations for those devices have come down. Some argue that the iPad has shown that tablets can be easier to use and perform better than stripped-down laptops. PC companies argue that new generations of chips with better graphics and other features will improve netbooks' performance.

David Daoud, an analyst with IDC, said the U.S. market was expected to shrink year-over-year last quarter given a strong fourth quarter in 2009.

"Growth has been steadily slowing throughout the year as weakening demand and competition from the Apple iPad constrain [PC shipments](#)," Daoud said in a statement. "This situation is likely to persist in 2011, if not get worse as a wave of media tablets could put a dent on the traditional PC market."

IDC cited "consumer fatigue" and people watching their budgets more closely as reasons for dampened interest in netbooks. It added that the industry has more to worry about than tablets: Softening demand in Asia and the potential for ripple effects in other regions represents "the biggest potential shift in PC growth" this year, said Jay Chou, another IDC analyst.

Both firms noted that PC sales to corporations were strong, as companies replace old machines.

"Overall, holiday PC sales were weak in many key regions due to the intensifying competition in consumer spending," Gartner analyst Mikako Kitagawa said. "Media tablets, such as the [iPad](#), as well as other consumer electronic devices, such as game consoles, all competed against PCs."

"The bright side of the PC market during the fourth quarter of 2010 was a steady growth in the professional market driven by replacement purchases," Kitagawa added. "For all 2010, the results indicate the PC market recovered from the recession, as it returned to double-digit growth, compared to low single-digit growth in 2009. However, the PC market will face challenges going forward with more intensified competition among consumer spending."

IDC had the top three PC makers in the quarter as Hewlett-Packard Co., Dell Inc. and Acer Inc. Gartner had them as HP, Acer and Dell.

Wall Street will get more insight into the PC industry's trends in the when Intel reports its fourth quarter numbers Thursday afternoon. Intel CEO Paul Otellini has said repeatedly that the PC industry is robust and growing, with more than 1 million PCs now being sold every day.

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