

Gartner sharply lowers 2011 PC growth forecast

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Technology research firm Gartner has sharply lowered its forecast for personal computer sales growth for 2011, citing the weak economy and the impact of tablet computers.

Gartner said it expected worldwide PC shipments of 352 million units this year, an increase of 3.8 percent over 2010 but a reduction from the previous projection of 9.3 percent growth.

Gartner also lowered its growth forecast for next year.

It said it expected PC sales of 404 million units in 2012, a 10.9 percent increase from 2011 but lower than the previous forecast of 12.8 percent growth.

Gartner does not include <u>tablet computers</u> such as Apple's hot-selling <u>iPad</u> in its PC sales figures.

Gartner said the lower outlook for 2011 is largely due to downgraded forecasts for Western Europe and the United States in the second half of the year.

"Western Europe is not only struggling through excess PC inventory, but economic upheaval as well," said <u>Gartner research</u> director Ranjit Atwal.

"US consumer PC shipments were much weaker than expected in the second quarter, and indications are that back-to-school PC sales are



disappointing," Atwal said. "An increasing pessimistic economic outlook is causing both consumer and business sentiment to deteriorate in both regions.

"We're expecting consumer spending to tighten in response," Atwal said. "Business spending will also tighten, but less than the consumer space."

Gartner research director George Shiffler said tablet computers have "dramatically changed the dynamic of the PC market."

Hewlett-Packard's decision to "rethink its PC strategy simply highlights the pressure that <u>PC vendors</u> are under to adapt to the new dynamic or abandon the market," Shiffler said.

"Vendors' tried and true <u>business models</u> are failing as traditional PC functionality is extended to other devices, and users continue to lengthen PC lifetimes," he said.

HP, the world's top <u>personal computer maker</u>, said last month that it was exploring a spinoff of its PC unit in a historic shift away from the consumer market.

Announcing the move, HP chief executive Leo Apotheker said "consumers are changing their use of the PC."

"The tablet effect is real," he said.

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