

PC sales fall by 6 pct to 11 pct in US during 2Q

July 12 2012, by MICHAEL LIEDTKE

(AP) — U.S. personal computer sales sagged during the spring as shifting technology trends, upcoming product releases and a shaky economy dampened demand for the machines currently on the market.

The second-quarter decline in the U.S. ranged from 6 percent to 11 percent compared with the same time last year, according to separate reports released Wednesday by Gartner Inc. and International Data Corp. Gartner came up with the lower of the two figures in the research firms' quarterly look at shipments of desktop and laptop computers.

Worldwide PC shipments held up better during the quarter, dipping by just 0.1 percent from last year.

This marks the seventh consecutive quarter in which global PC shipments have either decreased or edged up only slightly from the previous year, according to Gartner's calculations.

Hewlett-Packard Co. and Dell Inc., the biggest PC makers in the U.S. market, suffered the steepest drops during the three months spanning from April through June.

HP's second-quarter shipments in the U.S. fell by 12 percent or 13 percent, according to the reports, while Dell's sales in the country decreased by about 9 percent.

The slump represents another setback for HP, a Silicon Valley pioneer

that has been struggling to boost its profits during the past two years. At one point last year, HP considered selling or spinning off its PC business, but that idea was abandoned after the company hired Meg Whitman as its CEO nearly 10 months ago. Since her arrival, Whitman has drawn up plans to eliminate 27,000 jobs during the next three years to save up to \$3.5 billion annually.

Dell also is planning to trim more than \$2 billion from its annual expenses as it adjusts to the upheaval in the PC market.

Consumers and businesses have been buying fewer PCs during the past two years amid the growing popularity of smartphones and tablet computers such as Apple Inc.'s iPad. The iPad's success has spurred Apple's rivals to copy the concept, causing some analysts to predict that tablet computer sales will surpass PC sales within the next few years.

PC makers have tried to adapt by releasing sleeker laptops known as "ultrabooks," but IDC said many of those devices remain too expensive for many households at time of high unemployment and persistent fears of another economic downturn.

The interest in ultrabooks also has been tempered by the buildup for the next version of the Windows operating system that runs most PCs. Windows maker Microsoft Corp. has redesigned the software so applications are now spread across a mosaic of tiles and engineered the system so it can run on touch-based tablets as well as PCs controlled by keyboards and mice. PCs and tablets running on Windows 8 won't go on sale until October, causing some prospective PC buyers to hold off until they can see what kind of new devices and applications the new operating system inspires.

The Windows 8 anticipation will probably hurt PC sales in the current quarter ending in September, too, according to David Daoud, IDC's

research director.

Even when Windows 8 hits the market, PC makers will face a new competitive threat from their longtime partner, Microsoft. The world's largest software maker last month announced plans to sell its own tablet computer, called the Surface, to battle the iPad.

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