

PC sales declined—again—in first quarter

April 9 2015, by Brandon Bailey

Weak demand for desktop computers caused PC sales to plunge again in the first quarter of this year, reflecting the industry's ongoing struggles with the shift to smartphones, tablets and other mobile gadgets.

One big reason for the decline was businesses buying fewer desktop computers, according to the Gartner research firm. It noted companies have mostly finished replacing older PCs that used outdated Windows XP software.

PC sales may get a boost later this year when Microsoft Corp. releases its next version of Windows, analysts said, but they're still expecting an overall decline in sales for this year.

One bright spot identified by Gartner was an increase in sales of laptop computers and hybrid models that combine features of tablets and laptops. That could help drive a gradual return to growth by next year, said Gartner analyst Mikako Kitagawa.

Gartner estimates PC makers shipped 71.7 million computers in the first quarter, down 5.2 percent from a year earlier. A second research firm, the International Data Corp., used different methods to estimate a decline of 6.7 percent.

By IDC's count, PC makers shipped 68.5 million PCs in the quarter—the lowest quarterly number in six years, according to senior researcher Jay Chou.

"It's still a pretty tough market out there," Chou said. While his firm had forecast a slightly bigger decline, he said, "it's really nothing to celebrate."

Some computer makers are doing better than others. China's Lenovo Group Ltd., the world's biggest PC company, saw an increase in worldwide sales, as did its nearest competitor, California-based Hewlett-Packard Co. Smaller companies, including Texas-based Dell, saw sales decline.

Apple increased its sales in the United States, although it does not rank among the five biggest computer-makers worldwide.

Global PC sales have fallen steadily over the last three years, but IDC and Gartner are projecting a return to growth in 2016. While many computer users now prefer portable devices, analysts say some people who bought tablets are finding that laptop PCs are more practical for certain activities, such as extended typing.

The slow-down in PC sales has rippled through Silicon Valley. Intel Corp., which makes the microprocessors used in most PCs, lowered its revenue forecast last month while citing weak demand for desktop PCs. Intel will report first-quarter earnings on Tuesday.

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