EMEA PC market defies economic gloom

– Acer hits top spot in Q3, takes netbook market by storm

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For immediate release

Highlights from the Canalys Q3 2008 research

2008 has been a healthy year for the EMEA PC market, with strong double-digit growth each quarter despite the credit crunch and rise in energy prices. Year-on-year unit growth of 27%, and value growth of 11%, made Q3 the biggest quarter so far this year. The charge has been led by the notebook segment and the emergence of the netbook as a new category generating good volumes. Desktop and server PC shipments remained fairly stable, with both showing single-digit growth over Q3 2007.

EMEA total PC shipments by category
Market shares Q3 2008, Q3 2007

Category	Q3 2008 shipments	% share	Q3 2007 shipments	% share	Growth Q3'08/Q3'07
Total	28,291,380	100.0%	22,266,890	100.0%	27.1%
Desktop	10,470,930	37.0%	10,096,820	45.3%	3.7%
Netbook	2,190,030	7.7%	-	0.0%	N/A
Notebook	15,049,340	53.2%	11,637,030	52.3%	29.3%
Server	581,080	2.1%	533,040	2.4%	9.0%

Source: Canalys estimates, © canalys.com ltd. 2008

With more than two million units shipped in Q3, netbooks are proving to be a category worthy of attention. Healthy shipments are likely to be sustained in Q4, as additional vendors enter the market and competition intensifies. Acer and Asus have driven the market so far, with shipments of 1.1 million and 650,000 respectively in Q3. Dell, Fujitsu-Siemens, HP, Lenovo and Toshiba are among the vendors that have announced new netbooks for Q4.

“Netbooks are largely a consumer phenomenon today, and will remain so for some time, outside of a handful of vertical markets, such as education and field service. This market will grow strongly, but success will depend on developing new sales channels, pricing and product positioning,” said Andy Buss, Canalys principal analyst. “With 3G being integrated, mobile operators become an important route to market, but mobile broadband pricing and end-user support are areas that will also require ongoing attention.”

Enterprise PC shipments were up a respectable 15% year-on-year, but were outshone by consumer PCs, which grew 46%, aided by those netbook sales. “To put the importance of this new product category into perspective, consumer PC market growth without netbooks would have been just 22%. So far, netbooks are not cannibalising notebook sales,” said Adrian Drozd, senior analyst. “But things will change as the market moves beyond the early adopter phase.”

A broadening range of netbook options are now available, giving customers more choice. Larger screen sizes and hard drives, and greater prevalence of Microsoft Windows mean that netbooks will compete with entry-level notebooks. “PC vendors should leverage the economies of scale that netbooks bring to develop a cost-effective range of small notebooks that target this overlap market,” Drozd added. “Ultraportables have historically been premium products with high prices, and consequently limited sales volumes. This is an opportunity to turn this category around, but vendors should still be careful of moving too quickly to potentially lower-margin products without an associated increase in volume.”

EMEA total PC shipments
Market shares Q3 2008, Q3 2007

Vendor	Q3 2008 shipments	% share	Q3 2007 shipments	% share	Growth Q3'08/Q3'07
Total	**28,291,380**	**100.0%**	**22,266,890**	**100.0%**	**27.1%**
Acer	5,947,400	21.0%	3,662,640	16.4%	62.4%
HP	5,498,340	19.4%	4,549,440	20.4%	20.9%
Dell	2,774,330	9.8%	2,462,100	11.1%	12.7%
Asus	2,000,010	7.1%	798,730	3.6%	150.4%
Toshiba	1,634,720	5.8%	1,144,430	5.1%	42.8%
Others	10,436,580	36.9%	9,649,550	43.3%	8.2%

Source: Canalys estimates, © canalys.com ltd. 2008
Includes all desktop, netbook, notebook and industry-standard server PCs

Acer overtook HP to lead the EMEA PC market in Q3, helped by strong netbook shipments. Asus has also risen up the charts partly by pioneering this category. The Taiwanese vendors accounted for a combined 82% of netbook shipments in Q3. Despite Asus kicking it off with the Eee PC, Acer has made this market its own, with the Aspire One proving a major hit. “On current growth, Dell’s position in the top three is under threat from Asus in Q4”, said Buss. “Dell’s initiatives to re-take share have failed and it must look at its manufacturing and go-to-market strategies if it is to remain a top-three player in EMEA.”

Canalys notes that some caution should be exercised going forward. A slowdown at the end of Q3 took some of the edge off what was otherwise a great quarter. The financial crisis has yet to filter into the broader market, but it is likely that there will be some impact in the near term. The appreciation of the US dollar means that the aggressive euro pricing seen in the last year will be moderated and price points are likely to remain stable or even increase in Q4 and early 2009.

About the Canalys services

The shipment estimates discussed in this release come from PC Analysis EMEA – a continuous service that monitors the performance of the leading PC vendors in the region. Through regular reports, market data, forecasts and direct analyst contact, Canalys examines market trends and advises on the issues facing PC hardware and software vendors. Clients also gain access to the highly respected Canalys Critique quarterly webcast, which delivers quantitative and qualitative analysis of European IT market trends.

About Canalys

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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