

## Wintel PC market share set to fall to 65% in 2013

### ► Pads to dominate PC market as form-factor mix changes

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Canalys' latest forecasts paint a bleak picture of the state of the industry for the majority of PC hardware vendors. Combined shipments of desktops, netbooks and notebooks showed a year-on-year decline of around 10% in the fourth quarter of 2012, as consumers favored Android and iOS pads over Wintel-based PCs. Microsoft and Intel will suffer further, with the Wintel PC market share expected to decline from 72% in 2012 to 65% in 2013. This will represent a 5% decline in unit shipments, largely due to the poor outlook for notebook sales. 'Pads and, increasingly, smart phones can perform many of the day-to-day computing tasks that most people require,' said Pin-Chen Tang, Canalys Research Analyst. 'Wintel PCs are becoming less likely as an individual's first choice of computing device for everyday tasks, such as sending e-mail or web browsing.'

'The launch of Windows 8 did not reinvigorate the market in 2012, and is expected to have a negative effect as we move into 2013. Windows 8 is so different from previous versions that most consumers will be put off by the thought of having to learn a new OS,' highlighted Canalys Research Analyst Tom Evans. 'An additional barrier is the potential increase in cost that Windows 8 brings, as it is perceived that a PC with a touch-screen is needed to get the best user experience. In the current economic climate, this will be enough to make people delay purchases as they wait for prices to fall.'

'The combination of Windows 8 and Ultrabooks has been the catalyst for notebook form-factor innovation, but what was becoming a routine purchase is now more complex,' said Canalys Analyst Tim Coulling. 'Now buyers must decide between an Ultrabook and a standard notebook, a touch-screen and a non-touch-screen, as well as an increasing array of form-factors, such as clamshell, convertible and hybrid. This added complexity will make purchases more considered and lengthen the sales process.'

Canalys predicts that from 2014 to 2016 the PC industry will see a shift in form-factor mix, as consumers in both mature and high-growth markets become interested in new PC designs based on touch-screens. Canalys expects the pad market will grow by 37% on average each year between 2012 and 2016, with volumes reaching 389 million units, accounting for 59% of total PC shipments. This growth will be driven by the iPad and iPad mini, low-cost, content-subsidized Android products, and Windows-based hybrid PCs (eg, Microsoft's Surface Pro). The hybrid form-factor adds value to pads, enabling a greater level of productivity. This, combined with the expected improvements in Android and iOS, will further encourage the shift from notebooks to pads.

'It is clear that Microsoft is now pushing touch as the primary input method for Windows, but keyboard and mouse are still needed for legacy applications,' added Coulling. 'Following the launch of the iPhone, the shift from keypad/keyboard to touch input on smart phones was rapid. The popularity of pads and the inevitable decline in touch-panel prices will cause the same trend to emerge in the PC market.'

## About Canalys

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