

## Tablets down 20% in Q3 after four quarters of negative PC growth

Shanghai, Palo Alto, Singapore and Reading (UK) - Friday 30 October, 2015

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The worldwide PC market experienced its fourth consecutive quarter of negative growth, with shipments declining 14% to 114.2 million units. The market struggled in Q3 as vendors continued to grapple with the impact of currency headwinds, excess channel inventory and product transitions driven by Microsoft and Intel. With the exception of North America, all regions experienced double-digit annual shipment declines, including EMEA that fell almost 18%. While the majority of annual shipment comparisons make for depressing reading there was some positive news. The two-in-one PC category grew 77% year-on-year and global notebook shipments increased 12% sequentially, as the market gears up for the holiday season. Although this indicates a better end to 2015, vendors must resist the temptation to build inventory in Q4. Consumer demand will be muted by Microsoft's Windows 10 upgrade program and tablet vendors will be eager to present holiday shoppers with attractive bargains.

Tablets, once the driver for PC market growth, were the worst performing PC category in Q3 2015, with shipments falling 20% year-on-year. Apple continued to lead the market but an aging portfolio saw iPad shipments dip 20%, falling below 10 million units for the first time since Q2 2011 to 9.9 million units. Samsung posted a similar year-on-year shipment decline as it continues to occupy second place. It shipped 7.9 million units in the quarter while still coming under pressure from competition in the low-end. In third place Lenovo's tablet shipments increased by around 2% to 3.1 million units, as growth in EMEA and the US offset declines in other regions. Looking away from the market leaders, global shipments have been negatively affected by Chinese manufacturers turning their attention from tablets to other products, including large screen smart phones and wearables. The Greater China region saw the steepest annual decline in tablet shipments, falling around 34% year-on-year. Apple led the market in mainland China with shipments of 1.8 million units, a decline of 13% from the previous quarter. Local vendors have also been affected, with Huawei and Lenovo experiencing sequential declines of around 20%.

'New iPads were not announced until the end of Q3, meaning that the vast majority of Apple's shipments comprised of products that have not been refreshed for over a year. Although iPad shipment declines do not make for good headlines, the fact that Apple continues to lead in this market speaks volumes,' commented Tim Coulling, Canalys Senior Analyst. 'Holiday purchases, as well as the launch of the iPad Pro and iPad mini 4, will boost shipments in Q4. However, we do not expect a significant increase in sales until Apple launch a successor to the iPad Air 2, a product that some expected in Q4 but is currently unannounced. In the light of consumers delaying upgrades, slowing down the iPad product cycle would be a positive step for Apple. It can raise product margins by delaying inevitable price drops and decreasing the likelihood of people skipping iPad generations by delivering meaningful hardware improvements.'

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