

Canalys: Demand surges but PC shipments fall 8% due to a supply chain hit by COVID-19

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Friday, 10 April 2020

Demand for PCs soared in Q1 2020, driven by remote working and learning requirements from strict lockdown measures around the world. But the crisis also caused severe delays in production and logistical issues, leading to worldwide PC shipments falling 8% year on year. In the first quarter, vendors shipped 53.7 million desktops, notebooks and workstations, according to the latest Canalys research.

The top vendor rankings remained stable, with Lenovo still leading the PC market with 12.8 million units shipped. HP came second with 11.7 million units, followed by Dell with 10.5 million units. Of the top five, Apple was hit hardest in Q1, as its shipments fell by over 20% to 3.2 million units.

Global PC shipments fell 8% in Q1 2020, the largest decline since Q1 2016, mainly due to supply constraints



Source: Canalys Market Pulse, PC Analysis, April 2020

“The PC industry has been boosted by the global COVID-19 lockdown, with products flying off the shelves throughout Q1,” said Rushabh Doshi, Research Director at Canalys. “But PC makers started 2020 with a constrained supply of Intel processors, caused by a botched transition to 10nm nodes. This was exacerbated when factories in China were unable to reopen after the Lunar New Year holidays. The slowdown in supply met with accelerated demand, as businesses were suddenly forced to equip a newly remote workforce, placing urgent orders for tens of thousands of PCs. Children, too, needed their own PCs, as schools closed and lessons went online. The urgency of demand from both the consumer and commercial sectors, combined with the shortage of supply, meant device cost was no longer the key consideration. Instead, speed of supply was the most important factor.”

**Worldwide desktop, notebook and workstation shipments (market share and annual growth)
Canalys PC Market Pulse Q1 2020**

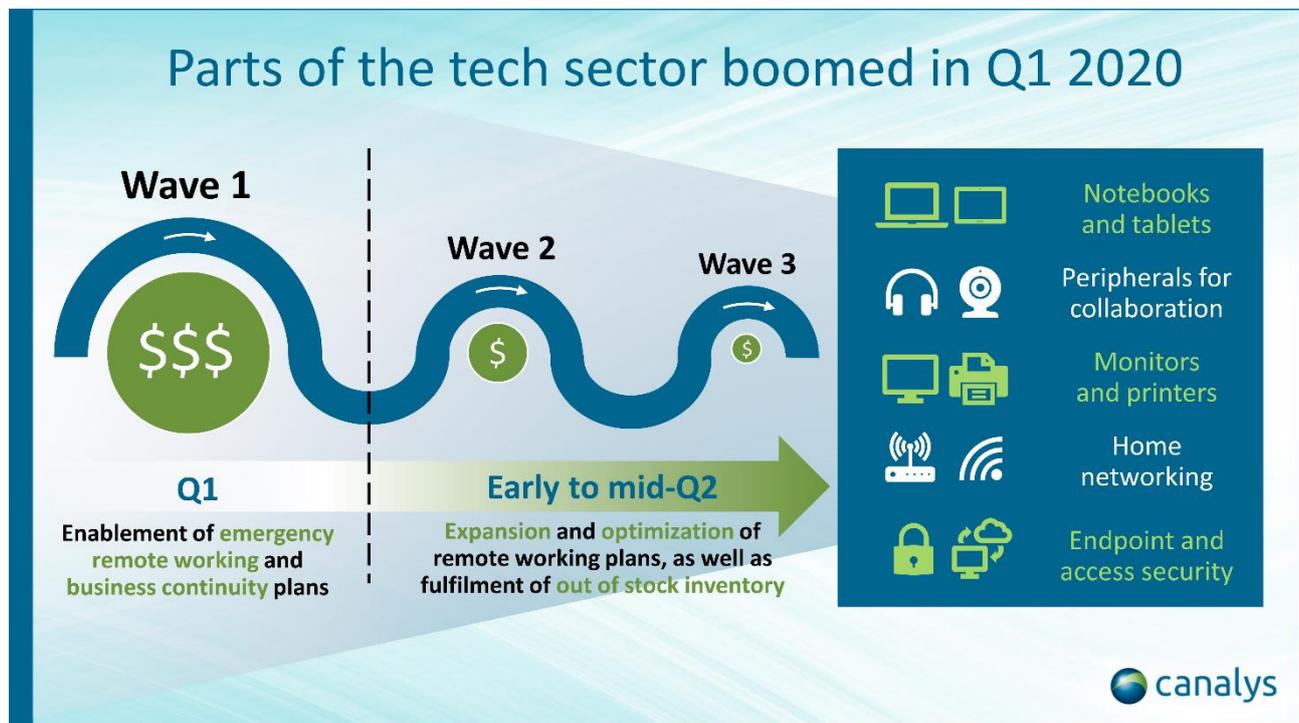
Vendor (company)	Q1 2020 shipments	Q1 2020 market share	Q1 2019 shipments	Q1 2019 market share	Annual growth
1. Lenovo	12,830	23.9%	13,421	23.0%	-4.4%
2. HP	11,701	21.8%	13,580	23.3%	-13.8%
3. Dell	10,496	19.6%	10,383	17.8%	1.1%
4. Apple	3,219	6.0%	4,072	7.0%	-21.0%
5. Acer	3,125	5.8%	3,574	6.1%	-12.6%
Others	12,311	22.9%	13,316	22.8%	-7.5%
Total	53,682	100.0%	58,346	100.0%	-8.0%

Note: Unit shipments in '000. Percentages may not add up to 100% due to rounding

Source: Canalys PC Analysis (sell-in shipments), April 2020

PC vendors will report healthy profits over the next few weeks, with operating margin percentages reaching all-time highs. Many other home technologies have seen similar popularity, including headphones, webcams, printers and monitors. Home-working software also exceeded expectations, including office, collaboration, virtual desktop, remote access and security. AMD, in particular, is doing well, increasingly being accepted as a competitive alternative to Intel by businesses as well as consumers.

Ishan Dutt, Analyst at Canalys, said, “As we move into Q2, the production constraints in China have eased. But the spike in PC demand seen in Q1 is not likely to be sustained and the rest of the year looks less positive. Few businesses will be spending on technology for their offices, while many homes will have been freshly equipped. A global recession has begun – businesses will go bankrupt, with millions newly unemployed. Even governments and large corporations will have to prioritize spending elsewhere. Many parts of the tech industry have benefited from the early part of this extraordinary lockdown period, but we expect to see a significant downturn in demand in Q2 2020. With factories now reopened and virtually up to full speed in China, PC vendors will face a challenge to manage supply chain and production correctly over the next three to six months.”



Note: tablets (slates and detachables) are not addressed in this press release. Chromebooks are included as a subset of notebooks.

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