

## PC market flat in Q2 2013, despite tablet growth

➤ Android takes 17% of PC market in Q2 as PC vendors turn to Google for tablets

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The worldwide PC market experienced a quarter without growth, as a 42.9% increase in tablet shipments was offset by declines in desktop and notebook shipments, which fell 7.4% and 13.9% respectively. Despite tablet growth slowing in Q2, Canalys still believes that tablets will outsell notebooks by Q4 of this year.

Worldwide total client PC shipments					
Market shares Q2 2013, Q2 2012					
Vendor	Q2 2013		Q2 2012		Growth Q2'13/Q2'12
	shipments	% share	shipments	% share	
Total	109,007,450	100.0%	108,708,770	100.0%	0.3%
Apple	18,631,330	17.1%	21,061,430	19.4%	-11.5%
Lenovo	14,114,820	12.9%	13,154,560	12.1%	7.3%
HP	12,697,680	11.6%	13,554,340	12.5%	-6.3%
Samsung	10,818,920	9.9%	5,246,360	4.8%	106.2%
Dell	9,454,770	8.7%	9,652,310	8.9%	-2.0%
Others	43,289,930	39.7%	46,039,770	42.4%	-6.0%

Source: Canalys estimates, © Canalys 2013  
Includes desktops, notebooks and tablets

PC shipments in EMEA fell by 3% year-on-year in Q2, the first decline after two successive quarters of double-digit growth. Western Europe and Central and Eastern Europe continue to be challenging for vendors, with annual declines of 10% and 3% respectively. PC shipments in the Asia Pacific region declined 0.5% year-on-year to just over 40 million units. The region was badly affected by slow shipments in the People's Republic of China, which accounted for almost 45% of the region's shipments and declined by approximately 6%. Demand for smart phones and tablets is increasing around the world. Faced by an industry in transition, channel partners are exercising caution when planning and placing orders.

Apple remained the top PC vendor in Q2, with a 4.5 million unit lead over second-placed Lenovo. But Apple's share fell more than two percentage points to 17.1% from 19.4% in Q2 last year due an annual decrease in iPad shipments. Desktop and notebook shipments only accounted for around 20% of its total PC shipments. With tablet vendors attacking Apple on price it must bring fresh innovation to future generations of its iPad range if it is to maintain the lead it has built in the PC market.

Lenovo had a strong quarter, gaining share in its core notebook and desktop categories, as well as tablets. Its performance in Q2 was helped by strong annual growth in EMEA (34%), the US (28%) and Latin America (93%). Lenovo's tablet business also performed well - it shipped around 1.5 million units. 'It is striking how successful it has been in globalizing its PC business and breaking the 1 million unit barrier is an important milestone for its tablet shipments,' noted Canalys Analyst James Wang. 'Lenovo is on an upward curve

with its tablets, expanding in mainland China and Latin America, where there is little competition from the likes of Google or Amazon.'

HP has overtaken Samsung to regain third place. HP has recently changed its tablet strategy and launched its first Android tablet in Q2, the Slate 7. 'HP has a broad enterprise portfolio, channel relationships and global reach that others still cannot match,' said Canalys Research Analyst Pin-Chen Tang. 'To increase its market share it should look to leverage its strengths in the enterprise to advance Android in business.'

iOS and Android have profited from the shift to tablets, as they have proved to be the only type of PC with any momentum. Android's share of the total PC market increased to 17% in Q2 2013 from 6% a year ago. With the likes of HP, Lenovo and Samsung looking to use Android to compete with iOS in the tablet space, the platform is well placed to continue increasing its share. Google is targeting the consumer market and has its sights set on beating Apple in the smart phone and tablet space. Android remains weak in management and security, which is preventing commercial uptake. Google, or its partners, must address this shortfall quickly if it is to penetrate the enterprise

There has been rapid innovation in the Windows category, as vendors such as HP, Lenovo, Toshiba and Acer have built PCs using a variety of new form factors. These products are struggling to take off as the difference in price between Android and Windows-based tablets remains high. 'Component pricing has been an issue, particularly with multi-touch screens, though scale economies make this less of an issue as demand increases. The price of Windows itself is a contributing factor and one that Microsoft must address as a matter of urgency. Its PC OEM partners are in an increasingly difficult position and consolidation in the PC market is inevitable within the next 12 months,' said Tim Coulling, Canalys Senior Analyst.

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