FRAMINGHAM, MA and **STAMFORD, CT** – Worldwide PC market growth stalled in the second quarter as consumers were unmoved by aging product lines and a weak economy, a pair of research firms say.

Shipments for the period fell 0.1% from a year ago, says **International Data Corp.**, slightly below the firm's May projections of 2.1% year-over-year growth. Meanwhile, **Gartner** reported the same drop but pegs shipments at 87.5 million units during the period.

IDC attributed slower sales in part to the sell-out of distribution channels during the first quarter and a lack of consumer confidence. IDC expects the third quarter to remain sluggish before growth picks up at year-end.

Ultrabooks have not yet produced a significant rise in volumes – in part due to anticipation of improvements such as Windows 8, which is expected later this year, but also due to pricing. Constrained demand in Europe and the US has also been felt in emerging markets for some time, but the second quarter brought another milestone of sorts, as Asia/Pacific (excluding Japan) showed flat year-over-year growth, its worst performance in years, says the firm.

The US market fared worse than expected, shrinking 10.6%, according to IDC. Most vendors and their channel partners struggled with shrinking demand, as a saturated market and lack of incentives are leading buyers to delay purchases of PCs. Among the top-tier leaders, only Lenovo managed to maintain positive momentum by growing its channel reach and being more aggressive against its well established competitors.

However, at only 6.1% growth compared to the same quarter in 2011, **Lenovo's** growth decelerated abruptly from the double-digit growth rates of previous quarters, further reflecting slow market conditions in the US. Mid-tier vendors struggled even more, as they typically rely on fewer channels than their bigger competitors and, therefore, remain more sensitive to swings in demand, says IDC. Bottom-tier vendors captured marginal demand in local communities and in regional markets; however, they too struggled with a difficult economic environment affecting local public sector entities and small businesses.

In the US, PC shipments totaled 15.9 million units in the second quarter of 2012, down 5.7% from the same period last year, says Gartner. The slowdown in the US market was largely attributed to weak consumer spending on PCs. The promotion of Ultrabooks could potentially change the market dynamics.

HP continued to lead the US PC market, as it accounted for 25% of PC shipments during the period, says Gartner. Among the top 5 vendors in the US PC market, all but Apple experienced

a decline in shipments.

EMEA maintained positive growth in line with expectations, driven by sell-in recovery in Western Europe and CEE in particular, and an easier year-over-year comparison, says IDC. Growth in Western Europe remained modest, impacted by slow consumer demand and caution from the channel ahead of the Windows 8 transition, but returned to healthier levels. Strong demand supported an even faster recovery in the CEE region and propelled growth ahead of expectations, while the MEA region also maintained positive trends, albeit more modest, says the firm.

PC shipments in EMEA totaled 25.1 million units in the second quarter of 2012, up 1.9% year-over-year, according to Gartner.

Western Europe saw very weak demand across all countries, but especially Southern Europe, hindered by the eurozone economic crisis. Higher inventory levels at distributors will hinder growth even as Windows 8 and more Ultramobile notebooks arrive in the second half.

Japan was up year-over-year despite slowing from the first quarter. The rest of Asia/Pacific saw growth drop slightly below zero, mostly on slower shipments in China and India. The APAC PC market grew 2% to 31.8 million units, says Gartner.

From a regional perspective, EMEA, Asia/Pacific and Japan registered low single digit-growth while all Americas markets posted year-over-year shipment declines, adds Gartner.

In Latin America, PC shipments in the second quarter totaled 9.3 million units, down 1.7% compared to the second quarter of last year. PC shipments in Japan grew 2%, as shipments surpassed 3.9 million units.

HP remained the top vendor, but saw shipments decline significantly across regions. The vendor continues to face pressure from its reorganization efforts and slow market conditions, in addition to managing channels as they adapt to market changes, says IDC. Gartner pegged HP's share at 14.9%, but global shipments declined 12.1%. The company faced aggressive pricing from Lenovo in the professional market, and threats from companies such as **Asus** and **Samsung**
in the crowded consumer markets.

No. 2 Lenovo narrowed the gap considerably. While Lenovo continued to grow much faster than the market, it too experienced slower growth than in recent quarters, according to IDC. Lenovo has expanded through acquisitions and aggressive pricing, says Gartner.

Dell also faced a tough quarter, slipping below 10 million units for the first time since the second quarter of 2009, according to IDC. The vendor saw share declines across regions as it focuses on profitability and commercial sales. Dell showed year-over-year shipment decline across all regions, but EMEA and Asia/Pacific were particularly challenging markets, adds Gartner.

Acer was able to stabilize shipments for another quarter, staying just ahead of the market. The

company saw a recovery in Europe as it rebounded from inventory issues a year ago, but also felt the impact of slowing demand in other regions, says IDC.

Acer, one of the first vendors to release Ultrabooks, will likely lower those prices faster than other vendors, says Gartner. Acer has been also very actively promoting its media tablet products.

Asus continued to gain ground at a rapid pace with strong growth across regions. The vendor has most of its volume in EMEA and Asia/Pacific, but is expanding channels and gaining share in other regions as well, according to IDC. Asus showed the strongest growth among the top 5 vendors worldwide, as its shipments increased 38.6% in the second quarter, says Gartner.