

Gartner Dataquest Says Worldwide PC Market Experienced Flat Growth in First Quarter 2002

U.S. PC Market Showed First Positive Growth in a Year

SAN JOSE, Calif., April 18, 2002 - After consecutive quarters of negative growth in the worldwide and U.S. PC markets, shipment totals in the first quarter of 2002 showed flat growth in the worldwide market and slight growth in the U.S. market, according to preliminary results from Dataquest Inc., a unit of Gartner, Inc. (NYSE: IT and ITB).

Worldwide PC shipments totaled 32.7 million units in the first quarter of 2002, or flat in growth terms over the same period last year (see Table 1). PC shipments in the United States reached 11.1 million units, a 2.3 percent increase from the previous year.

"First quarter 2002 growth rates are based upon weak market performances in the same quarter a year ago and therefore, despite the apparently better growth rate figures, in reality, both the U.S. and worldwide markets remain sluggish," said Charles Smulders, vice president of Gartner Dataquest's Computing Platforms Worldwide group. "At best, these numbers suggest the market is returning to more normal seasonal growth patterns, but with little evidence of return to growth in the large accounts segment, the market outlook for 2002 remains highly uncertain."

While all of the other top tier vendors experienced negative growth, Dell remained the No. 1 vendor worldwide in the first quarter of 2002, growing 13.7 percent and increasing its market share lead through robust desk-based PC growth.

Table 1
Preliminary Worldwide PC Vendor Unit Shipment Estimates for 1Q02 (Thousands of Units)

Company	1Q02 Shipments	1Q02 Market Share (%)	1Q01 Shipments	1Q01 Market Share (%)	Growth (%)
Dell	4,684	14.3	4,119	12.6	13.7
Compaq	3,308	10.1	3,765	11.5	-12.1
Hewlett-Packard	2,340	7.1	2,410	7.4	-2.9
IBM	1,836	5.6	2,026	6.2	-9.3
NEC	1,253	3.8	1,505	4.6	-16.7
Others	19,320	59.0	18,909	57.8	2.2
Total Market	32,742	100.0	32,733	100.0	0.0

Note: Data includes desk-based PCs, mobile PCs and PC servers.

Source: Gartner Dataquest (April 2002)

In the U.S. PC market, Dell continued to gain market share, primarily in the desktop segment. Dell's total U.S. market share increased to 26.3 percent, which was bigger than the shares of the No. 2 and No. 3 vendors combined (see Table 2). Driven by double-digit growth in the mobile PC market, Hewlett-Packard also had positive growth in the first quarter of 2002.

"One bright spot for now is the U.S. home mobile PC market, which continues to show robust growth," said Martin Reynolds, vice president and research fellow for Gartner. "There appears to be a notable difference in the buying habits of desktops and notebooks in terms of channel. Users purchasing patterns suggest a preference to buy desktops through the direct

channel, but notebooks through retail. This seems related to a customer's wish to 'touch and feel' notebook products before buying, as well as the current aggressive pricing available through retail. This could create some interesting challenges for the direct vendors."

**Table 2
Preliminary U.S. PC Vendor Unit Shipment Estimates for 1Q02 (Thousands of Units)**

Company	1Q02 Shipments	1Q02 Market Share (%)	1Q01 Shipments	1Q01 Market Share (%)	Growth (%)
Dell	2,933	26.3	2,523	23.2	16.2
Compaq	1,283	11.5	1,460	13.4	-12.1
Hewlett-Packard	1,086	9.8	1,076	9.9	0.9
Gateway	645	5.8	923	8.5	-30.1
IBM	581	5.2	576	5.3	0.9
Others	4,604	41.4	4,319	39.7	6.6
Total Market	11,132	100.0	10,876	100.0	2.3

Note: Data includes desk-based PCs, mobile PCs and PC servers.

Source: Gartner Dataquest (April 2002)

Gartner Dataquest analysts said there are a significant number of variables that will influence the PC market growth rate in 2002. The current estimate is for worldwide PC shipments to finish the year with a growth rate of 4 percent.

"Economic factors and business confidence continue to be major factors influencing PC spending. Global economic prospects appear to have improved significantly over the quarter, making the prospects of a return to buying in the fourth quarter more likely. However, large corporations continue to adopt a wait and see attitude to IT spending, making 2002 an extremely difficult year to predict overall," Smulders said.

These results are preliminary. Final statistics will be available soon to clients of Gartner Dataquest's PC Quarterly Statistics Worldwide by Region program. This program offers a comprehensive and timely picture of the worldwide PC market, allowing product planning, distribution, marketing and sales organizations to keep abreast of key issues and their future implications around the globe. To subscribe to this program, please call 408-468-8000. Additional research can be found on Gartner's Hardware and Systems Focus Area on Gartner's Web site at www.gartner.com/1_researchanalysis/focus/hwmkt_fa.html.

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