



Dell outpaces market in second-quarter computer shipments

Retail strategy feeds Dell sales, but H-P holds on to No. 1 spot.

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Personal computer makers shrugged off the effects of the slowing economy in the second quarter, cutting prices to attract more buyers and benefiting from the transition to notebooks.

Global shipments rose a healthy 16 percent over the same period last year, to almost 71.9 million units, according to Gartner Inc., a technology research firm. Shipments in the U.S. showed some resilience, picking up as the quarter went along, the firm said.

IDC, another top research group, said second-quarter shipments increased 15.3 percent worldwide to 70.6 million units, despite Asian growth coming in lower than its analysts expected.

Both reports showed Dell Inc.'s gains outpacing the market and rival Hewlett-Packard Co., more evidence that its turnaround strategy is starting to stick.

Dell shipments grew 21.9 percent, Gartner said, thanks largely to its aggressive expansion into retail stores and partnerships with resellers. Dell was especially strong in notebooks, with a 40 percent increase over a year earlier, according to IDC.

But H-P also posted another strong quarter and maintained its advantage over Dell as the world's largest computer maker.

H-P's shipments increased 17.1 percent worldwide, giving it an 18.1 percent market share compared with 15.6 percent for Dell, according to Gartner. IDC reported similar numbers for both companies.

"H-P has done pretty well at preserving those gains" it made over the past two years, said Loren Loverde, an analyst at IDC.

Dell has detoured from its traditional direct-sales model in the past year and now sells its computers in more than 13,000 retail stores worldwide. "We are comparing (this year's) number that includes retail and indirect channel shipments to a period without those shipments" last year, said Mika Kitagawa, an analyst at Gartner. "But give them credit for expanding in the channel that quickly."

But Dell's expansion into Wal-Mart, Best Buy and Staples stores only exacerbated what Kitagawa called a "harsh pricing environment" in the U.S.

The slowing economy pushed many computer makers to slash prices during the quarter, she said, which boosted shipments but almost certainly will mean lower average sales prices for computers.

Gartner said U.S. shipments increased 4.2 percent; IDC reported growth of 3.6 percent.

Apple Inc. again proved the hottest computer maker in the country.

Preliminary figures from both research firms put it even with or slightly ahead of Acer Inc. as the third-largest computer seller in the U.S. Apple's second-quarter domestic shipments jumped 38.1 percent from the same period last year, Gartner said, giving it 8.5 percent of the U.S. market.

Acer, still digesting its October acquisition of Gateway, saw its market share slip to 8.1 percent, according to Gartner.

If Apple remains third in the final tally, Kitagawa said, it will mark the first time the company has held that spot. And although the higher ranking might make little noise amid the buzz of Apple's iPhone and Macintosh popularity at the moment, she said, more widespread use of its computers could help the company gain more traction with business users.

Dell and H-P still dominate that segment. They own more than half the U.S. personal computer market, according to Gartner, with Dell at a 31.9 percent market share and H-P at 25.3 percent.

Courtesy of JB Goodwin