

# Dell shipments jump in first quarter

## Company's growth outpaces H-P with strong notebook computer shipments.

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**Dell Inc. posted faster PC-shipment growth than Hewlett-Packard Co. in the first three months of the year, the first time Dell outpaced its chief rival in any quarter in more than two years.**

Rebounding sales of its notebook computers and an expanding retail presence helped Dell's first-quarter shipments increase 21.6 percent over the same period last year, according to IDC, a technology research firm. The PC industry as a whole saw shipments rise 14.6 percent, to 69.5 million units, IDC reported.

Although it posted slower growth than Dell, H-P's shipments continued to grow faster than the industry average, jumping 17.4 percent and maintaining its healthy lead as the world's largest computer maker. H-P accounted for 19.1 percent of worldwide PC shipments in the first quarter, leaving Dell in second place with 15.7 percent of the market.

Gartner Inc., another technology research firm, also reported a good quarter for Dell. The firm said worldwide PC shipments increased 12.3 percent overall, with Dell growing at 21.8 percent and H-P growing at 17.5 percent.

Dell's strong growth in the first quarter was inflated somewhat because of comparisons to weak growth in the same period last year, and H-P was stacked up against strong results in 2007. Still, it was the first time Dell's shipment growth outpaced H-P's since the fourth quarter of 2005.

Back then, Dell was the world's largest computer maker, with 17.2 percent of the market, according to IDC. H-P held a 15.7 percent share at that point, but it already had started gaining considerable momentum while cracks were growing in Dell's defenses. Mark Hurd had replaced Carly Fiorina as H-P's chief executive officer, and the company was surfing a growing wave of consumer notebook purchases.

That rise helped push H-P well beyond Dell during the past two years. Worse for Dell, sales in the U.S. market, where it has more exposure than its rivals, slowed over those two years. And the emerging markets where Dell's rivals have a more established presence surged.

"In some ways, Dell is going through what H-P had gone through some time ago," said David Daoud, a PC market analyst at IDC. "H-P improved its position, and the opposite happened to Dell. It faced a certain ceiling with its direct model."

Dell has started to address those problems since Michael Dell returned as chief executive in January 2007. It has beefed up its lineup of notebook computers and has put its products in more than 10,000

retail stores worldwide. International sales increased 16 percent in the fourth quarter, Dell said, contributing 49 percent of the company's total revenue in the quarter.

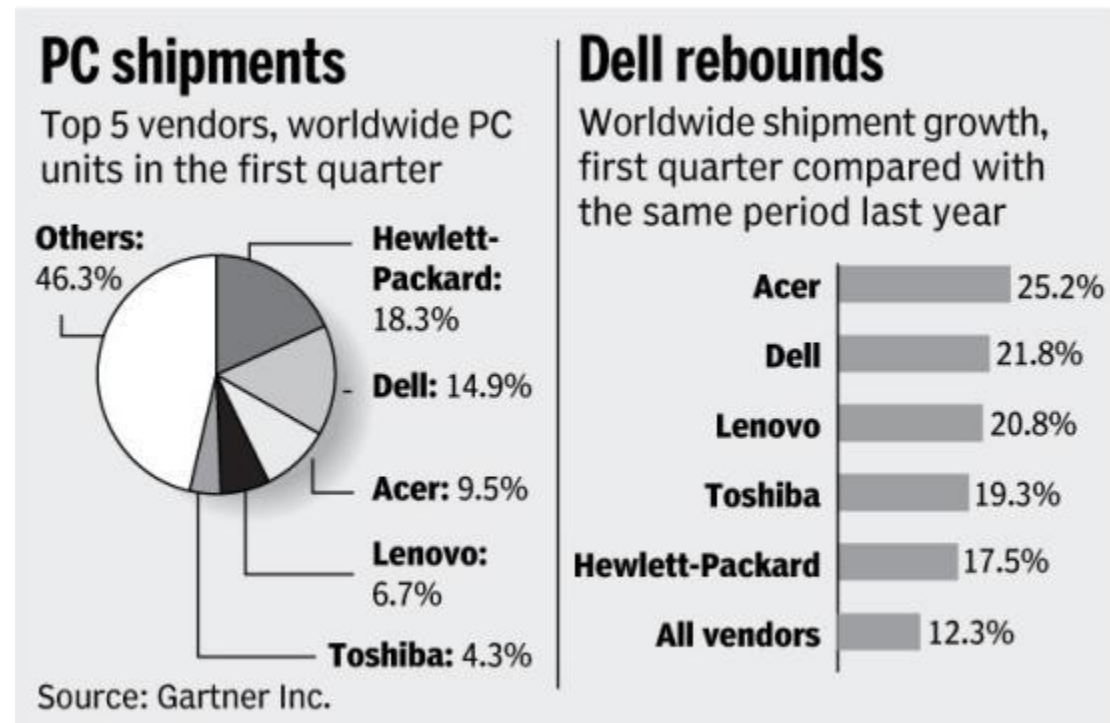
"Dell needs to look at the international market much more seriously than it has in the past," Daoud said. "They're doing it, but it might take a little while to see Dell expand more internationally. We haven't seen Dell 2.0 yet."

One of the chief beneficiaries of growing international and notebook sales has been Acer Inc., which again posted the largest first-quarter shipment growth of the top five PC makers. Although the Gateway business it acquired in October showed sharp declines, its combined Acer- and Gateway-brand shipments rose 31 percent, solidifying its spot as the third-largest vendor with 9.9 percent of the market, IDC said.

Lenovo Group Ltd. was fourth with 6.9 percent of the market on 21 percent growth. No. 5 Toshiba increased 20.6 percent to capture 4.4 percent of the worldwide market.

In the U.S. specifically, shipments grew 3.5 percent but showed signs of an economic slowdown, IDC said. Dell's U.S. shipments increased 15.6 percent as it expanded its domestic retail presence, boosting its market-leading share to 30.9 percent. H-P's shipments were essentially flat compared with last year, and its share fell to 24.3 percent, IDC said.

Apple Inc. again set the pace in the U.S. with 25.1 percent growth, the research firm estimated. Apple's volume accounted for 6 percent of the U.S. market, giving it fourth place. Acer was third with 8.7 percent of the market, and Toshiba rounded out the top five with 5.2 percent.



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Courtesy of JB Goodwin