Press release

PC market declines slightly in first half of 2019

September 4, 2019

Julia Richter
Public Relations
T +49 911 395 4440
public.relations@gfk.com

Nuremberg, September 4, 2019 – Performance and experience are absolutely key for success in the global consumer PC market. Demand is being driven by gaming PCs and thin and light lifestyle notebooks with sophisticated designs. Even if the global market for PCs declined slightly in the first half of 2019 (-1.5 percent to €23.2 billion) the turnover for mobile PCs grew by 1 percent, reaching nearly €18 billion. On the other hand, desktops and AIOs fell by 10 percent in value and generated €5.3 billion. These are GfK's findings for the global PC market to be released at IFA 2019 in Berlin.

The global market for consumer PCs faced a major challenge in the fourth quarter of 2018 caused by a processor supply shortage. Its effects are still being felt in 2019, adding pressure to the global PC market. Consequently, the demand for mobile PCs declined by 5 percent in units in the first half year of 2019, which translates in 27.5 million mobile PCs sold on the consumer market. Only the Chinese market managed to grow (+2 percent in unit terms), while Western Europe and APAC (excl. China) declined by 6 percent in unit sales. However, due to the importance of performance and lifestyle/premium for the consumers, reflected in higher price points, the market for notebooks increased by 1 percent in euro to reach nearly €18 billion. China's increase of 7 percent contributed the most to that growth, while Western Europe fell by 1 percent. The rest of the APAC region acted as a stabilizing factor (+1 percent in value), with Vietnam, Malaysia, Indonesia, South Korea and Japan contributing positive growth rates.

Pavlin Lazarov, GfK expert for the IT industry comments: "The PC may have lost the battle for the most personal device, but when it comes to performance and productivity, it is still irreplaceable. This explains why the demand for PCs is often use case-driven: for gaming and entertainment, education, work and creativity for instance. Alongside that performance, consumers want the same appealing and sleek design they expect from their smartphone. This adds to their enjoyment when indulging themselves with premium products."

GfK SE
Nordwestring 101
90419 Nuremberg
Germany

T +49 911 395 0

Management Board:
Peter Feld (CEO)
Lars Nordmark (CFO)

Supervisory Board Chairman:
Ralf Klein-Bölting

Commercial register:
Nuremberg HRB 25014

After several challenging years, **media tablets** (tablets with a mobile OS) performed well, growing by 3 percent in value in the first half of 2019. Media tablets larger than 9” continued their robust growth and increased by 12 percent. On the **desktop/AIO** side, the sales of desktops dipped by 11 percent in value, while AIOs decreased by 7 percent from January to June 2019, generating 5.3 billion euro turnover in total. Mainly China together with Central Europe accounted for the double-digit decline in desktops, while the drop of 12 percent in value in Western Europe accelerated the decline of AIOs.

Game on!

After massive growth, the gaming industry has matured, and now represents an entire ecosystem. The **gaming hardware market** recorded a 16 percent increase year-on-year (January-June 2019) to reach over €5.4 billion turnover (global coverage excl. North America).

After multiple quarters of outstanding double-digit growth, the demand for **gaming OEM desktops** between January and June 2019 was lower (-4 percent) mainly due to a decline in China as well as a slowdown in EMEA. **Gaming OEM notebooks** continued their success story and grew by 13 percent, generating €3.1 billion turnover. APAC (excl. China) and China contributed to this robust increase, while EMEA’s growth was muted (+1 percent).

Gaming monitors were the fastest growing segment with an increase of 42 percent and a turnover reaching €1 billion for the first six months of the year. Gaming gear (e.g. mouse, keyboard, head-set) recorded single-digit growth. A gaming monitor costs on average 1.6 times the price of a non-gaming one, while the price ratio between a gaming and a non-gaming desktop PC is 2.4, demonstrating the role of gaming as a driver of margin for the industry and retail.

Ultra-thin and light notebooks as a standard

The trend for **mobile PCs** to become thinner and lighter continues. More than half (56 percent) of all notebooks sold between January and June 2019 were thinner than 21mm. This is up from 30 percent in the same period of 2017 (excluding gaming OEM notebooks). Those below 18mm account for nearly every third notebook on the market (up from 16 percent in 2017). Thin laptops usually go hand-in-hand with a lower weight. In order to keep their premium feel, however, the devices should be light – but not too light. The share of notebooks between 1 and 1.8kg rose steadily, reaching over 53 percent in unit terms in the first half of 2019. The weight is also affected by the size of the device. Laptops with display sizes between 13” and 14” gained further momentum on the B2C market and accounted for 46 percent of all notebooks sold.

Notebooks for education and creative use cases

In the first quarter of 2019 around 38 percent of consumers said they have bought a new notebook for educational reasons (GfK Consumer Insights Engine). This number rose to 44 percent during the back-to-school period, underlying the importance of understanding which consumer needs should be met and when. At the same time, 67 percent of the consumers point out the product features as the most important driver when choosing a notebook (GfK Consumer Insights Engine).

As part of the massive popularity of video platforms and social media, video/photo editing and content creation have proliferated. This trend can also be seen on the PC side in dedicated products with an explicit focus on content creation. Their scope goes even further to address the professional needs of designers, photographers and creative professionals.

GfK data also shows a strong increase in sales of **notebooks with an SSD and a dedicated GPU** (gaming OEM notebooks are excluded), which were sold at an average price of €853. These devices grew 35 percent in value terms (+38 percent in units) in the period from January to June 2019, and generated more than €2.4 billion euro. This represents a 17 percent share of the overall notebook market. The combination of sophisticated design and enhanced performance has been proven to attract both consumers' attention and spending.

Notes to editors

GfK regularly collects point-of-sale data for IT hardware and software as well as accessories via retail panels in over 50 countries worldwide. Since 2014, GfK has integrated data from distributors, retailers and IT solution providers in a single database. This consistent pool of data is used to identify the potential within supply chains for improvement and greater efficiency, and to create competitive and profitable distribution strategies. All turnover figures in this press release is based on a fixed currency exchange rate. During IFA 2019, GfK will be publishing press releases relating to IT, TV, Smartphones, Audio, Small Domestic Appliances, Major Domestic Appliances, Smart Home, Borderless Shopping and the Technical Consumer Goods Market. More information is available at https://www.gfk.com/press-room/.

Meet GfK at IFA in Berlin, September 6 - 11, 2019:

Come and chat with our experts at IFA NEXT Hall 26 and in the GfK office at the IFA (Level 4, VIP2, Großer Stern).

About GfK

GfK connects data and science. Innovative research solutions provide answers for key business questions around consumers, markets, brands and media – now and in the future. As a research and analytics partner, GfK promises its clients all over the world "Growth from Knowledge". For more information, please visit www.gfk.com or follow GfK on Twitter: https://twitter.com/GfK.