



## B2C Technology Story

*Web Summary:*

### **PC Usage Trends?**

*by Leon A. Enriquez*

**Reading Time:**

5 minutes

**Reader Benefit:**

- ◆ Insights about the PC usage trends where the laptop PC is gaining market share;
- ◆ Attractive price points have made the laptop PC a good buy these days;
- ◆ The mobile PC marketshare is expected to be one third of the total new PC shipments.

The present market scenario on PC buying patterns is interesting. Many users have discarded their desktop PCs in favour of a mobile alternative. Also, new PC owners are opting straightaway for the mobile platform. One in every four PCs shipped is now a mobile PC. Furthermore, this trend is set to rise further and will be in the ratio of one in three by 2006 says analyst GartnerGroup.

In October 2002, a GartnerGroup report by analyst Brian Gammage observed that “buyers are increasingly choosing mobile PCs over their desktop counterparts.” And the reasons for this preference for the mobile PC are basically price, reliability and supply as well as other driving forces swinging the shift in end-user preference.

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Historically, a rough comparison of government and businesses purchases versus consumers and household, puts the ratio at roughly 2:1 of all PC shipments.

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The present market scenario on PC buying patterns is interesting. Many users have discarded their desktop PCs in favour of a mobile alternative. Also, new PC owners are opting straightaway for the mobile platform. One in every four PCs shipped is now a mobile PC. Furthermore, this trend is set to rise further – and will be in the ratio of one in three by 2006 cites GartnerGroup.

Almost everywhere you look, the mobile share of the overall PC market is growing very rapidly. Yet, mobile PC end-users vary widely in their occupational needs and expectations. Historically, mobile PCs were predominantly the space occupied by the business traveller. Today, home users account for more than 35 percent of total mobile PC market. In truth, this segment has seen sustained growth in an otherwise troubled PC market in 2002.

As you probably noticed, the prices for PCs have declined steadily for the last few years. These plunging prices became more significant since 2001 with vendors like Dell escalating a price war to gain market share.



Thus the supply and demand for mobile PCs were impacted. Falling price points for mobile PC made these offerings so much more attractive. Then, as vendors rushed to increase their market share, the prices fell even further. This meant greater availability of mobile PCs for all segments of the market which traditionally adopted the cheaper desktop models.

In the mobile PC market there is another emerging trend towards increasing segmentation of user requirements. For instance, the growing demand for mobile PCs has indicated that today's buyers are interested in both desk bound use as well as on-the-move usage. In short, the form factor drives user preference rather than just mobility alone.

In recent times, the popularity and upsurge of wireless technologies reinforces the notion that for some users, mobility is still the main concern. With all these technological advances, the spectrum and segmented usage are poised to spread even further apart.

GartnerGroup expects the mobile PC adoption to continue, with the more mature markets accelerating further along the adoption curve. Enterprise users are the most attracted by mobile PC functionality, so improvements in performance and not surprisingly, mobile capability should drive the increase in adoption. At the same time, a typical enterprise is motivated by acquisition costs and total cost of ownership, and mobile PC growth will be influenced by price points and improved manageability.

The right price tag for the right product will be a plus point for increased customer attraction. Evidently, home users account for the strongest growth potential in mobile PC over the last 12 months, and prospects look bright for the foreseeable future.

Despite the variables, the mobile PC market looks set to outgrow its desktop counterpart. Growth in mobile PC demand will depend on the industry's ability to stimulate and then exploit user demand.

In reality, features and price will continue to spur demand, but availability and local support presence will be of equal importance in many countries. Naturally, each market segment will follow its own progress path to maturity. However, many have yet to enter the phase of rapid adoption.



Box Story 1:

## **IDC Highlights**

According to IDC forecasts, shipments of desktops, notebooks and servers based around the Wintel PC architectures will rise 8.3 percent in 2003 to 147.5 million units; and then rise 11 percent to 163.8 million units in 2004.

PC shipments increased only marginally in 2002, a mere 1.6 percent increase over 2001, to reach 136.2 million units.

The year 2002 can be concluded to be one of the worst years in the history of the PC industry. IDC statistics have shown that PC shipments shrinking 4.2 percent worldwide, and 11.4 percent in the U.S.

“We continue to expect slow worldwide PC shipment growth for the next several quarters before the market accelerates in the latter half of 2003,” said Loren Loverde, director of IDC's PC tracker in a statement. “While business spending has been slow to recover, we believe it will pick up in the first half of 2003, and market drivers like portable adoption, wireless networking, broadband adoption and new designs... will support moderate growth.”

Box Story 2:

## **GartnerGroup Highlights**

In the October 2002 report, GartnerGroup recommended the following:

1. User organisations must understand the trade-offs between PC performance and mobility when determining user requirements and the class of mobile PC to deploy;
2. Mobile PC vendors should not adopt a one-size-fits-all strategy for marketing and selling mobile PCs;
3. Vendors need to recognise that the mobile PC market consists of different user groups with distinct needs and expectations.



Box Story 3:

## Apple Computer Update

The Apple user community is a unique one. Here, the affection to the brand and what it stands for is almost legend.

In recent times, though trying, Apple has with Steve Jobs' charismatic leadership brought forth to market – innovative offerings and advances that satisfy not only the Apple die-hards but new converts as well.

In a bumpy year for the IT industry worldwide in 2002, Apple also had its fair share of the action and pains of an economic meltdown. Despite the difficult year, Apple continued to focus to bring new products to the market.

2003 will be a bumpy ride with positive growth coming from new or enhanced product lines, e.g., the new PowerBook G4, 17-inch and 12-inch models, the new iMacs, and software upgrades to the Unix-based Mac OS X, etc.

At MacWorld San Francisco last year (2002), Apple unveiled the 17-inch PowerBook G4, the world's first notebook computer with a 17-inch display, the largest ever in a notebook. In the keynote address, CEO Steve Jobs said, "Apple's taking another giant leap beyond PC notebooks with the world's first 17-inch notebook, miraculously engineered into an ultra-light aluminum alloy enclosure that's only 1-inch thin."

### ***About the Author***

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