FRAMINGHAM, MA – The worldwide PC market contracted sharply in the third quarter, with shipments declining 8.6% year-over-year, says the **International Data Corp**. The results are below IDC's August forecast of a 3.8% year-over-year market contraction.

IDC had expected a quiet quarter as channels focused on clearing out Windows 7 inventory to make space for Windows 8. Continued pressure from other products such as tablets and smartphones, as well as uncertainty over the impact of Windows 8 and the economic outlook, contributed to depressed shipments – largely as expected. Nevertheless, despite an already conservative outlook, the results show the vulnerability of PCs and the loss of mindshare among buyers who until recent years have flocked to back-to-school promotions in the third quarter for PCs. Factors such as renewed economic issues and budget diversion into other devices also played a part. As a result, all regions saw shipment volumes decline from a year ago, says the firm.

The US market came in slightly weaker than an already negative forecast, contracting 12.4% compared to a forecast of 9.5%. This reflected weaker consumer demand, including a weak back-to-school season and an industry-wide inventory cleanup. The consumer segment was particularly affected as buyers focused on competing products. Demand in the commercial sector was subdued by weaknesses and uncertainty in the broad global economy amid a heated presidential election season. However, IDC believes that the fundamentals for some recovery exist. With the launch of Windows 8 in the fourth quarter, the firm expects shipment growth to return to mid-single digits in the quarter and into next year.

The EMEA market remained constrained, as expected, in the third quarter. July and August saw low sell-in levels as vendors focused on ensuring leaner inventory levels after a strong second quarter, while September sell-in was boosted, as anticipated, by the production of new Windows 8 systems and an attractive ultrabook and ultra slim lineup set to hit the shelves at the end of October. Continued economic pressure in the business space and competition from other devices for consumers, however, combined to keep the supply chain and buyers cautious.

Japan was one of the stronger markets, benefitting from rebuilding efforts. Unfortunately, this strength was only relative to other markets – achieved with shipments still falling short of flat from a year ago.

Asia/Pacific (excluding Japan) continued to contract on a year-over-year basis, though growing sequentially from the second quarter. China was mostly on target, but the rest of the region came in below expectations as ongoing economic sluggishness and competing device distractions weighed on PC spending this quarter, says IDC.

HP saw shipments contract more than 16% from a year ago and narrowly held on to the top vendor spot. Distractions caused by its reorganization, challenges in integrating its enterprise

acquisitions, and an unclear strategy to regain its course remain key obstacles.

Lenovo, despite slowing growth in Asia, continued to register the highest yearly growth among all top vendors. The vendor maintained its methodical approach to build out channel partnerships and acquire key OEMs in markets outside it home turf, with varying degrees of success. Its persistence as well as missteps of its rivals helped Lenovo maintain a top 5 position in the US, and gain a couple points of share to nearly tie HP for the lead in global shipments.

Dell faced a tough quarter, dropping below its own second-quarter shipment volume. The vendor saw share declines in all markets and ended the quarter with a 14% decline. Tepid PC refresh activity in the US and EMEA continued to be a key inhibitor for Dell. Although the company has made strides in other areas, with Asia/Pacific becoming its second biggest market after the US, its momentum there has also been curtailed by a cooling market.

Acer has faced an uphill climb to get back into growth mode since the market for low-priced notebooks dimmed. The third quarter was no different, with shipments registering a sequential decline and disappointing notebook volume. However, Acer's aggressive foray into ultrabooks and Windows tablets could help to reverse its fortunes if Windows 8 finds solid acceptance, says the firm.