PC sales bounce back, Cross 8 million units in 2009-10

- **PC sales grow 18%, notebooks 65%**
- **Netbook consumption records a new landmark; half-yearly sales cross 1 lakh Units for the first time in second-half of the year**
- **Households drive the IT market, business spending recovers in second half of fiscal**

The impact of the global economic recession is now well behind us and the IT hardware industry in India is once again on a revival path. The year 2009-10 has indeed witnessed an excellent comeback by the Indian IT hardware market. Easing of the Economic slowdown and improved sentiments among both the consumer & business segment are the reasons behind the impressive growth of the PC market, especially during the second half of the year 2009-10. Almost all segments of the IT hardware registered a healthy growth. The industry is hopeful that the overall PC sales for 2010-11 will cross 9.35 million units in FY 2010-11, registering a 16 per cent annual growth.

- Ravi Aggarwal, President, MAIT

The total PC sales between April 2009 and March 2010, with desktop computers, notebooks and netbooks taken together, were 8.03 million (80.3 lakh) units, registering a growth of 18 per cent over the last fiscal. The sales of desktops stood at 5.52 million (55.2 lakh) units registering a growth of five per cent. Notebooks and Netbooks taken together recorded a consumption of 2.5 million (25 lakh) units, growing sixty-five per cent over the last year. Given the current macro-economic conditions and conservative buying sentiment in the market, PC sales are expected to cross 9.35 million (93.5 lakh) units in FY 2010-11, growing about sixteen per cent.

Some salient findings of the 2009-10 Study are given below.

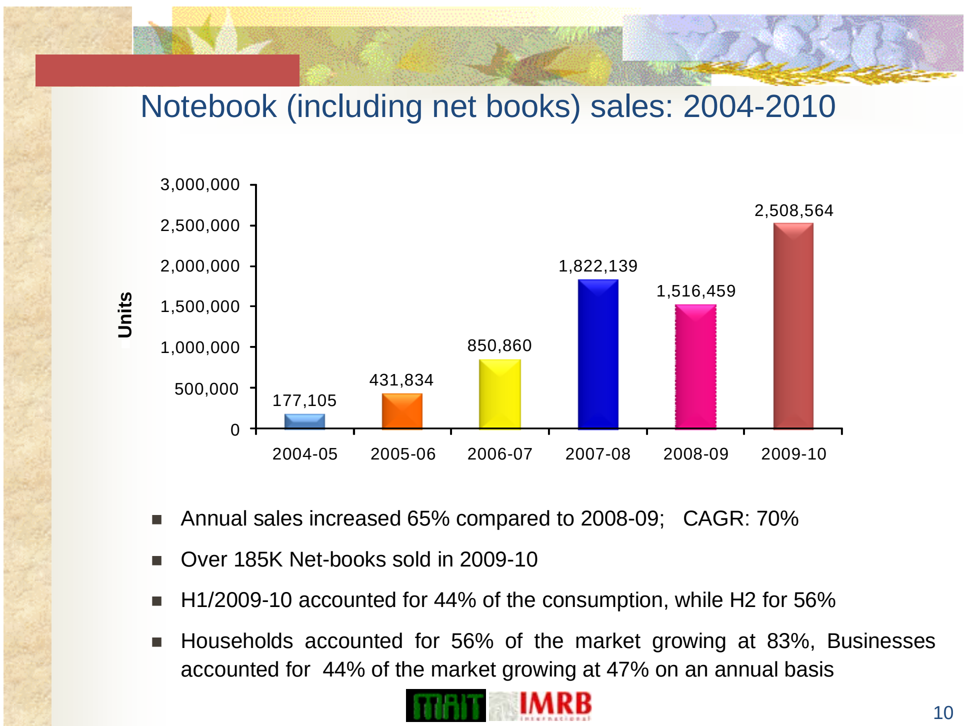
The Notebook Market:

- The Notebook sales, which had suffered badly in the previous year made a phenomenal comeback during the year 2009-10 with a remarkable growth of 65% over the previous year. This growth was primarily driven by the Household segment, which accounted for about 56% of the total Notebook sales and registered a growth of 87% during 2009-10 over the previous year.

- Good news for the Notebooks is that it is no more restricted to the High income SEC A segment, which used to be the traditional segment for these devices. Notebooks have started making rapid inroads into the lower SECs as well. In 2009-10, almost 40% of the Notebooks sales to the Household segment came from the lower SECs of SEC B & SEC C.

- Notebook sales among Establishments during 2009-10 ended with a growth of 47% due to very moderate sales in the first-half of the fiscal. However, Notebooks registered a remarkable growth of 94% during the second-half of the year over the corresponding period last year.

- Netbook sales crossed the 1 lakh unit mark for the first time, during the second-half of the year 2009-10 (H2 2009-10) and registered an impressive growth of 66% over the same period last year. The Netbook sales were largely driven by the Household segment which accounted for almost 3/4th of total netbook sales during 2009-10.

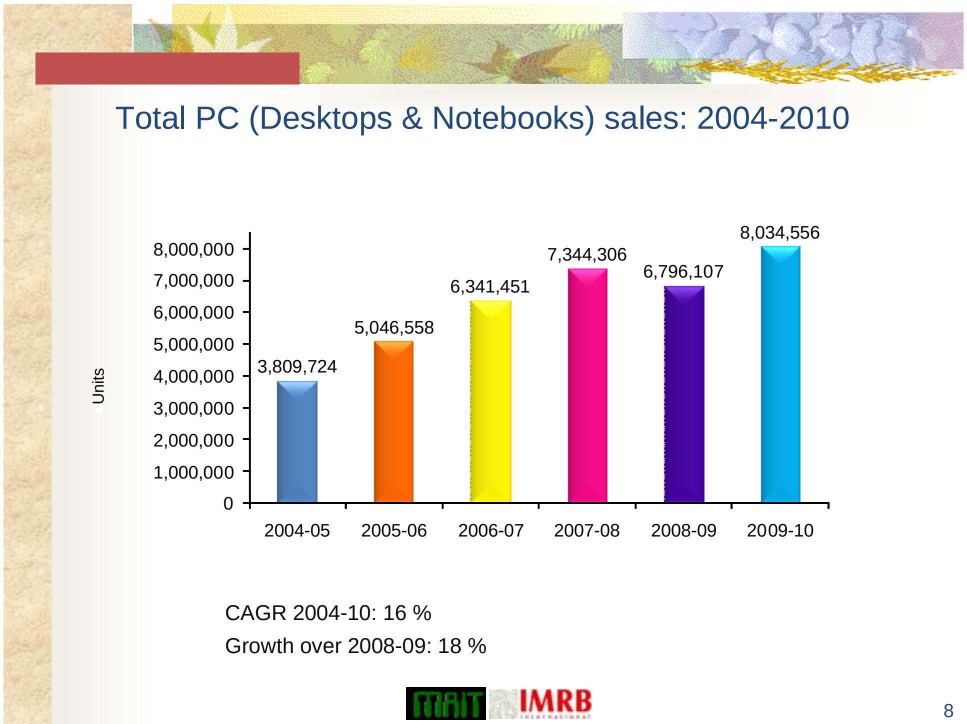


The Desktop Market:

- **Market segmentation by businesses vs. household consumption:** Businesses accounted for fifty-eight per cent of the desktop sales with an eight per cent decline in consumption. The decline was on account of very sluggish sales during the first-half of the fiscal. However, Desktop sales among business recovered to some extent during the second half of the year 2009-10 (H2 2009-10) with a growth of six per cent over the same period last year.

- Households contribution to the Desktop market increased to forty-two per cent of the total desktop market during 2009-10 from about a 34% during the previous year. With this, households also registered a growth of 30% during 2009-10 over the previous year.

- **Market segmentation by town-class:** The top four metros, which accounted for nearly one-third of the total desktops purchased, while the Class B cities accounted for eight per cent of the market. Consumption in top four metros grew at thirty per cent, while that in Class B cities by twenty-one per cent. Smaller cities, which accounted for over sixty per cent of the market registered a decline of six per cent.



The Servers Market:

- During the year 2009-10, sales of Servers registered a decline of fifteen per cent over the last financial year. This decline was largely on account of the poor sales during the first-half of the fiscal. During the second-half however, the server sales recovered and registered a growth of 14% over the same period last fiscal.

The Peripherals Market:

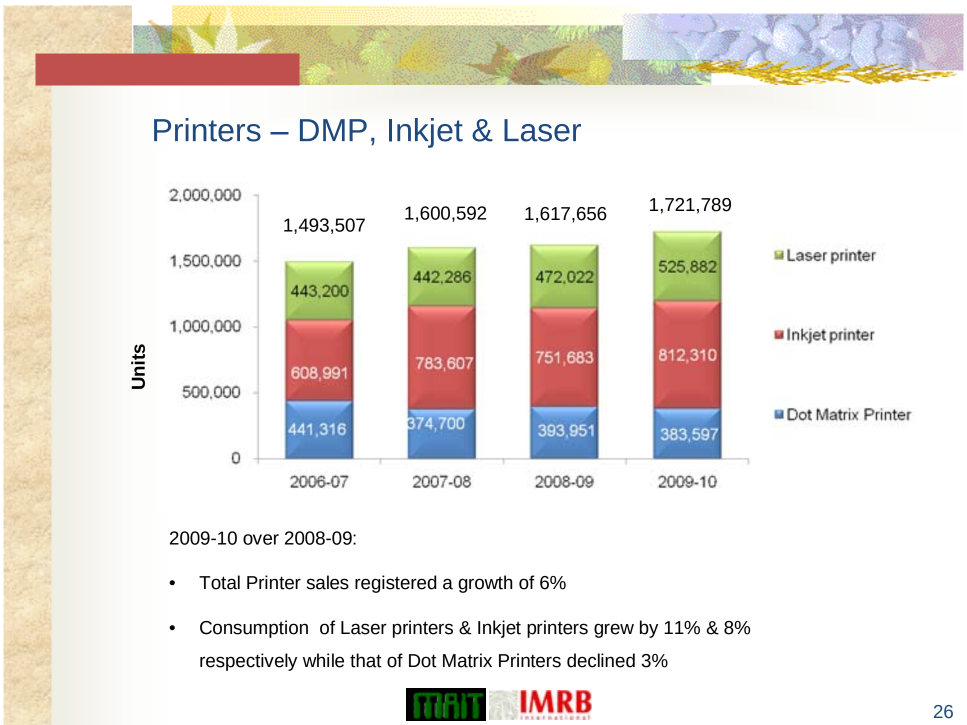
- Overall printer sales grew by six per cent during 2009-10 over the last fiscal to reach 1.72 million (17.2 lakh) units.

- Laser printers led the growth with a consumption of 0.52 million (5.2 lakh) units and a growth of 11% over the last year. This growth was driven by the Office and Outlet segment, which together accounted for over eighty per cent of the laser printer sales and registered a growth of twenty-one per cent & eighty per cent respectively.

- Consumption of inkjet printers at 0.81 million (8.1 lakh) units grew by eight per cent. Consumption in the business segment registered a growth of 14% while those in Households registered a growth of one per cent over the previous year.

- Dot-matrix printers was the only printer category that registered a decline, the sales of DMP at 0.38 million (3.8 lakh) units in 2009-10 declined by three per cent over the previous year. This decline was largely driven by the Household segment which registered a decline of forty-six per cent during this period. The Establishment segment managed a two per cent growth.

- The UPS market, led by the households, registered a growth of fifty-three per cent in 2009-10 over 2008-09 with 2.32 million (23.2 lakh) units in sales. Households accounted for nearly seventy per cent of the market, whereas the Establishment accounted for the remaining thirty per cent.



The Internet Entities:

- The number of active Internet entities crossed the ten million mark in March 2010. The overall internet entities increased to 10.06 million (106 lakh) units in March 2010, a growth of seventeen per cent over March 2009.

- Internet penetration in the 17 cities was fifty-three per cent among businesses and twenty-one per cent among households. The business segment now accounts for twenty-six per cent of India's total active Internet entities and households account for the remaining seventy-four per cent.

- DSL/cable remains the most commonly used means of Internet connectivity among businesses: sixty-two per cent of businesses were found using DSL/cable, ten per cent dial-up connections, eleven per cent ISDN services, nine per cent used leased-lines, five per cent used data cards and another three per cent used VSATs or other type of connections.

The expected Market for 2010-11

	Total Sales		
	2010-11	2009-10	% Growth
Desktops	6,200,000	5,525,992	12%
Notebooks	3,150,000	2,508,564	26%
Total PC	9,350,000	8,034,556	16%

Summary of Findings:

	Total installs			Total Revenue (in Rs Crores)		
Product	April 08 – March 09	April 09 – March 10	% Growth	April 08-March 09	April 09-March 10	% Growth
Computers						
Desktop PCs	5,279,648	5,525,992	5%	10,325	11,267	9%
Notebooks	1,516,459	2,508,564	65%	5,886	9,577	63%
Servers	119,591	101,827	-15%	1,886	1,836	-3%
Printers						
Dot matrix	393,951	383,597	-2%	263	257	-2%
Inkjet	751,683	812,310	8%	155	177	14%
Laser	472,022	525,882	11%	594	660	11%
Line	5,274	4640	-12%	60	54	-10%
Other Peripherals						
Keyboards#	5,333,717	5,756,923	8%			
Monitors	5,490,425	5,754,091	5%			
UPS systems#	1,518,433	2,324,480	53%			
Networking Products						
Network Interface Card#	3,912,191	3,454,721	-12%			
Hub#	159,178	161,602	2%			

 # - There is wide variation in unit prices and hence the total revenue was not calculated.

Definitions:

- Top four Cities/Metros/Class A cities – Delhi, Mumbai, Chennai, Kolkata
- Next four Cities/Class B Cities – Bangalore, Hyderabad, Ahmedabad, Pune
- Class C Cities/Towns: Other Smaller Towns/Cities
- Internet entities – Entities are establishments/individuals with Internet connection; an entity could house multiple users.

To download the entire presentation, visit: www.mait.com/downloads/maitann2010.zip

About the Study

The bi-annual MAIT Industry Performance Review – ITOPs, conducted by India's leading market research firm IMRB International is a survey of the IT hardware sector's efforts to manage the business environment, gauge the market potential and consumer trends. This round of the study involved face-to-face interviews with over 15,000 respondents selected randomly across 17 cities in India. The MAIT-IMRB study was initiated in 1996-97 and encompasses five broad product segments — computers, networking products, printers, other peripherals and Internet connections. Apart from the half-yearly review, a supply-side estimation module is used to monitor industry performance every quarter, alternating with the half-yearly review.