

Gartner: PC Prices on the Up

Written by Marco Attard
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Gartner reports PC prices within the Eurozone are set to increase by up to 10% in 2015, as vendors raise prices in order to offset the effects of currency devaluation.



"We are currently seeing the sharp appreciation of the dollar against most other currencies reflected in companies' earnings results," the analyst says. "PC vendors selling to Europe and Japan, where local currencies have fallen up to -20% since the start of 2015, have little choice than to raise prices to preserve profits."

W. European end-user spending is forecast to reach \$116 billion (in constant dollars reflecting growth rates in local currencies)-- a 4% increase over 2014 and a reflection of expected increases in local currency.

"Device vendors will mitigate the impact of their declining "dollarised" profits by taking advantage of single-digit-percentage decreases in PC component costs during 2015, and by selling PCs with fewer features to keep prices down," Gartner continues. "However, vendors' margins will fall, even as they shift their shipment focus to the regions least affected by these currency effects."

On the consumer side, the analyst says PC sales are determined by price, and as such 30% of customers will buy down the price curve (meaning PCs priced less than \$500) in order to counter price rises. Value driven customers (40% of the market) will delay purchases, while feature-driven customers will extend PC lifetimes by 10% before absorbing remaining price increases.

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As for businesses, 2015 will see IT budgets prioritise currency-driven shortfalls such as software and surfaces, as well as the lengthening of PC lifetimes by at least 6 months (10%) compared to 2014. In addition, purchases of optical drives and optional accessories should all but disappear.

"While we expect large organizations to cut their PC unit purchases by 20 percent during 2015, due to price rises, small businesses will behave like value-driven consumers and look to purchase consumer PCs instead," Gartner concludes.

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