

Europe "Turning More Uneven" for VARs

Written by Marco Attard
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Longbow Research says 40% of W. European resellers report under-budget projections for Q3 2011, as fear and hesitation continue due to a combination of negative Eurozone headlines, UK government austerity and uncertain fiscal policy elsewhere.



This results in uneven demand throughout the region-- with the exception of Germany as a "relative star."

Most European VARs see a seasonal dip in July and the beginning of August (due to the summer holidays), but sales are starting to normalise-- even if VARs project single digit declines for Q3 2011 sales.

UK reseller demand is "consistently worse than anticipated," reflecting government austerity measures. Q3 2011 forecasts predict sharper-than-typical seasonal sales declines, before the Q4 seasonal rebound.

However Longbow expects "little improvement" for the British 2012, as its H2 2011 forecasts are weaker than its last round of checks.

France is also tracking below previous Longbow forecasts, even if orders activity appears to be healthy-- some customers are still hesitant to finalise orders.

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German demand meets sales goals and should improve further (despite a slow July) as industrial automotive businesses continue driving the market by investing in storage, server and virtualisation projects.

Longbow expects a strong Q4 2011 in Germany, with no forecasts for market erosion in 2012--but market headwinds (negative macroeconomics headlines) could "create a drag on growth."

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