

The DISTREE 2020 keynote by CONTEXT global managing director Adam Simon gives retrospective on the channel in 2019-- the year of Windows 10, as the OS gives a huge boost to the PC market and related industries.



The channel sees 3.3% growth in 2019, "very solid" results with desktop PCs growing by an impressive 10.7%. The mobile computing category is up by 4.7%, while "other" categories follow at 2.7%. Many new categories, such as smart home and wearables, are also growing at a high rate, while telecoms are facing a slowdown. This is due to one main reason, which is the drop of Huawei smartphone sales through the channel. The printing category remains on the decline, as are some enterprise categories including storage.

The biggest vendor selling through the channel is Apple, with 2019 sales reaching over €11 billion, a 10.5% increase allowing it to beat HP in distribution. Following are Lenovo, Dell and Microsoft. A company worth pointing out is Xiaomi. The Chinese company makes it in the annual top 20 for the first time in 2019 at the 17th, an impressive result considering it was in the 41st position in 2018 CONTEXT rankings. Huawei is on the decline, with growth at just 0.8%, while Intel manages to maintain channel revenues despite component shortages. AMD is not in the top 25, but sees impressive 106% growth in channel revenues in 2019 thanks to the Intel component shortage.

CONTEXT holds an annual survey, with the 2019 edition involving 6500 resellers. Held on June 2019, it shows European resellers are far more optimistic than 12 months prior. How come? First off, the underlying industry trends are positive, thanks to the Windows 10 migration and resellers adding services to cover digital transformation efforts. As for 2020, resellers plan to invest in a number of traditional channel sectors, such as PCs (57% of respondents), software (39%) and storage devices (37%), but they are also set to take on upcoming categories including smart home (20%), headsets (17%) and wearables (13%). As a whole, the European reseller market is stable, with the number resellers growing by 2.7% as new entries manage to offset the exits.

Moving on to guidance for 2020, CONTEXT predicts 1-3% growth for Europe, with some countries, including Italy, Spain and Poland, growing at higher rates while the UK and Germany are critical for the overall panel. Mobile and desktop computing are forecast to see 2% growth, telecoms will grow at 1% and the printing and consumables segment. The Windows 10 migration should continue boosting the market in H1 2020, before slowing down in H2 2020. As for the next decade, Simon points out the resilience of the channel, even as the market moves away from hardware and retail becomes increasingly online.

That said, resellers and distributors need to develop own services and IP, such as training, software and databases. In fact, IP makes the very core of channel resilience. The cloud should take over in the next decade, while the customer experience will move to interoperable functionality. New technologies to look out for include 5G, electric cars, smart home, IoT and AI, but the smartphone will remain as important as it is now. A final question involves the presence of eCommerce within B2B, since it is still not certain whether it will beat the traditional channel in terms of distribution.

Watch [The Distribution Channel - Retrospective on 2019 and Looking Forward to the Next Decade](#)