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The computer comeback  
PCs surge due to COVID-19



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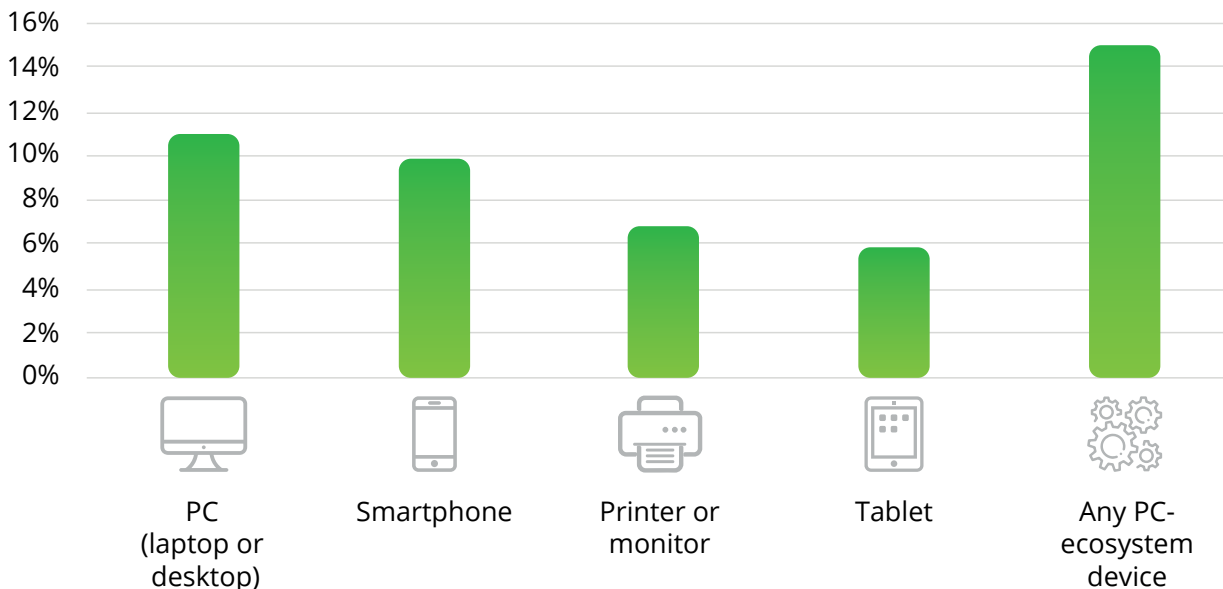
Working from home on a six-inch smartphone screen is fine if it's only a few hours per week. But 40 plus hours on a small screen and no keyboard or mouse isn't enough for all work tasks, and tens of millions of people around the world pulled their old PC out of the basement...or went out and bought a new one. [Global PC sales were up 11% in Q2 2020](#) compared to the same quarter a year earlier, and [grew even faster in Q3](#), up 15%.

Just over [350 million PCs shipped worldwide in 2011](#), and that number [was down to 267 million in 2019](#), or a 24% decline. Over the same period, smartphone shipments tripled. Nobody is getting rid of their smartphones in 2020 (although [new phone shipments were down 16%](#) globally in Q2 2020) but previously unpublished Deloitte Global Mobile Consumer Survey (GMCS) data from the heart of the pandemic shows interesting growth in not just the PC, but the PC ecosystem.

We surveyed just 29,000 adults across four continents and 16 countries in May-July of this year.<sup>1</sup> One question was "Which, if any, of the following devices have you purchased as a result of spending more time at home because of the coronavirus pandemic?"

Of those who did buy a new device due to being home more, the #1 choice was a computer (laptop or desktop or both), with an average of 11%, compared to 10% who said they bought a new smartphone. Further, 7% said they bought either a printer or a monitor or both, compared to only 6% who bought a tablet. Finally, an average of 15% bought at least one of laptop, desktop, monitor, or printer.

### Q: Which, if any, of the following devices have you purchased as a result of spending more time at home because of the coronavirus pademic?



There was significant variation between the 16 countries, of course, but urban China led the way, with 65% of respondents (ages 18-50) saying they bought any kind of new device due to being home more. And the PC ecosystem was a big part of that: 24% said they bought either a new laptop or desktop (19% and 10% respectively), 10% bought a printer and 9% a monitor. A stunning 34% of respondents in urban China bought at least one of the PC ecosystem devices because of the pandemic! For all these devices, the percentages in urban China were higher than any other country, possibly reflecting a pre-pandemic lower penetration level of PC ownership.

## **There are multiple beneficiaries from a resurgence in PCs. The computers alone (assuming about 295 million PCs this year, with an average selling price of \$733) will be over \$215 billion in 2020.**

The semiconductor revenues for central processors and graphics processors alone is a roughly \$50 billion annual business. The revenues for the largest players were flat in 2019 compared to 2018, but were up 14% in the first nine months of 2020 according to publicly released financials. Equally, software sales are up, with Microsoft's More Personal Computing segment (another roughly \$50 billion annual revenue business) up 9% in [the first half of calendar 2020](#).

What happens next? It seems likely that the pandemic-fuelled surge will abate to some extent. Almost certainly some of the PCs purchased were to support kids who were learning from home, and in most countries they are returning to classrooms around the world. Offsetting that, there has been an [ongoing laptop shortage](#), which implies pent up demand. But there are three longer term tailwinds for PCs in terms of units and usage:

### **1. Work from anywhere**

Work from home during lockdown looks likely to evolve to work from anywhere (WFA) going forward. Both employers and employees have discovered that WFA works better than expected, and numerous companies have announced that employees will be allowed to WFA, at least some of the time. Some will bring laptops back and forth, but others will keep their home PCs.

### **2. Pandemic PCs won't turn into pumpkins once it is over**

Literally tens of millions of new PCs (and printers and monitors) for home use have been bought. Post-pandemic, they will still be functioning, and we expect owners to use them for both work and play going forward.

### **3. Streaming and gaming and shopping**

The [PC gaming hardware market](#) is expected to be a \$40 billion market in 2020, up over 10% compared to 2019, while the [PC gaming software market](#) is about \$37 billion this year, [up 14% in October](#), which is much better than in past years. Consumption of video streaming was up over 40% during the pandemic—and although 70% of streaming for [one popular service is on TVs](#), the PC is solidly in second place, representing 15% of total viewing hours globally compared to only 10% for the smartphone and 5% for tablets.

But there are some interesting demographic differences: our [GMCS survey data for the UK](#) shows that in May of 2020, 27% of 16-24 year-olds cite the computer (laptop or desktop) as their preferred device for streaming films or TV series, more than double the 13% for all adults. 18% of men in the same UK survey say the computer is their preferred device for gaming, almost as high as the 20% who prefer the smartphone. And a remarkable 63% of those aged 55-75 years old prefer to make online purchases on a computer, as opposed to only 10% for the smartphone.

Putting it all together, the global PC ecosystem is close to half a trillion dollars. It's not going to overtake smartphones as our #1 tech device, but it's a solid silver medallist, and growing well for now.

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