

# BUSINESS

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## BUSINESS DIGEST

### AIR TRAVEL

#### American cuts fares after Southwest does

FORT WORTH — American Airlines cut prices Wednesday for travel between Dallas-Fort Worth International Airport and many U.S. cities one day after rival Southwest Airlines Co. announced a fare sale to the same cities.

American's Web site was listing \$218 round-trip fares for nonstop travel between DFW and cities including Los Angeles, Las Vegas, Seattle and Orlando, Fla.

All four are among the 25 additional cities that Southwest plans to serve with one-stop flights from Dallas Love Field, starting today.

Southwest moved quickly to take advantage of a new law that eased restrictions at Love Field, with a \$99 one-way fare sale to the 25 new cities.

### STOCK INDEXES

#### Dow Jones surpasses 12,000, closes at 11,992

NEW YORK — The Dow Jones industrial average briefly swept past 12,000 on Wednesday, extending its march into record territory as

# Dell loses the top spot in PC shipments to H-P

By Dan Zehr

AMERICAN-STATESMAN STAFF

Dell Inc. isn't the world's largest computer maker anymore.

Hewlett-Packard Co. shipped 111,000 more personal computers than Dell did during the third quarter, according to Gartner Inc., a technology research firm. It marks the first time H-P has surpassed its top rival since the fourth quarter of 2003.

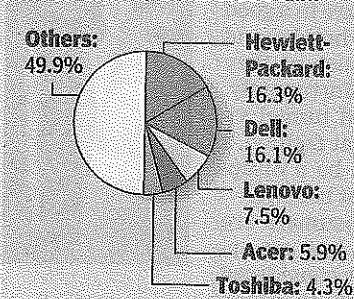
IDC, another research firm that measures PC shipments differently, put Dell and H-P in a statistical dead heat for the top spot.

Both firms said Dell's shipments grew more slowly than the industry average, only the second time that has happened since at least 1989 — but also the second time it has happened in the past three quarters.

Dell's shipments increased at the slowest rate in the company's

### PC shipments

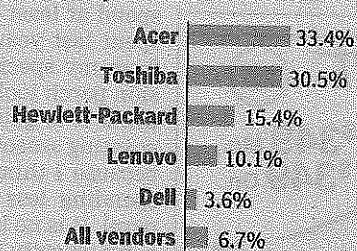
Top 5 vendors, worldwide PC units



Source: Gartner Inc.

### Dell slides

Worldwide shipment growth, third quarter compared with same time last year



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history, at just 3.6 percent compared with the same time last year, Gartner said. H-P's shipments jumped 15.4 percent, and the industry overall grew at 6.7 percent.

H-P accounted for 16.3 percent of the worldwide shipments,

according to Gartner. Dell accounted for 16.1 percent, and Lenovo Group Ltd. held 7.5 percent of the market. IDC numbers varied slightly, giving both H-P and Dell

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## COMPUTERS: H-P sets sights on consumers, who are fueling market

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17.2 percent of the worldwide market.

Dell's shipments in Asia and Latin America were especially strong, but a sharp slowdown in the U.S. offset most of those gains.

"Dell has had some negative publicity recently regarding its battery recall, but it is hard to attribute third-quarter results just to bad publicity," IDC analyst Loren Loverde said. "Dell will likely be very aggressive in the fourth quarter, and we will see how similar battery recalls affect other vendors."

Industrywide, U.S. shipments decreased 2 percent, Gartner reported, the first time the domestic PC market suffered a fall since the second quarter of 2002.

Much of that decline stemmed from an unexpected slowdown in notebook computer sales, according to IDC. After more than a year of strong jumps, the firm said, the growth of notebook computer shipments slowed to single-digit gains.

Dell accounts for almost one-third of all the computers shipped in the U.S., so domestic slowdowns tend to affect it more than other vendors. H-P's U.S. shipments increased 6.3 percent, while Dell's declined 7.1 percent, Gartner said.

Dell sells most of its computers to corporations and large institutions, but individual consumers have fueled the U.S. market's growth over the past year.

"The large corporate market remains relatively weak because we're in the down part of the replacement cycle," Gartner analyst Charles Smulders

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said. "That affected Dell's overall performance but also the overall market."

"H-P is much more focused in the U.S. on consumers, where we continue to see strong demand," he said.

Dell spokeswoman Gretchen Miller said the company would not provide more details until it reports its third-quarter earnings Nov. 16. She said the company has been focusing primarily on efforts to spruce up its product design, customer service and mix of products.

"We recognize it's the lowest (quarterly shipment) growth we've had," she said, "but we feel confident we have a strategy that will win in the long term."

Dell's and H-P's fortunes have changed since three years ago, when the companies spent several quarters swapping the top spot between them. By 2004, Dell had started to build a steadily growing lead over its top rival, and H-P's stock took a plunge.

Today, Dell shares are on the ropes, down 27 percent since the end of 2003 — the last time H-P sat atop the PC market. In that same time, H-P shares have increased 76 percent.

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