

CHRISTMAS GREETINGS

Time, price right for buying a PC

by JIM JAMIESON
Southam Newspapers
VANCOUVER — Trudy Adam and her partner, Pat Wright, are stalking the aisles of consumer electronics stores these days.

Like many this Christmas, the Vancouver couple are shopping for a new computer and they're taking advantage of pricing and bang-for-your-buck that is as good as it's ever been.

While some major U.S. computer-makers and retailers have predicted recently that sales and profit will come up short of forecasts in the fourth quarter, you wouldn't know it locally.

"We've been debating on it for a long time," Adam, a PhD post-graduate who's employed in the School of Audiology and Speech Sciences at the University of B.C., says while shopping with Wright at Future Shop.

"It seems the prices have dropped \$400 or \$500 in the last three months for the same package."

The couple have been getting by with an antediluvian Macintosh and trying to surf the Net through a 28k modem, and becoming increasingly frustrated.

"You can't even buy a game for it," says Wright, a contractor. "We're just really fed up with it. A lot of ads are out right now. We're going to go around and see who has the best deals."

But, even though they've been on the computer-market sidelines for a few years, Adam and Wright have done their homework. They've decided to go for a PC because of greater flexibility. And they're shying away from the package deals and looking for what they feel are the key components. Their minimum shopping list: a 650 mhz processor, 64 megabytes of RAM, a CD writer.

They say that, beyond a printer, they'll wait on other peripherals.

"You can always upgrade more RAM or whatever," says Adam, who wants to be able to swap data with machines at work.

In the U.S., meanwhile, analysts are saying that recent predictions for holiday sales shortfalls by industry giants such as Compaq, Gateway, Apple, Dell Computer, Intel and Hewlett-Packard will result in excess inventory - and even better deals.

But computer retailers say business has been robust, although not quite as good as last Christmas.

"(That) was a banner year for computer sales because of issues such as Y2K upgrades . . . and there were some big improvements in computers, such as CD writers, that drove some sales," says Eric Park, a computer buyer for Future Shop.

"This year, the growth compared to the previous year is less. In 1999, you were seeing 20-to-40 (per cent) growth every week, whereas this year we're only seeing five-to-10-per cent growth."

"Some retailers may be seeing a negative growth and certainly the U.S. manufacturers are."

In a country where about 60 per cent of households have at least one computer, buying habits are morphing with the market. Retailers are seeing huge increases in sales in the peripheral and upgrade market.

"We are dealing with a much more knowledgeable, sophisticated group of users now," says Cedric Tetzel of London Drugs in B.C. and Alberta. "After 15 years, people have figured out they have specific needs."

Just as you never would consider buying a new car every couple of years, many computer users are coming to the realization that they don't need to buy a brand-new computer, either.



Trudy Adam and Pat Wright decide to buy a PC for flexibility and will add bells and whistles later.

Southam Photo

As with new tires or brakes, there might be a RAM addition or a hard-drive upgrade but the basic box these days still can handle all the things you need to do, whether it be Internet, video editing, gaming or digital music.

"There is still a big mismatch between what your average person uses the computer for and what is inside the box," says Sam Znaimer, vice-president of Vancouver's Ventures West Management.

"Most particularly, people use computers to communicate, and you can use a low-end PC to do that, even on a high-speed connection."

Znaimer says the absence of a killer app this year to drive consumers to buy up also has been a factor.

"For the home user, there has not been great leaps," he says. "They only want to do so much by way of spreadsheets. There aren't that many using high-end graphic applications, and gamers tend to buy game boxes."

As well, say analysts, devices such as hand-helds, digital cameras and CD burners have hit the right price points to compete for computer buyers' dollars.

IDC Canada analyst George Bulat says last year's Y2K hysteria caused a double whammy in the computer market: a sales spike that is tough to match this year and a spending hangover that is putting off upgrades.

The Y2K issue is almost completely business-related, of course, but many smaller businesses buy retail and those figures spill over into the consumer market.

Still, says Bulat, the Canadian market was only slightly down in the third quarter compared with 1999, with the consumer area going strong.

"I'm not sure where it's going to end up at the end of the year — whether it's going to hit 15 or 12 to 15 . . . But it is not a downturn . . . there is some slowing of growth relative to expectation but there's still lots of growth."



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