

Evaluating the impact of free navigation



Analysing the commoditisation of navigation software and its impact on PND suppliers and vehicle manufacturers...

Although the introduction of free navigation on smartphones will have a negative short-term impact on companies that are currently selling navigation systems, in the long-term SBD believes that it will act as a trigger to accelerate innovation within both the PND and automotive industries. SBD combines research on consumer attitudes and sales forecasts to produce this market and strategy-focused report. It contains practical advice that will help vehicle manufacturers and those in the navigation industry diversify and adapt to the challenges posed by smartphones in the European and USA markets.



This report will help you:

- Understand how Nokia and Google are using navigation to increase the appeal of their handsets and software platforms
- Determine the future size and revenue potential of different segments within the navigation market
- Characterise the risks posed by commoditised navigation and its impact on your business
- Develop new product and business strategies to remain competitive against free navigation software

This report analyses the gradual commoditisation of navigation software as smartphone suppliers increasingly fit it as standard in order to increase the appeal of their handsets and services. In addition to forecasting the impact on sales of other paid-for navigation systems, this report also identifies the key strategic changes that vehicle manufacturers and PND suppliers will need to make in order to adapt and survive in the new navigation market.

For additional information please email jappleby@sbd.co.uk or telephone Juanita on +44 (0) 1908 305101 and she will be happy to deal with your enquiry.



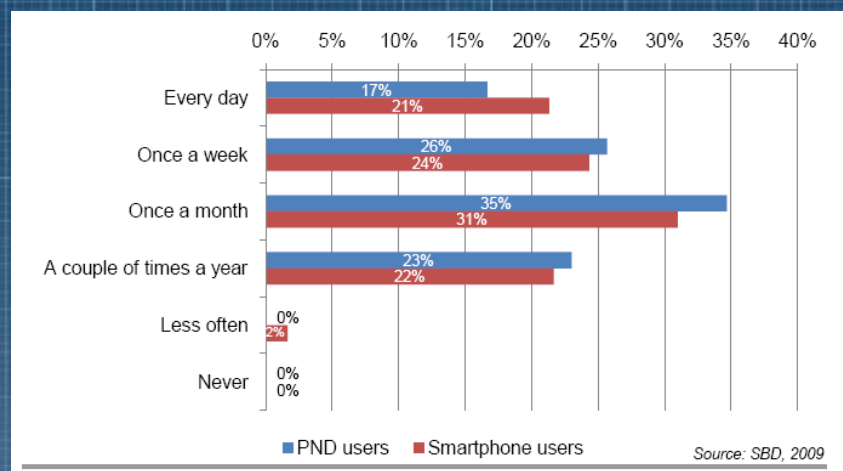
»» Assessing the impact of free navigation...

The evolution of in-car navigation is set to take another sharp turn following the announcements by Google and Nokia that they will begin fitting navigation as standard on their smartphones. Although the introduction of standard-fit navigation on smartphones will have a negative short-term impact on companies that are currently selling navigation systems, in the long-term SBD believes that it will act as a trigger to accelerate innovation within both the PND and automotive industries.

Implications for PND suppliers

The PND market will be hit hardest by the announcements from Google and Nokia, leading to the PND sales peaking in Europe and USA during 2011 and then shrinking significantly by 2014. The major players will be able to avoid most of the pain in the short-term as smaller players become the first to be squeezed out of the overly-competitive market. However, in order to survive in the long-term PND suppliers will need to diversify away from a reliance on the PND form factor and towards more viable alternatives such as mobile phone apps and embedded OE solutions.

Usage frequency of PND vs. Smartphone navigation



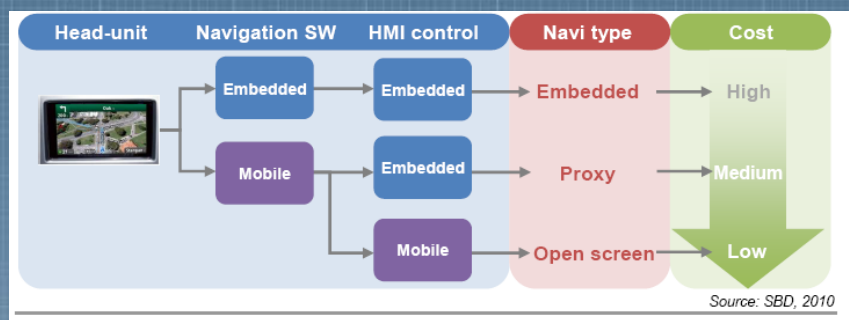
Implications for vehicle manufacturers

Sales of OE navigation systems will also be hit by the introduction of standard-fit navigation on smartphones, although not as badly as the PND market. Instead of enjoying the previously expected surge in growth following the introduction of ultra low-cost OE systems, OE sales will now grow at a more modest pace.

SBD believes that although there will be relative stability in the sales of the OE navigation over the next five years, the automotive industry is entering into a period of significant change that could lead to an exponential growth in the availability of navigation in the car (either embedded or through integration of smartphone navigation) from 2014 onwards.

The automotive industry has a unique opportunity to capitalise on the growth of standard-fit navigation within the smartphone industry in order to shift towards offering navigation as a standard feature in the car. However, in order to do so, vehicle manufacturers will need to make the difficult decision of whether to continue focusing on embedded navigation, or whether to shift towards integrating smartphone navigation.

Low-cost integration with smartphone navigation



»» ...know what tomorrow brings

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The SBD Mission...

... to provide our customers with the knowledge, insight and understanding they need to develop class leading Telematics and Vehicle Security products and improved Cost Of Ownership performance

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Related Reports



Navigation for the App generation

This report provides an overview of the OE, PND and Smartphone navigation market across Europe. It focuses more on navigation apps for smartphones and analyses the various options available to users in order to understand the changing consumer attitude towards navigation. The report also discusses the impact of app stores on the in-car navigation market.

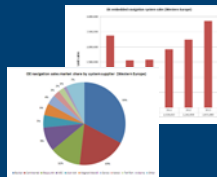
Reference SBD/TEL/2411



An end-to-end analysis of connected navigation services

The automotive industry is actively developing a range of connected services for embedded navigation systems in an effort to remain competitive with PNDs and Smartphone navigation systems. However, vehicle manufacturers face a range of inter-related decisions on the design of their in-car system, the architecture of the off-board servers and the business model. This report provides an end-to-end analysis of connected navigation services and highlights the various technical options available to vehicle manufacturers. The report also examines the potential solutions, identifies the benefits and limitations of each approach and provides SBD's view of the future.

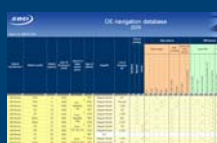
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European Navigation Sales Forecasts

5 year sales forecast for OE navigation system sales by manufacturer, supplier and geographic criteria. The sales forecasts help determine growth over the next five years for the navigation market with additional information on embedded navigation systems such as the variations between low-cost and high-end functionality.

Reference SBD/TEL/2413



European Navigation Feature Database

The OE navigation market is now evolving quickly with the entrance of integrated PND and mobile phone solutions in this sector. It has also become important for vehicle manufacturers to keep track of the trends in the PND and smartphone navigation markets, especially connected services. Hence in 2009's database, SBD has included key features and services being offered to customers of the PND and smartphone navigation markets. In addition to connected services, the database also includes enhanced map features on PNDs and the different business models used for smartphone navigation.

Reference SBD/TEL/2414