Mobile GPS navigation market doubles year-on-year in EMEA

– Q2 shipments of integrated GPS navigation devices hit almost 2.5 million

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For immediate release

- TomTom retains market lead with over 30% share, up year-on-year, but down on Q1 2006
- Garmin doubles market share compared to one year ago, to hold firm second place
- Market growth of 97% takes total quarterly shipments above the previous record set in Q4 2005
- Handhelds now account for only 10% of integrated devices, down from over 40% 18 months ago

Highlights from the Canalys Q2 2006 EMEA mobile navigation research

New GPS navigation device market research from Canalys shows that sustained growth has taken shipments in the latest quarter above even the boom level seen in Q4 2005, which made a big difference to the year-end performance of many retailers. Canalys estimates that just under 2.5 million devices shipped in Q2 2006, beating the previous quarterly record of 2.3 million. The Canalys figures include all mobile devices that have integrated GPS receivers and provide turn-by-turn vehicle navigation, including handhelds, such as the Mio P550, wireless handhelds like the HP hw6915, and transferables (or 'PNDs': Portable Navigation Devices), for example the TomTom GO and Garmin nüvi ranges.

EMEA integrated mobile GPS navigation device market
Hardware vendor market shares Q2 2006, Q2 2005

Vendor	Q2 2006 shipments	% share	Q2 2005 shipments	% share	Growth Q2'06/Q2'05
Total	**2,448,920**	**100.0%**	**1,245,870**	**100.0%**	**96.6%**
TomTom	747,610	30.5%	258,530	20.8%	189.2%
Garmin	408,660	16.7%	102,530	8.2%	298.6%
Mio Technology	232,990	9.5%	157,470	12.6%	48.0%
Navman	156,510	6.4%	88,640	7.1%	76.6%
Medion	149,920	6.1%	169,220	13.6%	-11.4%
Others	753,230	30.8%	469,480	37.7%	60.4%

Source: Canalys estimates, © canalys.com ltd. 2005-2006
See also: www.canalys.com/navigation

"Q2 can be a quiet quarter for many consumer electronics product categories, but the navigation market, particularly in Europe, benefits from lots of customers buying devices in time for their summer vacations," said Chris Jones, Canalys director and principal analyst. "The market continues to go from strength to strength, and we are seeing a continuous stream of new products coming to market, and more and more variety in form factors, features and price points. There are also an increasing number of hardware vendors aiming to challenge the early leadership position established by TomTom."

TomTom suffered from some supply issues this quarter, giving others the opportunity to make up some ground. Of the top five vendors it was second-placed Garmin that made the most progress, its shipments quadrupling year-on-year. Still the US number one vendor, Garmin has a long history in GPS products, particularly for outdoor use and for the marine and avionics sectors, but it was overtaken early on in the European market for portable navigation devices for vehicles, development of which has been led primarily by European companies. Increased marketing effort in Europe and an expanding product range are now helping Garmin increase its presence in this market.

An earlier Canalys research report pointed out how the handheld computer market in EMEA was declining (down 42% year on year in Q2 2006) now that the demand for GPS navigation solutions has shifted away to transferables (dedicated portable navigation devices with integrated GPS) like the TomTom GO. Its navigation market numbers show the extent of that shift. Of the 2.5 million devices shipped in Q2, only 10% were handhelds, a further 3% were wireless handhelds, while a massive 87% were transferables. Compare this to the start of 2005, when handhelds were almost half the market.

"Consumers have flocked to transferables in droves," Jones added. "They typically present a simple proposition, in an optimised form factor, at attractive price points. They are easy to demonstrate and sell. As a result, they have stolen a lot of retail shelf space away from handhelds, which has hastened the latter's decline."

Early solutions for handhelds relied on product bundles with external GPS receivers connected by cable or Bluetooth, which could sometimes be quite difficult to set up, and cumbersome to fit in the vehicle. These have understandably withered away in the face of the much better user experience offered by integrated GPS devices, but solutions using external receivers are still growing in the mobile phone space. As in other market segments such as digital music players, Jones sees rising activity around mobile phone and smart phone solutions, which will present a growing threat to the makers of dedicated navigation devices, but he believes there are two fundamental things missing from the market in EMEA today. The first is a broad array of attractive mobile phones or smart phones with integrated GPS, the second requires a change in attitude.

"Most of the mobile operators still aren't awake to the huge potential of mobile navigation, and it comes a long way down on their priority list, after higher-risk plays like mobile TV. It shouldn't. It is perhaps the purest form of location-based service, and has huge potential, not just in terms of subscriber numbers and as a revenue stream in itself, but also as a way of changing customer perception of what a phone is for, thus building a foundation for the delivery of other information services through the handset," Jones said.

Average selling prices have remained steady around the €400 mark, despite increasing competition. The market continues to attract new vendors, particularly in the transferable space, including many well-known in-car system and consumer electronics brands, such as Becker, Blaupunkt, Packard Bell, Pioneer and VDO Dayton. These are being joined by more vendors of wireless handhelds with integrated GPS, for example Fujitsu-Siemens, who will hope to tap into the still underdeveloped enterprise market. While there are many entry-level products available, and Jones expects to see a €199 transferable before the year is out, this is being counterbalanced by new feature-packed models coming in at the top end, bringing, for example, widescreen displays, real-time traffic and weather information, and additional capabilities that encroach further into the in-car entertainment space, such as playback of music, photos, video and TV. How far the mobile navigation market leaders can go down this route is one of the subjects being addressed at the first Canalys Navigation Forum in Geneva, taking place from the 11th to 13th of September. The success the market is experiencing is reflected in the tremendous speaker list and audience that this event has already pulled together, from not only the industry itself, but also the financial analyst community and press. More information and registration details can be found at www.canalys.com/navigation.

About the Mobile Navigation Analysis EMEA service

The shipment estimates discussed in this release come from the market-leading Canalys Mobile Navigation Analysis EMEA service. Clients receive quarterly market updates for the navigation hardware and software markets, regular reports, trends presentations and forecasts, and direct access to Canalys analysts. A worldwide service is also now available focusing on the growing opportunities in the US and Asia. More information is available from the Canalys web site.

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Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology providers. It is recognised as a key supplier of continuous advisory services and confidential custom projects by marketing managers and strategists within blue-chip IT, telecoms and consumer electronics companies. It has unrivalled expertise in European routes to market for all kinds of high technology products and services, and provides worldwide market data and trends analysis.

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