Global mobile navigation device shipments hit 39 million in 2007

– US market exceeds expectations as Q4 brings 346% year-on-year growth

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For immediate release

Annual highlights

- Total global shipments of mobile GPS navigation devices in 2007 were up 132% on 2006
- PNDs still represent 90% of market, despite increasing activity from smart phone vendors
- North America is fastest growing region, up 296% on 2006 compared to 139% in APAC, 87% in EMEA
- In 2007, the US represented 31% of annual global shipments, up from just 18% in 2006
- EMEA remains biggest market, with 21.7 million units shipped in 2007

Q4 2007 highlights

- Worldwide shipment growth in Q4 stood at 148% year on year, higher than in the three previous quarters
- US shipments boomed to 6.7 million in the quarter, rivalling the 8.5 million that shipped in EMEA
- US represented 39% of the global market in Q4, up from 26% in Q3
- In Q4 TomTom was clear market leader in EMEA, but second in North America to Garmin
- Combining Mio and Navman's shipments would give MiTAC the lead in APAC, ahead of TomTom

Highlights from the Canalys research

Not only does growth in the GPS navigation industry show no signs of slowing, it is actually increasing according to the latest figures from leading industry analyst firm Canalys. Year-on-year growth in mobile GPS navigation device shipments stood at 148% worldwide in Q4 2007, the highest seen since Q1 2006. Furthermore, despite all the recent activity in the smart phone segment of the market, which is the fastest growing according to Canalys, shipments of PNDs (dedicated portable navigation devices) were up 150% year-on-year in Q4 and represented a stable 90% of total device shipments.

"A big factor in the continued success of the PND is the US market," said Chris Jones, Canalys VP and principal analyst. "Seasonal promotions – particularly around Black Friday and the Thanksgiving weekend – drove huge volumes. These promotions saw PNDs drop, albeit temporarily, to price points as low as US$80. Garmin, Magellan, Mio, Navigon, TomTom, and others, had products selling at substantial discounts. While it is good to get the volume, the problem this creates is it gives US consumers the idea that satellite navigation needn't be very expensive, and predictably, many price points have not sprung back to their pre-discount levels."

Canalys estimates that around 6.7 million PNDs shipped in the US in Q4 2007, representing 55% of the total for the year. In Q4 2006 the figure was below 1.5 million, showing just how much the market has grown and the extent to which the US, once tiny compared to the European market for such devices, has become a major arena for the many competitors in this industry.

"Many vendors are finding it difficult to compete profitably given the rapid price and margin reductions we have seen in the market in recent quarters," added research analyst Tim Shepherd. "Cobra, for example, announced its departure at the end of 2007, and there are many smaller vendors suffering as the market leaders increase their shares."

Looking at the market for all mobile GPS navigation devices (which includes smart phones that have integrated GPS and an activated on-board solution), Canalys puts market leader Garmin's share in the US in Q4 at an enviable 47%, almost exactly where it was a year earlier. Garmin is followed by TomTom on 21%, Magellan on 17% and then Mio Technology on 6%. This means the top four hardware vendors have more than 90% of the market. A year earlier they had only 80% between them. "In 2006, vendors like TomTom and Mio discovered they could have sold even more product around Black Friday than they did, if only they had managed to put more into the channel," Shepherd added. "In 2007, they, and others, stepped up their activity to take greater advantage of that seasonal US consumer demand."

The growing importance of the US market, and also the rising potential within Latin America, is reflected in the fact that 14 October 2008 will see the first Canalys Navigation Forum held in the US, at Half Moon Bay in California. Topics on the agenda include overcoming the challenges of product differentiation, what the channel needs in order to sell increasingly sophisticated mobile navigation products, the revenue prospects from additional location-based services being sold into a large, navigation-aware consumer base and how different platforms, such as smart phones and connected PNDs, will compete in the future.

Before this, in May 2008, Canalys is running two one-day forums in India and Taiwan. The APAC region is the next fastest growing after North America, with Q4 2007 shipments of around 1.7 million mobile GPS navigation devices representing a 137% rise on the equivalent figure in Q4 2006. The contrasts between this region and the US couldn't be more marked.

"In APAC in Q4 2007, the top four vendors accounted for less than 40% of all shipments," said Singapore-based Rachel Lashford, manager of Canalys in APAC. "And while the PND is still the largest category in volume terms, PMPs (portable media players) and converged devices, such as smart phones, already represent more than 20% of the market."

This different landscape is also evident in the hardware vendor brands that appear in the top four and the very small distance between their market shares. TomTom was the leading brand in Q4 2007, but this was before the formal merger of MiTAC's Mio and Navman subsidiaries, which took place in January. Mio and

Navman's combined shipments would give the merged company the number one position. Canalys estimates TomTom had 10% of the APAC market, marginally ahead of Navman and Thinkware, with, somewhat ominously for the PND vendors, Nokia in fourth place with just under 9% share. Mio was in fifth place.

"South Korea, Australia and China combined currently represent 80% of shipments in the region," Lashford added. "But Taiwan is the fourth largest market and home to many of the ODMs that are so vital to this industry, hence our running a forum in Taipei on May 15, to bring both international players and local producers together to discuss future trends and market opportunities."

India presents huge challenges and opportunities in equal measure. While still a nascent market for mobile navigation solutions, in Q4 2007 it was the third largest smart phone market in APAC after Japan and China, with quarterly shipments exceeding 1 million units for the first time. The Canalys forum in Bangalore on May 13 will be important for those who wish to succeed in selling navigation and location solutions into this vast potential market. Presentations will include topics such as advances in mapping the country, the opportunity for low-cost off-board solutions, and understanding Indian consumer preferences – drawing upon the results of a special consumer survey Canalys is conducting for the event.

With year-on-year growth of 86% in Q4 2007, EMEA is a laggard in comparison to the other regions, but few industries can boast such tremendous, sustained performance as has been seen in the navigation business there for the past few years. In Q4, half of all mobile GPS navigation device shipments worldwide were in EMEA. A year earlier EMEA was two-thirds of the global total, but it remains a highly lucrative market for many vendors. The top four only hold 65% of the market – a situation that has changed little over the past few quarters. TomTom held onto its clear lead in Q4, with 32% share, ahead of Garmin on 17% and Nokia on 11% thanks to the success of its growing portfolio of Symbian smart phones with integrated GPS. Mio and Navman took the fourth and fifth spots.

"Within EMEA, the vast majority of shipments are still in Western Europe, but Central and Eastern Europe is enjoying tremendous growth – shipments there in 2007 more than quadrupled from 2006, reaching 1.4 million units," Chris Jones added. "This year's EMEA forum in September is in Budapest partly as an acknowledgement of the fast growing importance of the region and the fact that the market dynamics are quite different – within this part of EMEA the volume leaders are Mio, Nokia and Garmin, while TomTom is some way behind on around 5% share in fourth."

For more information about any of the Canalys Navigation Forums, including agendas, complimentary press registration and sponsorship opportunities, please visit www.canalysnavigationforum.com.

About the Mobile Navigation Analysis services

The shipment estimates discussed in this release are for portable devices that have integrated GPS and feature an activated, on-board, turn-by-turn land (vehicle or pedestrian) navigation solution. These therefore exclude fixed systems built into vehicle dashboards, marine and aviation systems, off-board (server-based) solutions, solutions that do not provide turn-by-turn navigation, and devices that either lack integrated GPS or where an on-board navigation solution is included but not activated.

The figures come from the market-leading Canalys Mobile Navigation Analysis services. Canalys' globally consistent market segmentations and definitions are used by vendors the world over to provide a coherent view of the total market for mobile navigation solutions (both on-board and off-board) on PNDs, GPS-enabled portable media players, mobile phones, smart phones, handhelds and wireless handhelds. Clients receive quarterly market updates, regular reports, trends presentations, webcasts, forecasts and direct access to the Canalys analysts. Canalys offers services looking at the navigation and smart mobile device markets by country in APAC, North and Latin America and EMEA, as well as providing global market overviews and survey-based analysis of consumer and enterprise attitudes and preferences toward mobile applications, devices and services. More information is available from the Canalys web site.

About Canalys

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

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