US PND market doubles in Q2

– Leaders Garmin, TomTom and Magellan have more than 80% of the market

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For immediate release

- US PND (Portable Navigation Device) shipments rose to 3.7 million in Q2 2008
- Unit shipments were up sequentially on Q1 2008, by 32%
- Shipments in Q2 2007 were 1.9 million, meaning a rise of 96% year-on-year
- But rapidly declining prices mean market value has only increased by 20%, making it tough for vendors

Highlights from the Canalys Q2 2008 research

Shipments of PNDs in the US almost doubled in Q2 2008 compared to a year ago as the demand for personal navigation continues to grow. At 3.7 million units, shipments were substantially up on the 2.8 million recorded in Q1, which were depressed following inventory build-up resulting from extremely high sales into the channel in the final quarter of last year. While this rise in volumes will be welcome news for many vendors, average prices continued to fall, with Canalys estimating an approximate 40% drop year-on-year.

US PND market
Market shares Q2 2008, Q2 2007

Vendor	Q2 2008 shipments	% share	Q2 2007 shipments	% share	Growth Q2'08/Q2'07
Total	**3,729,110**	**100.0%**	**1,904,640**	**100.0%**	**95.8%**
Garmin	1,765,440	47.3%	943,390	49.5%	87.1%
TomTom	915,750	24.6%	315,850	16.6%	189.9%
Magellan	411,940	11.0%	393,530	20.7%	4.7%
Mio Technology	166,490	4.5%	78,710	4.1%	111.5%
Navigon	133,000	3.6%	2,150	0.1%	6086.0%
Others	336,490	9.0%	171,010	9.0%	96.8%

Source: Canalys estimates, © canalys.com ltd. 2008

Canalys estimates that Garmin remained the US market leader with 47% share, up 4% on its Q1 position, but down slightly on the 50% it had a year ago. TomTom, in second, saw year-on-year growth substantially above the market average, almost trebling its shipments, and giving it a share of 25%. Despite this high growth, this was down on the 28% it had in Q1, meaning that Garmin increased its lead by several percentage points sequentially. Magellan retained its third place with a reduced 11% share. These three vendors have consistently taken more than 80% of the market for several quarters. Outside of the top three, several vendors posted high year-on-year growth, notably Mio Technology, Navigon and Nextar, albeit on much lower volumes.

"The market is showing huge growth in terms of units sold, but this is coming at a price," said Chris Jones, Canalys principal analyst and vice president. "Price-cutting has left several vendors struggling to turn a profit, and the economic climate isn't helping. Meanwhile they have to continue to finance research and development to ensure they have the right feature set to attract future new buyers and those who will soon be considering upgrading from the systems they already have."

Canalys expects to see more consolidation in the PND arena over the next 12 months. Vendors in this space will also have to adapt to the rising threat of navigation solutions on mobile phones and smart phones, which Canalys estimates accounted for around half a million additional new users in Q2, led by companies using subscription-based payment models, such as NIM (Networks in Motion) and TeleNav.

"We expect to see the rise of not just navigation, but an array of map-enabled and location-based services (LBS) on mobile phones in the coming quarters," said Canalys analyst Caroline Chow. "LBS, in various forms, have been talked about for years, but consumer awareness and acceptance of the benefits of personal navigation, combined with improvements in positioning technologies and the rising number of GPS-enabled devices in consumers' hands are all helping to provide a strong foundation for this market to develop."

"There will be a shake-up in business models as PND vendors, in particular, have to address the mobile phone threat and the shift toward business driven by connected, dynamic services," Jones added. "Carrier and channel relationships will need to change and develop alongside consumer propositions and payment models. Putting a phone inside a PND may give you a new product, but it doesn't give you a strategy."

Location and the future of navigation will be key topics of the Canalys Navigation Forum, being held in Half Moon Bay, California on 14–15 October 2008. Sessions will look at mobile advertising, mobile social networking and the role of dynamic content as well as the types of navigation solutions that we will be using in the future and the technologies that will enable them. Presentations and panel sessions will also analyse the navigation value chain in more depth and explore what value mobile navigation has for channel partners.

To find out more about this key industry event, please visit http://americas.canalysnavigationforum.com. There are a limited number of complimentary places still available for accredited press. To take advantage of this unique opportunity to gain access to industry experts and insight into this changing market please request a place, registering as press, at: http://americas.canalysnavigationforum.com/page.asp?id=14.

About the Mobile Navigation Analysis services

The shipment estimates discussed in this release 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 on PNDs, GPS-enabled portable media players, mobile phones, smart phones and handhelds. Clients receive quarterly market updates, regular reports, trends presentations, webcasts, forecasts and direct access to Canalys analysts. Canalys offers services looking at the navigation and smart phone 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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