

North America overtakes EMEA as largest satellite navigation market – Garmin retains global PND lead, smart phones become the new battleground

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For immediate release**

North America overtook EMEA (Europe, Middle East and Africa) as the largest regional market for PNDs (portable navigation devices) in the final quarter of 2008, according to the latest research from Canalys. In Q4 2008, the US alone accounted for 52% of the worldwide PND shipment total, compared to 36% for EMEA. “The US has continued to deliver unit growth year-on-year, despite the economic situation, but this is supported by very aggressive pricing – especially for holiday promotions,” said Chris Jones, Canalys VP and principal analyst. “Shipments in the US were up 20% in Q4, and 44% for the whole year. In contrast, EMEA was down 26% in the quarter, bringing global shipments for Q4 down 4%.”

Garmin retained its worldwide PND lead, increasing its market share in the quarter to 37%, up from 35% in Q3 and from 30% in the year-ago quarter. TomTom kept second place, also increasing its share, taking 30% of the market in Q4 2008. The combined shipments of Mio and Navman put MiTAC in third with 6% share, narrowly ahead of Nextar.

For the whole of 2008, PND shipments globally grew 18% over 2007, to around 41 million units, but the value of those shipments fell 16%, highlighting the price war that has been raging in the industry. Canalys estimates that more than three-quarters of the PNDs that shipped in Q4 were priced below €200 (US\$250) before tax, and that connected PNDs, which are typically at the higher end of the price range, represented less than 1% of the total shipments in Q4. “One of the challenges facing vendors of the new breed of connected PNDs is that the market has been educated to expect very low prices,” said analyst Caroline Chow. “These devices offer useful live information for the driver, but come at a premium that few are willing to pay, especially in the current climate.”

A consumer survey run by Canalys in November revealed that more than a third of PND owners described real-time traffic as a ‘must have’ in their next device – above any other feature listed. A fifth of the 2,400 consumers surveyed said that, in the previous six months, they had got stuck in traffic and wished they had taken a different route more than six times – 10% said it had happened more than 10 times.

“The need for traffic information is clear, but vendors need to work on changing people’s perceptions of what a GPS navigation device is for and hence the value it delivers,” Jones added. “Over 80% of users surveyed said they ‘never’ or ‘rarely’ use their device on their regular journey to work. When asked the main

reason they bought the device in the first place, 70% gave an answer related to use on unfamiliar routes, while only 8% mentioned the daily problems of avoiding traffic or to get warnings about safety cameras.”

The need for dynamic information, combined with current perceptions of PNDs and device costs, will be good news for the smart phone vendors who are also focused on providing connected navigation and other location-based services. Canalys research indicates that over 4 million phone-based navigation solutions shipped in Q4 – more than double the figure of a year earlier. But this area is led by companies such as Nokia, TeleNav and NIM – who combined account for three-quarters of the market – rather than the likes of Garmin, TomTom and Mio. With more than 70% of smart phones now coming with GPS built in, this part of the market is destined for substantial growth over the next few years. Garmin will hope its alliance with Asus and recently unveiled nüvifones will help it break into the very competitive smart phone world, but, as others have found, getting devices ranged and subsidised by mobile operators will be a huge challenge.

About the research

The research and shipment estimates discussed in this release come from the market-leading Canalys Mobile Navigation Analysis, Smart Phone Analysis and Consumer Mobility Analysis services. Canalys’ globally consistent market segmentations and definitions are used by vendors the world over to provide a coherent view of the mobile device and applications markets. Canalys offers services looking at the markets by country in Asia Pacific, North and Latin America and EMEA, as well as providing global market overviews and survey-based analysis of user attitudes and preferences toward mobile applications, devices and services.

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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