Is the Party Over for PND Suppliers?

Contributed by IMS Research
Thursday, 08 February 2007

Is the Party Over for PND Suppliers? - 09 February 2007Â
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The last few years have seen explosive growth in demand for personal navigation devices (PNDs) from such companies as TomTom and Garmin. However, in 2007 a variety of major cell phone manufacturers plan to launch mass-market navigation-capable phones. This begs the question: Can demand for PNDs continue to grow in the face of such competing alternatives?

A new report from IMS Research entitled â€œThe Worldwide Market for Automotive Navigation Systemsâ€• analyses the marke for five different types of automotive navigation system (including factory-fitted systems, PNDs and cell phone navigation systems). It reveals that growth in demand for PNDs has been rapid - from almost none in 2003 to an estimated 5.3 million in 2005 and 11.3 million in 2006. The report also forecasts that demand for PNDs will continue to grow over the next few years to 30-40 million but that cell phone navigation systems will gain market share. For many, cell-phone navigation will cost less than even PND navigation. However, this is not their only benefit. According to report author Jon Cropley â€œPeople are already used to carrying cell phones around with them. If navigation is one of a cell phoneâ€™s functior this saves the user carrying two devices. Also, cell phones are small enough for the pocket, unlike most PNDsâ€•.

The success of cell phone navigation systems is not guaranteed though and the report highlights the risks that cell phone manufacturers and operators face.

Is the party over for PND suppliers? Probably not in the short term but itâ€™s worth keeping a careful eye on the horizon!

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