

GPS Positioned for Mass Cellular Uptake

Contributed by IMS
Monday, 09 October 2006

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Wellingborough, UK (26 September 2006) – There will be a significant increase in the number of GPS-enabled handsets shipped in 2008 coupled with an increase in A-GPS network roll-outs worldwide, according to IMS Research's new report entitled, "GPS in Cellular".

IMS Research has forecast differing degrees of growth for each of the major cellular technologies, each one having its own market drivers and inhibitors. The overall growth is reflected in the sector's GPS unit revenues, which is forecast to have a CAGR of just under 40% over the next four years.

Patrick Connolly, GPS Analyst at IMS Research said that a number of factors are coming together to finally drive the growth in the cellular market that has been forecast for years. With the Japanese mandate coming into effect in 2007 and a number of American, European and Asian W-CDMA operators poised to rollout A-GPS networks over the next two to three years, the future looks promising for GPS in the cellular market.

From a design point of view, the current trend for sensitivity/performance specmanship is likely to continue in 2007. In the report, IMS Research forecasts that the move towards single-chip design will accelerate next year, to reduce cost and size. Long term, there will be an increased effort to get power consumption and size down to meet the constraints of increasingly over-burdened handsets. While there has been a lot of hype around software-based solutions, and the potential cost savings that ensues, these solutions will initially target laptops, cameras and portable GPS rather than cellular handsets. External GPS devices, targeting the cellular market are also forecast to grow over the next two years as emerging markets in Eastern Europe and China look for cheaper alternatives to portable sat-nav devices and manufacturers continue to form partnerships with network operators.

The overall effect is that GPS solutions are becoming more appealing to handset manufacturers and network operators. Already a number of handset operators are planning to release GPS-enabled handsets targeting the mass market, rather than previous niche-market solutions. This is partly driven by imminent A-GPS announcements from network operators but also the potential to offer autonomous GPS and server-based location services via application service providers. As GPS proliferates in the cellular market, there is huge potential for increased revenues for network operators and ASPs offering a broad range of GPS-based location services. Something KTF in South Korea has recently demonstrated, recording strong ROI for location services in a market where GPS-enabled handsets are commonplace.

Mr Connolly did issue a word of warning however. "Location services have been around for years, via network based triangulation, but have been poorly exposed and marketed to end-users. If GPS-enabled handsets and location services are to take-off beyond mandated regions, there needs to be a dedicated push to make end-users aware of the exact services that are available to them, coupled with competitive pricing models.

Furthermore, the end-user survey carried out as part of this report clearly indicated that end-users made a direct correlation between cellular GPS and sat-nav and were unaware of the full potential of cellular location services. To distinguish these services from other GPS solutions and drive ARPU's, service providers need to offer more than just sat-nav solutions and highlight all the other benefits of having GPS in your phone.

About IMS Research

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