Summary

Executive summary

While the PND segment continues to dominate the personal navigation market in Europe as well as in North America, handset-based mapping and turn-by-turn navigation services are being discovered by an increasing number of handset owners. Whereas handset-based local search, mapping and full turn-by-turn navigation services are largely separate services today, these are increasingly being integrated into one service with a common user interface. Today, navigation services are mostly available as onboard solutions with map data stored in the memory of the handset, or off-board services that rely on maps stored on a server. Many of these solutions may well converge into hybrid services that leverage the handset connectivity to allow access to new maps, dynamic content and new services such as location messaging and sharing of geo-coded content.

In the future, handset navigation services are likely to complement other personal navigation solutions, for instance for use outside the car. Pedestrian navigation features that are about to be launched include improved map material and enhanced 3D views to facilitate orientation. Multimodal navigation will enable the user to plan routes that take into account all available modes of transportation, including trains, busses, trams and even ferries and airplanes. New functionality that enhances everyday usefulness of navigation services that are being launched includes better traffic information and improved local search.

Although advertisement funded services are already being launched in several markets by various actors, such as mapping and directory providers, it will likely take several years before partnerships are established that will lead to significant revenues. Premium services that dominate the market today will most likely coexist with ad-funded services in the future. However, most premium services will be provided by network operators to stimulate ARPU by bundling navigation with service plans, or by handset vendors to encourage handset sales.

In 2006, sales of onboard navigation software for smartphones increased to nearly 0.6 million units, with the European market accounting for the majority of shipments. The year marked a breakthrough for off-board navigation services in North America. Following increased marketing by large network operators, subscriber additions increased to an estimated 1.5 million and the total subscriber base reached about 1.9 million. In Europe, where the market is more fragmented and the installed base of GPS-equipped handsets is much smaller, subscriber additions nonetheless increased to over 300,000 and the number of subscribers grew to 650,000. However, Berg Insight forecasts that the European market will overtake the North American market in 2010 when mass-market GPS-equipped GSM/UMTS handsets are likely to become widely available. By 2012, an estimated 28 million subscribers in Europe and 15 million subscribers in North America will use their handset for navigation at least once per year.