Summary

Executive summary

There are now more than 150 million turn-by-turn navigation systems worldwide, including about 35 million factory installed and aftermarket in-dash navigation systems, over 90 million Personal Navigation Devices (PNDs) and an estimated 28 million navigation-enabled mobile phones with GPS. PNDs still dominate the personal navigation market, especially in Europe and North America, but more and more handset owners are discovering navigation software and services for mobile phones.

Even though PNDs and in-car navigation systems often provide a better user experience than handset-based navigation services, new handset models designed especially for navigation have closed the gap considerably. Rapid developments in handset user interfaces, software integration and hardware performance will make handsets even more competitive in the future. What is more, handset navigation services are well suited as a complement to other solutions, especially for use outside the car. Pedestrian navigation features gradually being introduced include improved map data and multimodal navigation, which will enable users to plan routes taking into account all available modes of transportation, for instance including trains, busses and walking. Multiple navigation solutions and device types are likely to co-exist also in the future, mainly in developed markets where users can afford multiple devices.

Navigation services are available as on-board solutions with map data stored in the memory of the handset and off-board services that rely on maps stored on a server. Over time, many of these solutions will converge into hybrid services that store frequently used maps in the internal memory and leverage wireless connectivity to access dynamic content such as traffic flow information, fuel prices and weather. In the future, virtually all GPS-enabled handsets can be expected to have mapping and navigation software as part of the standard feature set, similar to media players today.

Mobile navigation services are primarily marketed by network operators, handset vendors and other service providers such as search, mapping and directory publishers. Today, most customers use software or subscribe to services marketed by network operators and handset vendors. The proliferation of on-device application stores is however likely to facilitate distribution for other service provider offerings.

Network operators and handset vendors have introduced several pricing models, ranging from daily or monthly subscriptions to one-time fees and various service bundles. One time fees and bundles that for instance include navigation services with wireless data subscriptions or the cost of the handset are important in Europe, where many users are unwilling to sign multiple subscriptions for services. Ad-funded services have been launched in several markets by various actors, including mapping and directory providers. In the future, many services are likely to combine subscriptions with ad-funded service components. Significant revenues from advertisements are not likely to materialise until usage increases substantially and more partnerships have been formed.

Berg Insight forecasts the number of active navigation service subscribers, i.e. those that have used a navigation service at least once in the past quarter, to reach 40 million in Europe and 32 million in North America in 2015. In other parts of the world, handset-based navigation services are likely to become the main form of personal navigation solution already in the next few years and total active subscribers are expected to grow to 88 million at the end of 2015. Free ad-funded services will grow in importance over time and Berg Insight expects that 30 percent of the total 160 million navigation users will use ad-funded services in 2015.