



Car Navigation and Telematics Market is Struggling

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Natick, Massachusetts ([PRWEB](http://www.prweb.com)) July 2, 2003 -- Although many industry experts have been forecasting the explosion of vehicle navigation, telematics, and computing systems for years, these markets continue to be hampered by high product costs, low consumer interest, and technological challenges. VDC estimates that consumption of automotive navigation, telematics and driver information systems was approximately \$655 million in 2002; a market composed primarily of stand-alone navigation and telematics systems. VDC believes this market will grow to more than \$1.7 billion in 2006, representing a large decrease from previous estimates of this market.

To view the entire press release including charts go to:
<http://www.vdc-corp.com/other/press/03/pr03-48.html>

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Navigation systems - Consumption of GPS-based navigation systems has nearly doubled since 1999, to more than \$243 million in 2001. Although prices continue to fall, high costs have limited these systems' mass-market appeal. An increasing percentage of navigation system shipments are to the OEM market, as vehicle manufacturers offer these and other options in high-end luxury vehicles. VDC expects growth in this category to slow over the next five years, as navigation functions are subsumed into integrated driver information systems.

Telematics systems - VDC believes that most of the telematics systems are used in Onstar-enabled GM vehicles. This fact does not bode well for the category, because although millions of vehicles (40 GM models) now have Onstar capabilities, the company has not attracted a sizable paying customer base, or a strong rate of customers renewing, in spite of a recently revamped program with additional services. In addition, the vast majority of Onstar systems in vehicles are not even used. VDC does expect some growth in this segment, however, as new functionality, such as integration of the dashboard electronics with handheld cell phones, are introduced. As with navigation, VDC expects telematics functions to increasingly be subsumed by integrated driver information systems.

Integrated driver information systems - Enthusiasm for the so-called "mobile office" has largely subsided with



the end of the dot-com boom era. VDC believes that development of integrated driver information systems (IDIS) will continue, albeit at a slower pace than had been previously expected. These systems are likely to evolve from today's stand-alone navigation and telematics systems, and will eventually grow at the expense of these individual systems.

Automakers and electronics manufacturers seem to have shifted their approach from an all-or-nothing "car-as-PC" strategy to adding and integrating features and functionality more incrementally. This approach makes intrinsic sense; since this industry is so new, it is unclear what kinds of features consumers will find valuable or appealing.

The report, "The U.S. OEM and Aftermarket for 12-Volt Electronics, Volume 2, Second Edition," is a multiclient study designed to provide subscribers with relevant and up-to-date market intelligence to support strategic marketing and product planning decisions. Volume one of this report, "The U.S. OEM and Aftermarket for 12-Volt Electronics, Ninth Edition," covers the U.S. market for car audio products, including head units, speakers and electronics.

About VDC

Founded in 1971, VDC is a technology market research and consulting firm that specializes in industrial and commercial electronics, computing, communications, software and power systems markets.

Report Availability:

<http://www.vdc-corp.com/telecom/reports/02/br02-12.html>

For further information about "The U.S. OEM and Aftermarket for 12-Volt Electronics: A Strategic Market Intelligence Program" or any other VDC service contact:

John Hutchison, Practice Director, jhutch@vdc-corp.com

Marc Regberg, Vice President, msr@vdc-corp.com

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Contact Information

Marc Regberg

Venture Development Corporation (Vdc)

<http://www.vdc-corp.com/>

508-653-9000

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