

RCR Wireless News

Analyst Angle: The Death of the Car Navigation System

Cellphones provide both portability and GPS-style services

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Story posted: May 7, 2007 - 6:00 am EDT

Editor's Note: Welcome to our Monday feature, Analyst Angle. We've collected a group of the industry's leading analysts to give their outlook on the hot topics in the wireless industry. In the coming weeks look for columns from Current Analysis' Avi Greengart, Compete's Miro Kazakoff and Jupiter Research's Julie Ask.

Those of you who know me know that I am a car fanatic. Some people get excited about football, rugby, hockey, baseball or even cricket (yes, really). I will go for the roar of a good engine (attached to either a road or racing car) anytime. And as such, I like to spend time shopping for new cars on the Web, reviewing the options lists and packages available for various models. Test driving new cars is also a good way to pass spare time, especially on a business trip. As my wife said: Iain doesn't gamble, smoke or drink (much), but we will spend more than the average family on cars!

One thing that many of you will have noticed is the growth of navigation systems in new cars. In the past few years, these systems have grown in popularity with both consumers and manufacturers. After all, a navigation system is a good way to push up the retail price—and hence the profit—of a new car. As well as the expected Lexus, Mercedes, BMW, Cadillac and Lincoln models available with built-in systems, navigation is also available on a Honda Accord (\$2,000 option), Toyota Prius (\$2,900 package option) and other assorted models well under \$30,000. On the new Lexus LS, navigation is a \$7,400 option—it comes along with a great stereo, Bluetooth, satellite radio and a few other options.

I have always been skeptical about the value of navigation systems—to me, they are for people who do not know where they are going. And since I am male, I never need directions... Seriously though, I see the value of navigation in a rental car (but of course I am never willing to pay that much) to find your way around a strange city. But having lived in Austin for 12 years, I usually know where I am going. Usually.

And besides, I have navigation on a cellphone (LG Chocolate from Verizon Wireless). This has proved very useful in strange cities on business trips or to find the exact location of a friend's house or business. The fact it is real-time and fully interactive makes it very usable.

Looking at Verizon's Web site, there are currently 30 different handsets (including the color options) available in my area that support the VZ Navigator application. The cheapest is free with the usual two-year contract—even the sweet Chocolate is \$100 to \$130, depending on color. VZ Navigator is \$10 a month or \$3 a day. And, from what I can tell, it has all of the features of a built-in car navigation system, minus the large screen. Both have a nice voice giving you turn by turn directions and GPS accuracy. Obviously, the handset is compromised on battery life, so a car charger is required and the screen is a little small.

So, rather than paying \$2,000+ for a built-in system, why not just pick up a new handset and the navigation application when you buy a new car? The cost over two years is far less than the auto manufacturer option, and you get to take the handset with you when traveling or leaving the car. Plus you get updated maps and information on the handset for free—the car requires updates to be loaded usually by DVD, and the driver buys the disks.

The compromise, of course, is that the handset screen is far smaller than the items built in to cars.

The answer here is to offer a device with a larger screen—think of something like Intel's concept for a UMPC (ultra mobile PC). With an application such as VZ Navigator, wide area data connection and the ability to dock into the car, I have the best of both worlds. Plus access to other applications, of course.

The next step will be for an auto manufacturer to offer a navigation system that can be removed from the car and taken with the consumer—think of an iPod version of a navigation system. Browsing the Web (Windingroad.com—excellent Web-based magazine) and I see that VW is about to start building a new concept car with a removable navigation system. Duh! So just as the iPod has killed the need for an in-car CD changer, the same will occur with GPS cellphone and navigation systems.

So when looking at that shiny new car with that wonderful new smell, resist the temptation to order the navigation system. Just run around to your local cellular provider and upgrade your handset to one with navigation. You will enjoy the same functionality at a tenth of the price. And then you can justify the purchase of that new sports car to your spouse!