



Automotive Industry Jumps into Electronics

Backseat Entertainment, Navigation & Bluetooth Become Leading Features for 2005 Model Year

Detroit, Michigan – January 12, 2005: The automotive industry is increasingly looking to electronics and entertainment devices to differentiate their new models according to the Telematics Research Group (TRG)—an automotive and mobile electronics research firm based in Minnesota.

According to a survey conducted at the North American International Auto Show earlier this week, TRG found that 17 automotive manufacturers will offer Bluetooth-based communications options in their 2005 production vehicles. Bluetooth is a common wireless standard used to facilitate the handsfree use of cell phones inside cars. Last year only 7 auto manufacturers supported Bluetooth.

The immediate opportunity may be with backseat entertainment and in-vehicle navigation solutions where TRG found the majority of the automotive manufacturers (28 out of 37) are offering these features as standard or optional equipment.

“Auto makers have begun to realize that not offering these features is like leaving money on the table,” says Phil Magney, TRG’s principal telematics analyst. According to TRG, nearly 10% of vehicles sold last year had backseat entertainment systems, growing to 25% by the end of the decade.

“The aftermarket began to pounce on these opportunities a few years ago as they can address consumer electronics demand faster than automotive manufacturers” says Dr. Egil Juliussen, TRG’s chief technology analyst. “The lead time for auto companies to incorporate consumer electronics is a couple of years and the ’05 model year show they have caught up in some categories.”

In the meantime the aftermarket capitalizes on their lead time advantage by introducing solutions almost as fast as the trends begin to appear. According to TRG, one of the latest trends is interface kits that allow portable media devices to integrate with the in-car audio system. These are the products

that are riding the success of Apple's iPod and dozens of such kits were introduced to the aftermarket last week at the Consumer Electronics Shows in Las Vegas. So far, only a couple of automakers have been able to respond with iPod solutions.

Navigation systems are also getting the attention of the auto industry with 27 auto manufacturers offering navigation as standard or optional equipment. Here too, the aftermarket is ready to capture a chunk of this market with a slew of new portable solutions selling for as little \$400 through the retail channel. "In the case of navigation, the automakers were first to offer these systems a few years ago but sales have been slow due to limited availability or high price points. The increasing availability of aftermarket navigation systems including new portable solutions will be a catalyst for the category," says Magney.

Number of Auto Brands Offering New Technologies

| | 2004 Model Yr | 2005 Model Year |
|--------------------------------|---------------|-----------------|
| Navigation Systems | 23 Brands | 27 Brands |
| Bluetooth Solutions | 7 Brands | 17 Brands |
| Rear Seat Entertainment | 19 Brands | 28 Brands |
| Monitored Telematics | 16 Brands | 15 Brands |

Monitored telematics solutions (such as GM's OnStar or BMW Assist) are mostly the domain of the auto companies according to TRG. Fifteen auto makers offer monitored solutions that provide safety and security through an embedded phone coupled with a GPS location device.

About TRG:

TRG (Telematics Research Group, Inc.) tracks and analyzes the OEM and aftermarket for automotive telematics, including in-vehicle wireless, navigation and digital entertainment. TRG conducts a global telematics survey of these technologies and publishes this information through reports and on-line research services.

TRG was established in 2001 and expanded its operation in January 2004 with the formation of TRG Europe GmbH, a joint venture between TRG and Dornier Consulting (Sindelfingen, Germany).

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