



## **Automotive Interior: The Next Consumer Electronics Battleground**

Minnnetonka, MN July 26, 2004 – The automotive interior is emerging as the next battleground for digital devices. From telematics to back seat entertainment systems, the vehicle is fast becoming a mobile media center on wheels capable of managing content and information for entertainment, productivity, or safety.

According to Telematics Research Group (TRG), DVD-entertainment systems, in-vehicle phone solutions, GPS navigation and satellite radios are bright spots for aftermarket or OEM suppliers. TRG predicts the attach rate for many of these systems to approach 50% of global vehicle sales by the end of the decade.

<b>Telematics, Navigation, Entertainment Systems—Global Outlook (Units)</b>				
	<b>2002</b>	<b>2004</b>	<b>2010</b>	<b>Comments</b>
<b>Telematics Systems*</b>	2.5m	4.4m	28m	Security, vehicle tracking, & monitoring
<b>Navigation/GPS Systems **</b>	6.2M	9.4m	30m	Used in navigation systems, and other devices
<b>Bluetooth Devices</b>	.1m	.46m	11.4m	Cost-effective phone-to-vehicle interface
<b>Voice Recognition Systems</b>	3.2m	5.8m	30m	A primary interface for phone, auto & telematics
<b>Satellite Radios</b>	.35m	2.2m	15.1m	Rapid growth, new traffic services, future video
<b>DVD Entertainment Systems</b>	4m	8.4m	21.9m	Back seat entertainment and on-board resources
<b>In-Vehicle Phones system***</b>	2.6m	4.5m	33m	Keeps hands on wheel, eyes on the road
*Telematics includes embedded systems that facilitate 2-way communications **Includes navigation systems plus GPS receivers ***Bluetooth is a subset of In-Vehicle Phone Solutions				

Premium audio systems are leading this trend, but other devices are quickly coming into the picture. GPS-based navigation systems, portable media players, Bluetooth phone kits, and vehicle tracking systems are rapidly becoming available from both the automotive OEMs and aftermarket suppliers.

“The automotive industry is putting more resources into the design of the interior,” says Phil Magney, president and principal analyst of TRG. “OEMs are optimizing this space for entertainment systems with components matched to meet the acoustic properties of the vehicle. And to better handle the flow of content within the vehicle, automakers have begun using fiber optic networks to better distribute large amounts of digital content,” says Magney.

The major automotive OEMs have been successful with branded audio components with multifunction capabilities. The latest high-end systems from Acura, DaimlerChrysler, BMW, and Toyota have built-in Bluetooth with their audio and navigation head units. Thinking further out of the box is BMW and Smart who offer consumers an interface to their Apple iPod.

To stimulate the aftermarket for these devices, the Consumer Electronics Association (CEA) recently announced the adoption of the MOST (Media Oriented Systems Transport) in-vehicle network standard that will allow aftermarket products to integrate with factory OEM radios, telematics, and video.

Retailers who sell into the automotive aftermarket are also stepping up their commitment into these categories. Retailers of this equipment have begun to promote navigation systems, Bluetooth phone kits, portable music interfaces and in-vehicle media player interfaces. Best Buy, the largest North American consumer electronics retailer, recently tripled its shelf-space for the category.

One the hottest OEM and aftermarket categories include in-vehicle car kits that facilitate hands-free use of cell phones while driving. Using Bluetooth and/or docking stations, these devices also include voice recognition and play through the vehicle's audio system. This trend is being stimulated by new regulations that prohibit the use of cell phones while driving in some states.

Technology advances along with consumer's changing lifestyles have dramatically raised the bar for the mobile electronics industry. Over the next few years demand will grow to robust levels!

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## **About TRG:**

TRG (Telematics Research Group, Inc.) tracks, analyzes, and forecasts the market for automotive telematics, including in-vehicle wireless devices, navigation and digital entertainment. TRG conducts a global 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, a joint venture between TRG and Dornier Consulting (Stuttgart, Germany).

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