TomTom needs mass-market connectivity

Connected services must reach the mass market to entice both new and replacement PND purchases

On 28 September, TomTom unveiled its XL 340S LIVE connected PND for the US market featuring TomTom LIVE, which includes connected services such as local search powered by Google, Buddies instant messaging, and fuel price and weather information. Real-time traffic and incident updates are retrieved wirelessly via a built-in modem at two-to-five minute intervals. The wireless connectivity for the new device is provided by AT&T and it is expected to retail at around US$300 (£206), bundled with a three-month LIVE service subscription. Monthly access to TomTom LIVE is currently available at US$9.95 (£7) inclusive of data charges.

Earlier this month, Garmin announced its nüvi 1690 connected PND enabled with nüLink!, which offers a similar plethora of online services as well as real-time traffic information. The recommended retail price of the nüvi 1690 is US$499.99 (£344) but it will come bundled with a two-year subscription to the nüLink! service.

TomTom made no mention of the availability of HD Traffic, but it is now in a good position to engage AT&T as a partner to bring this solution to the US and differentiate TomTom LIVE Traffic from other traffic information services. This is particularly important, as competitors, such as ALK and Navigon, which have navigation software solutions for phone platforms, continue to innovate and introduce real-time traffic solutions.

Even with the leading PND vendors now introducing connectivity in their product portfolios, connected PNDs remain a difficult proposition for consumers to understand and for retailers to sell. High-end, high-priced products that require additional subscription charges for the consumer to continue using the full features of the product, beyond any initial free period, will always be a tough sell. Garmin and TomTom have the brand awareness that best positions them for success even after several failed attempts by vendors such as Best Buy (with its Insignia brand), Dash and TeleNav to launch connected PNDs. Understandably, consumers who purchase high-end devices typically do not expect important features to stop working after a period of time, requiring further investment. The renewal process for subsequent subscription needs to be simple to activate to avoid thwarting potential users. Retail staff also need training to fully comprehend and adequately demonstrate the various elements of different vendors’ connected navigation enhanced services, and greater marketing activity to communicate the real value proposition is needed from all vendors in this space.

To achieve volume shipments of connected PNDs, vendors must strive to bring connectivity to more products in their portfolios, particularly entry-level devices, to drive interest among new users and boost replacement sales. Canalys estimates that more than 50 operators have already begun selling netbooks and mobile operators worldwide have been looking at ways to increase their data revenue, thereby becoming more receptive to providing subsidies for non-traditional device categories. AT&T is aggressively seeking new revenue streams for its wireless network with the setup of its Emerging Devices division late last year. The operator provides the wireless connectivity for connected PNDs from Garmin and TomTom, as well as Sony’s e-reader. PND vendors must make the most of the interest from top-tier carriers to evolve the operator as a channel for connected PNDs. Consumers will be familiar with operator billing arrangements and the convenience of a single bill, while carriers are best placed to educate users about data charges. Flexibility from vendors to allow co-branding of devices will see marketing investments from operators and attract the subsidies that are available through subsequent ranging of devices to bring connected PNDs truly to the mass market.