

GPS



March 2009 US\$495



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GPS

Supplier capability in China

EXECUTIVE SUMMARY

Maturing technology, expanding application range and falling production costs are sustaining China's GPS industry amid the global economic slowdown. Suppliers are confident that strong demand for mobile location positioning technologies and devices will boost sales despite weakened consumer spending. Market research firm RNCOS predicts a 17 percent CAGR from 2007 to 2010 for the mobile location positioning segment.

Portable GPS receivers dominate production and exports in China. These are set to continue leading the sector despite the potential threat from the rising supply of GPS-enabled mobile phones. The country's shipments of portable receivers accounted for about 40 percent of global supply in 2008, according to data from Berg Insight.

Car GPS products are also gaining ground, driven by the robust car industry and the convergence trend that packs navigation functionality into most in-vehicle multimedia and entertainment products.

More suppliers are expected to develop portable GPS devices that double as in-car GPS receivers to broaden market reach. In addition, continued reductions in the cost of components will encourage more makers to explore the consumer electronics segment.

The following are some of the key trends we see in China's GPS industry:

- In anticipation of slumping sales in key markets such as the US, makers are eyeing other export areas. Besides boosting exports to Europe and North America, more suppliers are exploring emerging markets in the Asia-Pacific region, the Middle East and Eastern Europe.

- Makers are facing mounting pressure to differentiate their products as China's supply market continues to be flooded with new models built

around the same chip or module and therefore carrying similar functions and features. The rising supply of converged devices such as GPS phones and PDAs is increasing the need to position releases better.

- Multimedia capability is highlighted in makers' product development initiatives. More models are now equipped with FM stereos, games and mobile TV. Larger screens and memory complement the multimedia features integrated in new models.

- More companies are veering away from basic GPS functions to offer advance navigation capability. To improve product performance, suppliers are working on models with enhanced positioning accuracy, 3D mapping and data logging. Some new releases support traffic message channel or TMC, geofencing, assisted-GPS and location-based services or LBS.

- Continued decline in the costs of major components will drive further price reductions. However, makers producing upscale models may increase quotes to offset higher manufacturing outlay.

This report covers portable and car GPS, trackers and accessories. The supplier survey was conducted on manufacturers of these GPS products. The Industry Overview section discusses developments in China's supply market amid the global financial crisis and tightening competition. It also mentions key product trends and R&D focus in coming months.

China has more than 200 suppliers of GPS products. The majority of companies are based in Guangdong province. Fujian is also a key sourcing center with its established supply chain for telecom products. Most makers in China concentrate on OEM and ODM business.

In this report

- 17 in-depth company profiles
- 19 additional suppliers
- 46 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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INDUSTRY OVERVIEW

China's GPS supply market has been expanding rapidly in recent years. Shipments of portable GPS alone accounted for about 40 percent of global supply in 2008, according to data from Berg Insight. Handheld GPS receivers, which currently dominate the line, look set to continue growing despite potential threat from devices with navigation capability, in particular GPS phones. The expanding supply and application range will boost demand and sales amid weakened global spending due to the economic slowdown.

Suppliers expect that the adoption of mobile location technologies will sustain market momentum, especially in developed countries where GPS penetration has been increasing. The market research firm RNCOS forecasts a 17 percent CAGR from 2007 to 2010 for technologies and products that enable mobile location positioning.

Output and export volumes are expected to rise steadily as suppliers grab a share of the robust market. The global production of car GPS alone is projected by iSuppli to reach 65.1 million units by 2012, triple the total in 2006.

Makers are banking on the maturing technology and declining cost of components to spur product development and manufacture.

China suppliers generally cater to the low-end and midrange segments to avoid competing with leading overseas companies such as Garmin and TomTom. Makers offer a range

of basic portable and car GPS, but many new releases integrate a host of value-added features and functions to position them better in an increasingly competitive market.

In addition to calculating a user's position, products support navigation, tracking and even data logging. Many new models, especially in-vehicle units, feature multimedia capability. Despite the additional cost of incorporating add-ons, suppliers expect forthcoming GPS devices to emphasize added value as companies enhance market positioning to boost margins.

Challenges

As China's supply market continues to be flooded with products built around the same chip or module and therefore carrying similar functions and features, makers are facing mounting pressure to distinguish their GPS from the rest and avoid tightening price competition.

One major roadblock to product differentiation is the weak R&D capability of many makers, mostly small-scale suppliers that have only recently entered the line. Because the industry is dominated by foreign companies, suppliers continue to be dependent on solutions from overseas providers and are not able to develop core technologies.

Even map software is generally outsourced. Moreover, the growing practice among small and midsize makers to subcontract will increase the probability of products having the

Supplier summary

Suppliers surveyed	17
Export sales	\$215.2mn
Export ratio	70%
OEM business	58%
Capacity utilized	58%
Annual R&D spending	\$11.3mn
Full-time employees	9,868

Data: All surveyed suppliers

same designs and features.

The rising supply of GPS phones and GPS PDAs presents another challenge to China suppliers. Many use SiRFstarIII chips, so their basic GPS functions are similar to those found in portable GPS products. Therefore, more makers are realizing the need to ensure that stand-alone portable GPS offer a different kind of value compared with devices that only integrate GPS as an add-on.

GPS phones are projected to overtake personal navigation devices or PNDs by 2011 with a global market share of 36 percent as opposed to 30 percent for PNDs, according to iSuppli.

Major phone suppliers Nokia, Samsung, Motorola and Lenovo have launched GPS phones. Nokia's acquisition of Navteq signals the former's strong interest in exploring this field.

The rising number of mobile phone chip manufacturers that are able to integrate GPS functions into their products will help accelerate the GPS phone market. Falling chip costs will spur development and output in this line.

Deregulations in the mobile phone service industry in some countries will likewise fast-track the penetration of GPS-enabled handsets. Makers agree demand for these phones is rising in some developed countries.

Although experts and GPS suppliers do not see phones with navigation functions eventually displacing stand-alone GPS receivers, they admit that the former will dent

Major customers

Company

Dongguan Digi-in	Tele System, Nortek (Italy)
Shenzhen Kosmos	G-track (US); Swiss Tracking (Greece)
Shenzhen Zhouxun	Representacao (Brazil)
YF	Nextar (US); Ndrive (Portugal)

Data: All surveyed suppliers

Asico Industrial Co. Ltd

Asico offers car GPS, portable GPS and GPS accessories, which together account for 75 percent of the company's total sales. It also supplies plasma TVs, HDD and MP3 players, and car DVD players, monitors and antennas.

Currently utilizing 80 percent of capacity, the company produces 8,000 GPS products every month. These are all shipped to markets overseas. The major export destinations are North America and the EU. Asico will be focusing more on the EU in the months ahead and projects exports will increase by 10 to 20 percent.

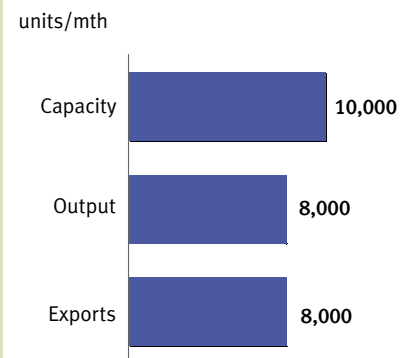
The company employs 800 workers. It operates a 1,500sqm facility in Shenzhen, where most key manufacturing processes are performed. PCB design, plastic injection and mold making are subcontracted.

Asico is holding capital expenditure at current levels but will continue to invest \$100,000 in product development annually. Current R&D focus is on developing models with better map software compatibility.

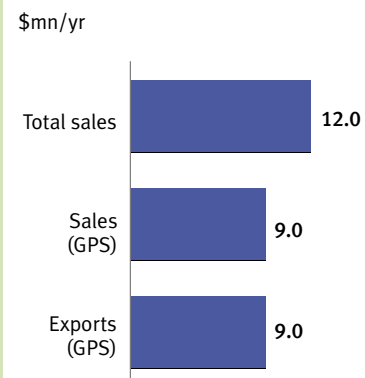
The company's GPS products will experience a price increase of below 5 percent in the next six months.

Profile

Production



Sales



Contact details

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Guangdong, China

Company facts

Year established	1997
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Shenzhen (Guangdong)
Number of factories	1
Factory location(s)	Shenzhen (Guangdong)
Total factory area	1,500sqm
No. of full-time employees	800
No. of R&D/design staff	30
No. of QC staff	30
Annual sales (all products)	\$12.0mn
Annual R&D spending	\$100,000
ISO certification	No

Sales & output: GPS

Annual sales	\$9.0mn
Share of total sales	75%
Annual export sales	\$9.0mn
Total monthly capacity	10,000 units
Average monthly output	8,000 units
Capacity utilized	80%
Average monthly exports	8,000 units
Export ratio	100%
OEM % of exports	60%
ODM % of exports	30%
OBM % of exports	10%
Other products made	Car DVD players, car monitors, car antennas, plasma TVs, HDD players, MP3 players

Capability

Production checklist

Cosmetic design	Yes
IQC	Yes
Mold making	No
PCB making/design/ subassembly	No
SMT	Yes
Plastic injection	No
Software design	Yes
Silkscreen/offset printing	Yes
Final assembly	Yes
QC/QA testing	Yes

Exports by product

Car GPS	70%
GPS accessories	10%
Portable GPS	20%

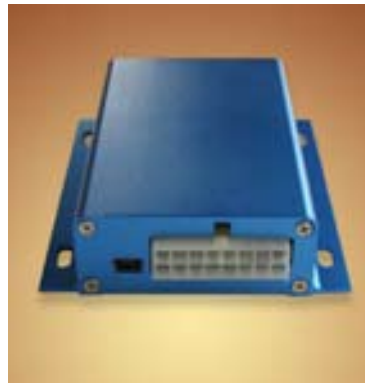
Exports by market

North America	40%
European Union	40%
Europe (non-EU)	5%
Asia-Pacific	5%
Middle East	5%
Other	5%

Outlook

- **Export prices**
Increase
- **Export price increase**
Less than 5%
- **Export sales**
Increase 10-20%
- **Target market**
European Union
- **Capital expenditure**
No increase
- **Major challenge**
Yuan-USD exchange rate
- **Export capability**
Improve operating efficiency
- **R&D focus**
Better map software compatibility

Popular export models



Car GPS

Model	VT-310
Minimum order	100 units
Packaging type	Paper box
Delivery time	15 days
Indicated price	•

Description: Google Earth, GPRS software; 5m position accuracy; geofence, GSM/CDMA/GPRS vehicle tracking, realtime monitoring, auto tracking; SMS, remote control, SOS button, speed alarm, low-battery alarm, mileage statistics, ACC detection



Car GPS

Model	TK-201
Minimum order	100 units
Packaging type	Paper box
Delivery time	10 days
Indicated price	•

Description: SiRFstarIII chip, Siemens MC55/MC56 or Simcom 300/340 module; 45s cold start, 35s warm start, 1s hot start; 5m position accuracy, -159dBm sensitivity; GSM/GPRS 850/1800/1900MHz or 900/1800/1900MHz; 48hr standby



Car GPS

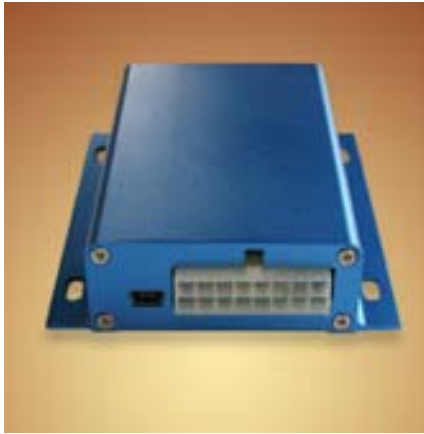
Model	VT-300
Minimum order	100 units
Packaging type	Paper box
Delivery time	7 days
Indicated price	•

Description: Google Earth, GPRS software; 5m position accuracy; geofence, realtime tracking, auto tracking; SMS, SOS button, speed alarm, no-signal alarm, low-battery alarm, remote control, mileage statistics, ACC detection

• Information not disclosed

PRODUCT GALLERY

Car GPS


Asico

(profile page 26)

Model: VT-310

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 15 days

Indicated price: •

Description: Google Earth, GPRS software; 5m position accuracy; geofence, GSM/CDMA/GPRS vehicle tracking, realtime monitoring, auto tracking; SMS, remote control, SOS button, speed alarm, low-battery alarm, mileage statistics, ACC detection


Asico

(profile page 26)

Model: TK-201

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 10 days

Indicated price: •

Description: SiRFstarIII chip, Siemens MC55/MC56 or Simcom 300/340 module; 45s cold start, 35s warm start, 1s hot start; 5m position accuracy, -159dBm sensitivity; GSM/GPRS 850/1800/1900MHz or 900/1800/1900MHz; 48hr standby


Asico

(profile page 26)

Model: VT-300

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 7 days

Indicated price: •

Description: Google Earth, GPRS software; 5m position accuracy; geofence, realtime tracking, auto tracking; SMS, SOS button, speed alarm, no-signal alarm, low-battery alarm, remote control, mileage statistics, ACC detection; 114x80x20mm


Head Industry

(profile page 32)

Model: GPS3503

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 21 days

Indicated price: \$51.00

Description: Centrality Atlas III chip; 5in display; 64MB memory; built-in antenna; USB 2.0, A/V in; iGO, Finean, Destinator; SD card, Bluetooth, FM transmitter; 90x75x15mm, 723g


Head Industry

(profile page 32)

Model: GPS4368

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 21 days

Indicated price: \$79.00

Description: Centrality Atlas III chip; 5in display; maximum 4GB SD external memory; built-in antenna; USB 2.0, A/V in; iGO, Finean; Bluetooth, FM transmitter; 117x80x15mm, 810g


Jensor

(profile page 34)

Model: AVH-9203N

Minimum order: 100 units

Packaging type: Paper box

Delivery time: 30 days

Indicated price: •

Description: 2-DIN 7in widescreen touch panel; USB port, SD/MMC card slot; DVD, VCD, CD, MP3, MPEG-4, WMA, JPEG, DVD±R, DVD±RW, CD-R, CD-RW; ESP; 4 channels at maximum 45W power output, 4 channels at 25W rms power output

• Information not disclosed

