

Myguide: potential entrance to the kasakhstan market essay

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Introduction Overall sales of navigation in Europe exceeded 6 million in 2005. The market for personal navigation systems is predicted to continue growing at a slow and steady pace but vehicle manufacturers have an opportunity to take advantage of the interest and awareness generated by portable solutions and that they should push aggressively for a step change in fitment rates. The market for portable navigation is predicted to continue growing rapidly, with dedicated Portable Navigation Devices (PNDs) overtaking Personal Digital Assistants (PDAs) as the dominant sector. Although smart phone navigation is also expected to grow, it is still unclear what impact it will have on the overall market . As such, this paper aims to explore the Personal Navigation System market in Kazakhstan particularly the market entry barriers.

Statement of the ProblemWhat are the market entry barriers for the Personal Navigation System in Kazakhstan? AndWhat is the market in general and particularly in Kazakhstan for the Personal Navigation System?

HypothesesThe main entry barrier for the Personal Navigation System market in Kazakhstan is that mapping coverage are not allowed in some areas due to the militarized zones, andThere is a market in general and particularly in Kazakhstan for the Personal Navigation System.

Methodology The research method of gathering data in this study will be mainly through the Internet. The data and information gathered will be analyzed and discussed through the different sections of this paper. The market will be projected through trend and fundamental analysis of the economy. **Organization of the Study** Part one of this paper will be the

introduction, aims, statement of the problem, hypotheses, methodology, and organization of the study.

Part two of this study will examine the Personal Navigation System products of MyGuide and their competitors. Part three will discuss the Personal Navigation System market and analyze the position of MyGuide vis-à-vis its competitors. Part four will examine the Kazakhstan market and economy, its entry barriers for MyGuide's Personal Navigation System products. Finally, Part four will summarize and conclude this study. Part 1 MyGuide Personal Navigation System Products and Competitors MyGuide Product Features MyGuide 3000 is the top device in this class of the navigation systems. The attractive MyGuide navigation solution offers a very good ratio price/performance, especially due to the new very reliable navigation software MyGuide 6.

0 leading the cross-border travels through 21 European countries. The map documentation for Germany is already installed on the enclosed memory card 512 MB. The navigation software is easily understandable, it can be installed in a couple of seconds and the user interface is not only attractive but also fast and simple. Beside navigation, you can use the device for listening to MP3 and MP4 and for seeing photos. 3, 5" TFT latest MyGuide 6. 0 Software Sirf III chip embedded (20 channels) easy handling 400 Mhz CPU Navigation Features MyGuide 6. 0 Software MyGuide SOFTWARE 6. 0: The perfect navigation solution worldwide.

Your onside travel assistant, which is by design and function a must have on all your visits. Our latest development is a unique software, which is incredibly fast at calculating and perfect for people new to navigation devices (<http://www.my-guide.de/en/kat.php>).

Some of the features that make this software so special are: 27 countries West and East EUROPE pre installed 24 languages Ethnic language control borderless navigation one-push on/off less than one minute and it's ready to cruise easy-to-use menu detailed, high-quality maps of the US voice prompted turn-by-turn guidance multipoint route planning with optimization automatic rerouting using the "avoid" function personal routes and POI data easy-to-understand graphics Consistent 2x4 Grid Consistent screen setup across application Large "finger-touch" icons No pull-downs and other complex UI elements Minimalist Console Simple button console hides complexity User never gets lost with browser-like "back button" Pop-up "menu button" hides complexity Smart Overlays Simple click opens rich menu options Overlays allow creation of „product family“ GPS Night-View Fast-/precise search Search via city- or Zip code No need to type all letters Results within 2 to 3 sec. Big „finger-touch“ UI Instant routing Dynamic re-routing in less than 2 seconds 600km routes in less than 12 seconds on 240 MHz Speed profiles Seamless Maps Unique real-time zooming 40 frames per second 3D flights and views Change from 2D to 3D Fully attributed No compromises on map quality have been made All street segments are fully attributed Any combination of route can be computed Real-time Use Seamless zooming across seventeen detailed levels Real-time panning Switch on/off

over fifty different map icons Rich set of Basic POIs Only two clicks to drive to nearest gas station Half a million entries per large country MyGuide 3100 Series If you want a designated satellite navigation system, the MyGuide 3100 series is perfect. Features The MyGuide 3100 is the first choice for navigation-only devices.

No scrolls, no costs. This device combines a clear design with a good price, without leaving out things you need. Even this entry level model is supplied with the reliable and fully equipped version 6.

0 of the MyGuide navigation software. Touch and Drive User interface and voice guidance in 24 ethnic coded languages Regional maps preinstalled Extensive list of special points of interest (POI) ready to use Integrated GPS Antenna 3.5" Touch screen TMC ready (requires optional TMC receiver) MyGuide 3300 Series The perfect combination between navigation and hands-free communication Features With preloaded street maps across entire Europe (GigaMap) and built-in Bluetooth® wireless capability, MyGuide 3300 series is the ideal road companion for your car. Featuring hands-free calling, real-time traffic capabilities*, MP3 player, video player, photo viewer, games, and an extensive points-of-interest database – this deluxe navigator has it all. Place hands-free calls with Bluetooth™ wireless technology GigaMap™ in 2 GB internal memory preinstalled, ready to travel Simple, intuitive Navigation Avoid Traffic Tie-Ups via TMC*2, 6 mio of POIs in easy to use categories comes ready to use 4 GB expandable MyGuide 4200 Series A new generation of MyGuide is born. The 4300 series with its huge 4,3" screen allows you to navigate in bigger dimensions. You can even

watch videos with this PMP (personal media player)! The fast 400MHz processor and the built-in GPS receiver with its latest SiRFIII chipset allow for a smooth and fast navigation.

To ensure accurate navigation, our 4300 series is equipped with a crystal clear, loud voice guidance announcing detailed instructions for door-to-door directions. Competitors TomTom NV is the world's largest navigation solution provider. TomTom's products are developed with an emphasis on innovation, quality, ease of use, safety and value.

Its products include all-in-one navigation devices which enable customers to navigate right out of the box; these are the award-winning TomTom GO family, the TomTom ONE XL and TomTom ONE ranges and the TomTom RIDER. Additionally, independent research proves that TomTom products have a significant positive effect on driving and road safety. It offers a portfolio of content and services for TomTom's navigation products, which are easily available through TomTom HOME. It also provides navigation software products that integrate with third party devices; the TomTom NAVIGATOR software for PDAs and smartphones. The work of the company combines industry leading communication and smart navigation technology with leading edge tracking and tracing expertise (www.tomtom.com). The products are sold through a network of leading retailers in 30 countries and online.

It was founded in 1991 in Amsterdam and has offices in Europe, North America and Asia Pacific. TomTom is listed at Euronext, Amsterdam Stock

Exchange in The Netherlands (Ibid). Sony Products When you think of major players in the portable GPS navigation market, Sony doesn't come to mind. Sony is hoping to change that perception with the introduction of its nav-u Portable Satellite Navigation System (www.

sony. com). The nav-u features a 3. 5-inch (diagonal) touch screen with a special coating to make it both glare- and fingerprint-resistant. It has a built-in light sensor to adjust the screen automatically for optimal viewing in any lighting condition and includes both a day and night mode. Even in bright sunlight, the screen is easy to read (Ibid). Installation and setup, as with most portable GPS devices, is quite simple. The nav-u arrives pre-loaded with Navteq's street-level maps for the 48 contiguous states (excluding Alaska and Hawaii) and a respectable database of 1.

6 million POI (Points of Interest). All this information fits into 1GB of solid state memory. The nav-u mounts to the windshield with a suction cup or to a supplied plate that you can mount with screws.

The mounting bracket is one of the better brackets available; it's sturdy and easy to adjust. The bracket has a set of contacts that mate to contacts on the bottom of the nav-u, making it easy to snap the device in and out of the bracket. You can connect both power and an optional GPS antenna to the bracket, and not have to fumble with cables each time you snap the nav-u into or out of the bracket ((Ibid). The nav-u is fairly straightforward to operate. It has only two hardware buttons: Power on/off, and a button that makes the device speak the last command.

All of the other input is done via the touch screen. Upon boot-up, after the unit has acquired enough satellites for navigation, the first screen you see is the map screen. Across the top of the screen are three icons: one for hiding or showing all other icons, one to toggle between north up or track up, and one for Select Destination. Also along the top line of the screen are a battery-status indicator and a GPS indicator that shows whether you have enough satellites for navigation. A tap of the GPS icon shows your current latitude and longitude and the number of active satellites, and it lets you save the current position as a favorite. The bottom strip of the screen displays current compass direction, current street, time of day, and your current speed (Ibid).

The interface is also fairly simple. A tap anywhere on the map screen brings up the main menu, which has icons for New Destination, Search Nearby, Route, Muting, and Settings. There's also a convenient Back Arrow icon that takes you back one level, and an Up Arrow icon that takes you directly back to the main map view (Ibid). Like most GPS devices, the nav-u lets you choose either 2D track up, 2D north up, or a 3D view. Its auto-zoom feature, available in both 2D and 3D views, automatically scales the map resolution based on your current speed. Unfortunately, most likely in a nod to simplicity, neither the main map view nor the navigation screen let you zoom in or out. Only the Select Destination screen, one that's not used for navigating, lets the user choose the zoom level (Ibid).

The Settings icon lets you set your preferences or to view information about the unit. You can set volume, map view preferences, routing options, screen

preferences, and more. The nav-u supports multiple speed profiles (slow, standard, and fast) for a car, motorcycle, truck, bike, and pedestrian.

You can also choose the shortest or fastest route and set your preference (Yes/No) for interstates, tollways, and ferries (Ibid). New Destination lets you set your next route. You can choose from Address, Point of Interest, Select on Map, your saved favorites, or recent destinations. You can select an individual state or all states. If you choose to navigate to a POI, you can then find one near your current location, nationwide, or in a specified city. Finally, you can select either any or limit your search to one of 11 categories: Gas Station, Restaurant, accommodation, entertainment, shopping, public transport, bank, school and education, civil service, health care, and enterprises ((Ibid). Once you select a category, a screen pops up with your choice populated in the Category 1 field.

Category 2 is actually a subcategory within the Category 1. The third choice is an icon that says “ Please select.” When you press “ Please select,” an alphabetic keyboard pops up on the screen that lets you type in the name of the POI. Or you can select List, which brings up a screen that has a large box containing the first choice on the list. You can scroll down the list using the Up/Down arrows until your choice appears in the large box, then touch the screen to make your selection.

Once you have done so, you are returned to the previous page, where you can see the POI on the map, save the POI, or start navigation (Ibid). In navigation mode, the nav-u displays an impressive amount of information.

Both your current street and the street for your next maneuver are shown on the bottom of the screen. On the left, a graphic indicates the direction of your next turn, along with a “shrinking thermometer” that shows your relative distance to the turn. If two maneuvers are to be executed quickly in sequence, a second directional arrow shows the second turn.

Your current heading, speed, altitude, miles to destination, and estimated time of arrival are also displayed. The nav-u supports multiple-destination routing, so if you have a second stage planned, miles to destination and ETA are to the next stage point. While you can display your planned route on the map, it is disappointing to note that the nav-u lacks a list view that shows a list of your turns and the mileage to each. Most GPS devices have list views. Like its competitors, such as the Lowrance iWAY 350C, the Cobra Nav One 4500, and Garmin StreetPilot c330, the nav-u doesn't support text-to-speech conversion. The data on the navigation screen would give you confidence that you would not miss a turn.

The nav-u has a list price of \$599. 99, which puts it squarely between some of its competitors' 3. 5-inch screen GPS devices: the iWAY 350C, at \$499, and the StreetPilot c330, at \$699. Although the nav-u is fairly easy to use and has many features to recommend it, the Lowrance iWAY 350C is a better value. TomTom Rider 2nd edition It is increasingly common to see GPS devices clinging to suction cups on car windshields, but what about drivers who prefer two wheels to four? Motorcyclists need direction, too. Enter TomTom's Rider 2nd edition, which incorporates a bike-friendly design and comes with everything you need to GPS-enable your ride. One of the biggest

challenges of developing a motorcycle GPS is how to mount the device securely, since a suction cup or a beanbag mount certainly would not do the trick.

TomTom partnered with Ram Mount to produce a mounting kit specifically for the Rider 2, which works with most bikes. While the assembly procedure does take longer than sticking a suction cup to your car's windshield, it would take only about 10 minutes to set up a bike. The mounting kit employs a U-bolt to attach a bracket securely to the handlebar.

The Rider 2 snaps into the mounting bracket with a reassuringly solid click and is easy to remove using the release bar (www.tomtom.com). A motorcycle GPS also needs to be able to withstand the elements.

The Rider 2 integrates a sun shield to reduce glare and also has a waterproof rating of IPX7, which means the device should be able to withstand immersion in water up to a meter deep for 30 minutes. That is more than adequate for most conditions. Frankly, if it is raining hard enough to damage an IPX7-rated device, you probably should not be outside riding. In order to achieve an IPX7 rating, TomTom does not include a built-in speaker. But it is not a big deal since you probably would not be able to hear it when riding at highway speeds anyway. Instead, the TomTom Rider 2 comes with a Cardo Systems scala-rider Bluetooth headset. The headset features a windproof microphone and a 1.

25-inch flat speaker that attaches with Velcro to the inside of a helmet. The scala-rider lets you hear turn-by-turn directions as well as make and receive

phone calls with a Bluetooth-paired cell phone. The Bluetooth transceiver module easily slides off the mounting bracket for recharging. A full charge provides 7 hours of talk time or up to one week of standby time (Ibid). From a functional standpoint, the Rider 2 is very similar to the TomTom one. Like the TomTom One, the Rider 2 features a 3.5-inch screen, but lacks text-to-speech functionality (the device does not speak street names). It does, however, support multi-segment routing.

And like other TomTom products there is great language support: The interface supports 21 languages, and commands can be spoken in 34 languages. There are also some important differences. First, the Rider 2 features a beefed-up lithium ion battery that, according to TomTom, can provide up to 5 hours of operation on a single charge. For longer rides, TomTom includes a cable that attaches directly to your bike's battery and plugs into the mounting bracket. Connecting and routing the battery cable will extend your total installation time, but for long road trips you will want to invest the extra time to get it wired (Ibid). The most important difference between the Rider 2 and other TomTom GPS devices is the on-bike ride mode. By default, the Rider 2 displays in map-view mode.

And like other TomTom devices, to get to the menu system you simply tap anywhere on the screen. However, when the Rider 2 is mounted to the bracket and the bike is in motion, a tap of the map screen brings up a limited version of the menu with only four essential options: Navigate to; Add Favorite; Clear Route; and Sound Off/On. The icons are large and are designed for use when wearing gloves. After about 7 seconds, the screen

automatically reverts to the map view again. If you want to access all the Rider 2 menus, you will have to pull over and stop (Ibid).

Another difference between the Rider 2 and other TomTom devices is the source data for the maps. Virtually all TomTom products are based on TeleAtlas maps, while the Rider 2 uses Navteq maps. Both companies provide accurate, if not identical, routes. TomTom understands that all but the most diehard bikers also drive cars. So you can protect your investment with an optional \$89.99 automobile mount, which includes a built-in speaker (Ibid). At \$699.95, the TomTom Rider 2 isn't cheap, but it does include the Cardo System Bluetooth headset, which rings up at \$169.

95 on its own. While the device lacks live traffic updates, as well as the XM radio options offered by its closest competitor, Garmin's Zumo 550 which sells for over \$900, the Rider 2 seems reasonably priced. All in all, the Rider 2 is a talented, durable, bike-friendly GPS device that should serve motorcyclists well (Ibid). The Market and Analysis of the Position of the Company Overview New Strategy Analytics research as part of the, ' In-vehicle Telematics Systems Market 2004-2011,' study shows portable navigation filling the large opportunity hole left by automotive navigation system suppliers. Volume shipments for portable navigation built rapidly in 2004 and will double and even triple in some regions during 2005. In Strategy Analytics' view however, from 2006, wireless players will quickly take over in volume consumer and to maintain market their positioning portable products and automotive navigation suppliers need to review their product strategies soon.

Analysis of the Market One million portable navigation units were shipped across North America, Europe and Japan in 2004. Strategy Analytics estimates that the portable navigation market, in terms of shipments of PDA and dedicated devices was around 300-350K units in North America, and 400-450k units in Europe, and around 1M units across North America, Europe and Japan in 2004. The market reached 2.5-3M units in 2005. There has been a significant amount of latent demand for low priced navigation units in key segments, particularly mobile professionals, commercial operators, and road warriors. This latent consumer demand, so far, has not been addressed by in-vehicle navigation products – which are typically priced at well over \$1500 depending on the region.

On January 2005, the leading navigation players discussed that the U. S. portable navigation market was shipping 20,000 non-PDA based navigation units by December 2004, and that the PDA based navigation market was starting to decline and shifting to dedicated navigation devices. Portable navigation players have developed clear market strengths in pricing, brand building and product development. This is supporting good navigation market entry and very strong growth. Most portable players rolled out a series of products for PDAs, dedicated devices and smart phones during 2003 and 2004, including a variety of technology choices such as GPRS and Bluetooth. Strategy Analytics' consumer research shows that in particular traffic information and speed camera locations are of strong interest to consumers when linked with a navigation function.

- In Jul-05, Garmin launched the StreetPilot 2720 in the US. This in-vehicle GPS navigator offers enhanced text-to-speech versus other Garmin products and also traffic interface capabilities. StreetPilot 2720 offers the GTM 10, an optional FM RDS-TMC traffic receiver that receives digital information (where available) on traffic, road construction, and weather-related tie-ups.
- First launched in Jan-03, Navman offers the GPS 4410, a wireless GPS antenna, which provides satellite connectivity to PDA's utilizing Bluetooth capability.
- In the Netherlands, TomTom offers an integrated traffic information product, and availability was rolled out later for UK, France and Germany – using GPRS technology.

Good retail distribution links and brand building investment are now starting to build across the regions.

- Most leading portable navigation players significantly expanded product distribution outside their home territories during 2004.
- Magellan is the developer of the Hertz NeverLost automotive navigation system, and according to Magellan in May 2005, the RoadMate 700 was the number-one selling aftermarket portable vehicle navigation solution in the U. S. for the 17th consecutive month with an average dollar share of 36% over that period.
- In April 2005, Garmin announced that the company has formed a multi-year global partnership with NBA basketball star Yao Ming, who is to play a key role in Garmin's branding, promotion, and advertising plans for 2005 and beyond.

In September 2003 Garmin announced it was to be the official electronics sponsor of Wal-Mart FLW Tour in 2004 and 2005. Garmin is also a sponsor of FLW's five other tournament trails.

- TomTom's strategic and partner relationships include TeleAtlas, GM (Opel Corsa and light vans), Dell, HP, and Palm, and recently extended its co-operation with TeleAtlas until the end of 2007. TomTom has developed strong brand presence, particularly in Europe during 2004 and 2005.
- At the beginning of 2005 NAVIGON announced sponsorship of the female racing driver, Ellen Lohr. Portable navigation had a similar weighting to the in-vehicle navigation market in 2005. According to Strategy Analytics the portable navigation market reached parity with the in-vehicle navigation market in Europe during 2005. The portable navigation market has already outstripped the in-vehicle navigation market in the United States.

There will remain a strong navigation market in Japan – although growth rates in 2004 show that the in-vehicle market has now fully matured. The window of opportunity for portable navigation products in Japan is likely to be lower than in U. S.

and Europe due to the established Japanese in-vehicle market. In 2005, Strategy Analytics estimated that the in-vehicle navigation systems market in North America reached 1.3 million units, in Europe 2.2 million units and in Japan 4.0 million units. There have been a series of sources and industry comments suggesting that the portable navigation market worldwide reached 3-3.5M units in 2004. In Strategy Analytics' view, this is an over estimation of the 2004 market and the 3-3.

5M unit market size is based on end of 2004 monthly shipping figures, and has not taken into full account growth over the full year. Sales of portable

navigation units (dedicated devices and PDA solutions) built to around 100 thousand units per month by the end of 2004, and continued to build during 2005. Implications and Position Analysis for the Company The very strong portable navigation market growth is not sustainable beyond 12-18 months. According to Strategy Analytics' view, strong market growth for portable navigation had been seen in 2005 and 2006. After this time, market growth will start to decelerate rapidly. There is a significant amount of latent demand for low priced navigation units in key segments, particularly mobile professionals, commercial operators, and road warriors. This latent consumer demand has, so far, not been addressed by in-vehicle navigation products. Therefore portable navigation units are and will continue to fill the opportunity gap.

In Strategy Analytics' view, from 2005/6 there was a stronger competitive response from automotive players, in response to the strong portable navigation growth. The advantages of in-vehicle navigation units need to be better promoted, such as the safety benefits of in-vehicle navigation integration with Human Machine Interface (HMI) capabilities, and a closer navigation alignment with entertainment and driver information features. In-vehicle navigation systems pricing needs to and can be expected to fall significantly. In Strategy Analytics' view, strong navigation growth can only be maintained over the longer term if navigation capabilities are linked more closely to road traffic information, speed camera locations, entertainment and other 'customizable' consumer functions and features.

The initial latent navigation demand will be met by portable devices due to the lower price point versus in-vehicle systems. But after this initial opportunity gap has been filled in key user segments, navigation function alone or tied with a small set of features, will not be compelling enough for current market growth rates to continue into wider consumer markets. ‘Multi-function/featured’ product and pricing strategies need to be revisited particularly the in-vehicle navigation market. But after 12-18 months of major market growth, new product and market strategies will also then be required in the portable navigation market. Managing costs and competition during the next 2 years of growth will be the major challenges facing portable navigation players, and provides a market opportunity for cellular device players, and/or industry consolidation.

The leading portable navigation players, including TomTom, Magellan, Navman, Navigon and Garmin, have expanded rapidly, particularly in the areas of product development and geographical presence during 2004. However, for these relatively small device players there are major cost implications during this period of very strong growth. There are major costs associated with maintaining and growing distribution channels, establishing product development programs for an increasing set of devices with multi-form factors, across a range of regions. There are now a significant number of players entering portable navigation market including players offering branded PDA solutions such as Michelin and Toyota.

These companies have well established brand equity already. Cellular operators and device manufacturers are also under competitive pressure to

bring products to market that fulfill the needs of various consumer segments. Dedicated portable navigation device players will face stiff competition from players in the cellular market. As the penetration of GPS capability on cellular phones increases, more cellular operators will begin offering navigation services. Cellular phone based navigation services are currently offered by a range of cellular operators, including T-Mobile and Verizon Wireless. The wireless device market will be increasingly characterized by high levels of multi-featured products and services, as devices increasingly offer more and more capabilities.

And it is clear that there is a role for navigation, traffic information and other travel related functions in a cellular device and service 'feature choice set'. Growth in portable navigation device markets across the major regions has clearly been very strong, but a portable navigation shipments rate of 1M-2M units is small compared to the 20M portable music players shipped in 2004, and negligible versus the 650M cellular phones shipped worldwide in 2004. According to ZDNet Research: Under the drive of the strong market demand, the operating performance of the three leaders, Tom-Tom, Garmin and Mitac, in PND market, all increased rapidly in 2005 and 2006. The annual revenue of Tom-Tom was nearly USD 1.6 bln in 2006, while that was just USD 10 million in 2002; the shipment of Garmin navigation devices was 389.

9 thousand units in 2005 and, that amounted to 1.443 mln units in 2006, up 270.1% year-on-year. Moreover, Taiwan ODM Mitac is not only the OEM of Tom-Tom and other makers, but it has its own brand Mio, and since acquired

Europe-based Navman in 2007, the market share of Mio and Navman was increased to nearly 20% in 2006, which made Mitac rank to the 2nd place in Europe market just after Tom-Tom. The market concentration of PND is comparatively high in the world and, the market share of Tom-Tom, Garmin and Mitac totaled 70% plus. The Europe PND market is with the fastest increase in the world in 2005 and 2006, the total sales of PND products amounted to 7.

4 million units in West Europe in 2006, and it is forecasted that will increase to 11.8 million units in 2007. The year of 2006 saw two peak seasons in PND sales in West Europe, one is from June to August, the consumers bought a large number of PND for the convenience in holiday traveling; and the other was at the end of 2006, the traditional sales peak season, the PND product sales during Christmas accounted for 8% of the total. The average price of PND in West Europe market was EUR 417 in 2006 and, the price in Switzerland market was the highest, about EUR 413, and the prices in France and UK both decreased about 20% to EUR 364-367, while that remained EUR 351 in German market. The prices in the whole West Europe market all dropped to some extent in 2006, German market decreased EUR 43, while Spain market was with the largest drop margin, and the average price descended to EUR 287 in the end of 2006 from EUR 472 in the end of 2005. North America Market is still dominated by Garmin, which remained the 1st place in the market by 50.3% of market share in 2006, and others such as Magellan, Tom-Tom, Mio, Lowrance, and Destinator etc, controlled large of the left. Sony, which entered America vehicle portable navigation device

market on Apr 9th, 2006, obtained 2% of the market share as well ([http://blogs.](http://blogs.zdnet.com/ITFacts/?p=13189)

[zdnet.com/ITFacts/?p=13189](http://blogs.zdnet.com/ITFacts/?p=13189)). Thus, European market had become a big market for portable navigation devices and the search for fertile markets such as in Kazakhstan by MyGuide is a market niche that must be seriously considered by the company. In 2007, European market for portable navigation devices expected to almost double to 15-16 million units and the U. S. market to triple to 8-9 million units (www.tomtom.com

[2007](http://www.tomtom.com)). Thus, the position of MyGuide which is really not as strong as TomTom NV in terms of market share and size is that it should focus into the potentials of portable navigation devices which should be priced mostly at the lower end or medium level of the market since most devices are priced at higher levels. There is a tendency for the market to lower its price because of intense competition coming from the wireless cellular companies. Its best selling product which is priced at \$400 plus with superior features is penetrating the U.

S. and Europe market fast and this is the core competence of the company to produce superior products at lower cost. As such, the company should look into the potentials of markets where other companies have not been able to enter such as the Kazakhstan market. This market will be discussed in the next section. The Economy and Market in Kazakhstan and Entry Barriers The last section discussed information regarding the market for Personal Navigation Systems in the United States, Europe, and other parts of

the world and it is clear that there is a market for these products as well as there is a big potential for it globally. This section will discuss the economy of Kazakhstan, its entry barriers and its potentials in terms of of a market for Personal Navigation Products.

Kazakhstan is the largest nation and economy in Central Asia, and the ninth largest nation by area in the world. It possesses enormous fossil fuel reserves as well as minerals and metals. It also has considerable agricultural potential with its vast steppe lands accommodating both livestock and grain production, as well as developed space infrastructure, which took over all launches to the International Space Station from the Space Shuttle. As Wikipedia explains: The mountains in the south are important for apples and walnuts; both species grow wild there.

Kazakhstan's industrial sector rests on the extraction and processing of these natural resources and also on a relatively large machine building sector specializing in construction equipment, tractors, agricultural machinery, and some military items. The breakup of the USSR and the collapse of demand for Kazakhstan's traditional heavy industry products have resulted in a sharp contraction of the economy since 1991, with the steepest annual decline occurring in 1994. In 1995-97, the pace of the government program of economic reform and privatization quickened, resulting in a substantial shifting of assets into the private sector. The December 1996 signing of the Caspian Pipeline Consortium agreement to build a new pipeline from western Kazakhstan's Tengiz Field to the Black Sea increases prospects for substantially larger oil exports in several years.

Kazakhstan's economy turned downward in 1998 with a 2. 5% decline in GDP growth due to slumping oil prices and the August financial crisis in Russia.

A bright spot in 1999 was the recovery of international petroleum prices, which, combined with a well-timed tenge devaluation and a bumper grain harvest, pulled the economy out of recession (www. wikipedia. com).

Current GDP per capita shrank by 26% in the Nineties.

However since 2000, Kazakhstan's economy grew sharply, aided by increased prices on world markets for Kazakhstan's leading exports-oil, metals and grain. GDP grew 9. 6% in 2000, up from 1. 7% in 1999. Since 2001, GDP has been among the highest in the world. In 2006, extremely high GDP growth had been sustained, and grew by 10. 6%.

Business with booming Russia and China, as well as neighboring CIS nations have helped to propel this amazing growth. The increased economic growth also led to a turn-around in government finances, with the budget moving from a cash deficit of 3. 7% of GDP in 1999 to 0. 1% surplus in 2000.

International reserves swelled to \$37. 63 billion by April 17, 2007 (Ibid).

Macro-economic trend This is a chart of trend of gross domestic product of Kazakhstan at market prices estimated by the International Monetary Fund with figures in millions of Kazakhstani Tenges. Table 1 GDP, Exchange Rates, and Inflation Index

Year	Gross Domestic Product	US Dollar Exchange	Inflation Index (2000= 100)
1995	1, 014	2006	1

11 Tenges6420002, 599, 902142. 26 Tenges10020057, 453, 000132. 88

Tenges140 Wikipedia further discusses the significant indicators in

Kasakshstan: For purchasing power parity comparisons, the US Dollar is exchanged at 59.

95 Tenges only. Kazakhstan's monetary policy has been well-managed. Its principal challenges in 2001 are to manage strong foreign currency inflows without sparking inflation. Inflation has, in fact, stayed under control, registering 9. 8% in 2000, and appears likely to be under 10% in 2001. Because of its strong economic performance and financial health, Kazakhstan became the first former Soviet republic to repay all of its debt to the International Monetary Fund by paying back \$400 million in 2000; 7 years ahead of schedule. Overall foreign debt is about \$12.

5 billion, \$4 billion of which is owed by the government. This amounts to 69% of GDP, well within manageable levels. The upturn in economic growth, combined with the results of earlier tax and financial sector reforms, dramatically improved government finances from the 1998 budget deficit level of 4.

2% of GDP to a slight surplus in 2000. Government tax revenues grew from 16. 4% of GDP in 1999 to 20. 6% of GDP in 2000. In 2000, Kazakhstan adopted a new Tax Code in an effort to consolidate these gains.

Its strong financial position also allowed the government to reduce the value-added tax (VAT) from 20% to 16% and reduce social (payroll) taxes as of July 2001. Kazakhstan's stronger budget position and strong export earnings earned it credit ratings upgrades from Moody's, S&P, and Fitch during 2001. Kazakhstan instituted an ambitious pension reform program in 1998. By July

2001, Kazakhstanis had contributed more than \$1 billion to their own personal pension accounts, most of which is managed by the private sector. The National Bank oversees and regulates the pension funds (Ibid).

The pension funds' growing demand for quality investment outlets triggered rapid development of the debt securities market. Pension fund capital is being invested almost exclusively in corporate and government bonds, including Government of Kazakhstan Eurobonds. The Kazakhstani banking system is developing rapidly. Banking systems capitalization now exceeds \$1 billion. The National Bank has introduced deposit insurance in its campaign to strengthen the banking sector. Several major foreign banks have branches in Kazakhstan, including ABN AMRO, Citibank, and Hongkong Shanghai Banking Corporation. Kazakhstan is also a member of the Economic Cooperation Organization (ECO) (Ibid). Mining Oil and gas is the leading economic sector.

In 2000, the country produced 35, 252, 000 metric tons of oil (700, 000 barrels per day), a 17. 4% increase over 1999's 30, 025, 000 tons. It exported 28, 883, 000 tons of oil in 2000, up 38. 8% from 20, 813, 000 tons in 1999. Its production in 2001 has been growing at roughly 20%, on target to meet the government's forecast of 40, 100, 000 tons of oil (800, 000 barrels per day).

In 2000, production reached 11. 5 km³ of natural gas, up from 8. 2 km³ in 1999. In terms of the economic potential of Kasakhstan, Wikepedia explains: Kazakhstan has the potential to be a world-class oil exporter in the

medium term. The landmark foreign investment in Kazakhstan is the TengizChevroil joint venture, owned 50% by ChevronTexaco, 25% by ExxonMobil, 20% by the Government of Kazakhstan, and 5% by Lukarco of Russia.

The Karachaganak natural gas and gas condensate field is being developed by BG, Agip, ChevronTexaco, and Lukoil. The Agip-led Offshore Kazakhstan Consortium has discovered potentially huge Kashagan oil field in the northern Caspian. Kazakhstan's economic future is linked to oil and gas development. GDP growth will depend on the price of oil, as well as the ability to develop new deposits. Kazakhstan is the third country in the world for uranium production volumes, and it owns the world second biggest uranium reserves after Australia. It has also the largest silver, zinc and nickel markets in West Asia (Ibid). As such, the fossil fuel deposits, foreign investments, its uranium production as the third largest in the world, all points to the huge market potential for products or business entering the Kazakhstan market, more particularly the Personal Navigation System market.

Table 2 Economy of Kazakhstan
 Currency 1 Tenge = 100 tiyin
 Fiscal year Calendar year
 Trade organisations CIS, EURASEC, ECO, SCO, WTO (Observer)
 Statistics GDP ranking 58th (2004) [2]
 GDP \$118.4 billion (2004)
 GDP growth 9.1% (2004)
 GDP per capita \$7,800 (2004)
 GDP by sector agriculture (7.4%), industry (37.8%), services (54.8%)
 (2004)
 Inflation 6.9% (2004)
 Pop below poverty line 19% (2002)
 Labour force 7.

95 million (2004) Labour force by occupation agriculture (20%), industry (30%), services (50%) (2002) Unemployment 8% (2003) Main industries soil, coal, iron ore, manganese, chromite, lead, zinc, copper, titanium, bauxite, gold, silver, phosphates, sulfur, iron and steel; tractors and other agricultural machinery, electric motors, construction materials Trading Partners Exports \$18.47bn (2004) Main partners Russia 13.5%, Bermuda 13.4%, the People's Republic of China 10.4%, Germany 9.2%, Switzerland 9.1%, France 6.

7% Imports \$13.07bn (2004) Main Partners Russia 33.9%, the People's Republic of China 13.6%, Germany 9.

6%, France 6.8% (2004) Public finances Public debt 13.7% of GDP (2004) Revenues \$8.67 billion (2004) Expenses \$8.968 billion (2004) Economic aid \$74.2 million in US assistance programs, 1992-2000 (2004) Market Entry Barriers for the Personal Navigation System in Kazakhstan The main market entry barrier in Kazakhstan is that coverage mapping in some areas are not allowed because of the militarized zones. Also, there is a need at entry to advertise and educate the market for the need for Personal Navigation Systems in the country. There is a way of course to find ways to penetrate the market in Kazakhstan such as to cover only in areas where it is allowed to use coverage mapping.

Advertising and market penetration strategies such as penetration pricing should be used so that potential customers will try MyGuide's products. The products of the company are really good and as was discussed in a previous

section, it is easy to use and user friendly. The company may also consider discussing with the government regarding the lifting of coverage mapping in restricted areas. If there is a will, there is a way. In the entry stage, the company should invest in promoting the products such as giving discounts, prizes, and contests across the country. There should also be plenty of publicity for the company and its products and these requires excellent public relations.

As such, it can be concluded that based on the study of the economy of Kazakhstan, its Gross Domestic Product, per capita income, population, tremendous fuel and oil reserves, agriculture incomes, and other economic trends and indicators, that there is really a big market potential for the entry of MyGuide's Personal Navigation Products in the country. Conclusions The core product of the company is the MyGuide3000. It is the top device in this class of the navigation systems. The attractive MyGuide navigation solution offers a very good low price coupled with superior performance. This is due to a new very reliable navigation software called MyGuide 6. 0 leading the cross-border travels through twenty one European countries. The navigation software is easily understandable, it can be installed in a couple of seconds and the user interface is not only attractive but also fast and simple. In terms of competition, TomTom NV is the world's largest navigation solution provider.

TomTom's products are developed with an emphasis on innovation, quality, ease of use, safety and value. Its products include all-in-one navigation devices which enable customers to navigate right out of the box; these are

the award-winning TomTom GO family, the Tom Tom ONE XL and TomTom ONE ranges and the TomTom Rider. Independent research proves that TomTom products have a significant positive effect on driving and safety. Portable navigation products filled the large opportunity hole left by automotive navigation system suppliers. Volume shipments for portable navigation built rapidly in 2004 and will double and even triple in some regions during 2005. From 2006, the wireless players would take over in volume consumer and will maintain market their positioning portable products and automotive navigation suppliers would need to review their product strategies soon.

One million portable navigation units were shipped across North America, Europe, and Japan in 2004. It was estimated that the portable navigation market, in terms of shipments of PDA and dedicated devices was around 300, 000 to 350, 000 units in North America, and 400, 000 to 450, 000 units in Europe, and around 1, 000, 000 units across North America, Europe, and Japan in 2004 and the market reached 2. 5 to 3 million units in 2005.

Portable navigation had a similar weighting to the in-vehicle navigation market in 2005. The portable navigation market reached parity with the in-vehicle navigation market in Europe during 2005. This market segment also had already outstripped the in-vehicle navigation market in the United States.

There will remain a strong navigation market in Japan, although growth rates in 2004 show that the in-vehicle market has now fully matured. In 2005, it

was estimated that the in-vehicle navigation systems market in North America reached 1.3 million units, in Europe 2.

2 million units and in Japan 4.0 million units. In 2007, European market for portable navigation devices expected to almost double to 15-16 million units, and the market in the United States to triple to 8-9 million units. As such, the competitive position of MyGuide which is really not as strong as TomTom NV in terms of market share and size is that should focus into the potentials of portable navigation devices which should be priced mostly at the lower end or medium level of the market since most devices are priced at higher levels. There is a tendency for the market to lower its price because of intense competition coming from the wireless cellular companies. The company's best selling product which is priced at \$400 plus with superior features is penetrating the U.

S. and Europe market fast and this is the core competence of the company to produce superior products at lower cost. The main entry barrier in Kazakhstan for the company's products is that coverage mapping in some areas are not allowed because of the militarized zones.

Also, there is a need at entry to advertise and educate the market for the need for personal navigations systems in the country. There are ways to penetrate the market in Kazakhstan such as to cover only in areas where it is allowed to use coverage mapping. Advertising and market penetration strategies such as penetration pricing should be used so that potential customers will try to guide the company's products. The products of the

company are really good and user friendly. In the entry stage, the company should invest in promoting the products such as giving discounts, prizes, and contests across the country. There should also be plenty of publicity for the company and its products and these requires excellent public relations. It can be concluded that based on the study of the economy of Kazakhstan that it is viable for MyGuide products to enter the country's market.

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