Integrated offer, sine qua non condition to keep the customer
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Economic euphoria at the end of the nineties provoked a fever of acquisitions and a business diversification that also affected major phone incumbents.

Operators, whose business was focused on long distance callings until then, extended their core business to next generation wireless services, Internet and even content, in spite of huge debts.

Later, the bubble burst and the value of these companies fell dramatically. The only way to obtain cash was to sell some part of the business profitable enough to appeal to possible buyers. The wireless divisions of the operators proved to be the ideal candidates.

However, this movement didn’t follow a strategic line of thought, but a flagrant need of cash. Now, as then, long-distance business is down. Users are increasingly substituting this type of calls for calls from mobile phones, without caring about whether these calls are more expensive. In fact, the division that balances the profit and loss account of carriers is the mobile one.

This is due to the fact that the deployment of the GSM infrastructure has been a success and to the different way of paying for the wireless and wireline consumption. While the user usually contracts a flat rate for ADSL, he/she has got used to paying for every wireless service (SMS, pictures sending, calls, consulting information).

Another reason that is pushing carriers such as AT&T or WorldCom to regroup their wireless services is to jump on the bandwagon of concentration. Right now the telecommunications market only offers opportunities to a few powerful companies. This has led to agreements among the different operators –such as the one among Telefónica Móviles, T-Mobile and TIM in Europa— to obtain a greater capacity to negotiate with their providers. In the case of AT&T, joining a mobile phone company allows it to obtain content in more advantageous conditions, which can be distributed through numerous platforms.

In Spain, Grupo Auna has realized that, to face up to Telefónica, it must concentrate forces and now it offers a joint offer of Internet (Auna Cable), long distance (Auna) and wireless (Amena).

But the most important aim of this movement is to keep and get client loyalty. Above all, users look for simplicity to manage their telecommunications services. The target is to communicate with other persons, not to think about the technology used (SMS, e-
mail, instant messaging, mobile or wireline calling) or about the provider that offers it. Companies that lack an integrated offer can see how the user, disloyal by nature, migrates to another company with more integrated services.

The operators’ next step will be to offer one monthly bill, which will allow users to gather in a single bill all their telecommunications services. This will be one of the indicators that clients have, at last, an integrated global offer.