



them up," explains Mr Zennström.

Mr Lombard of France Telecom admits that the industry still has some way to go in this regard. The past decade, he says, has seen the introduction of all kinds of wonderful new technologies. "But we have a kind of complexity in all these products that is rather artificial and probably transitional," he says. Car makers do not expect drivers to open up their cars and adjust their engines. "If you compare what we are asking customers, we are asking them to enter codes, addresses, it is far too complex," he says.

#### What's in it for me?

Mike Cansfield of Ovum, a telecoms consultancy, also reaches for an automotive analogy. "Telecoms has historically been technology-led, full of technobabble," he says. "You have to be able to articulate benefits to encourage take-up." Consider the windscreen wipers on a car: "You could talk about different motors, variable speeds and intermittent wipes, but the benefit is that you can use the car whatever the weather." Similarly, he says, telecoms firms have to become more marketing-savvy. If they cannot explain the benefits of their whizzy new converged services, nobody will sign up for them.

There are signs that some companies have realised this. Hong Kong's Now TV, a pioneer in video-over-broadband, has developed a "network DVR" that provides TiVo-like recording and playback facilities without any extra hardware; instead, the recorded programmes reside on the network. It is all very clever, but also rather hard to explain. So the company has decided to take its time over rolling out this and other innovations to avoid overwhelming its customers.

In theory, a bundle of converged ser-

vices delivered by a single operator through a single "gateway" box should be easier to use than a jumble of boxes from different companies. The operator can ensure that the user interface is logical and consistent, and that all the various services work together well. (This is a large factor in the success of Apple's iPod music-player, iTunes software and iTunes store, all of which seamlessly work together.) AT&T is tightly interlinking its various services so that, for example, pictures taken with a mobile phone can be uploaded to the user's website and can then easily be called up on the television screen; another feature allows subscribers to AT&T's Homezone service to programme their DVRs remotely via the web. But a balance must be struck between such clever new features and ease of use.

A third and final factor in making a success of convergence is a strong brand founded on good customer service—other-

wise consumers will not want to sign up, even if offered discounts. This sounds obvious, but it could mean that telecoms operators have an advantage over cable companies, which have weaker brands and are generally less well regarded by consumers, says Mr Godell of Forrester. That explains why NTL, Britain's cable operator, recently took over Virgin Mobile: both to complete its quadruple-play bundle and to gain access to the stronger Virgin brand. Similarly, France Telecom rebranded itself as Orange, its mobile brand; other operators are doing the same, because their strongest and youngest brands are usually those associated with mobile telephony.

Convergence is both a response to, and a reflection of, far greater competitive pressure in the telecoms industry. "The competition could get very ugly," says Mr Odlyzko. "But in the end consumers will be the beneficiaries." Mr Godell agrees. "In a world where prices are falling every year, I think the only real winners are end-users," he says. "Consumers will have an increasing array of nicely packaged services at lower prices. But it will be messy."

Ultimately, consumers and businesses will be able to choose from a wider range of communications services and a wider range of providers. Some will have come from the world of telecoms; some from the field of cable television; some will have started out as internet-access providers; some will be bulked-up satellite-TV firms. But they will all be fighting over the same customers. The companies involved must be prepared for a bloody battle; regulators must ensure that the fight is a fair one; and consumers, with luck, will enjoy greater choice and lower prices. ■

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