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Why British Telecom is still breeding resentment

SPACE-AGE telephones which listen when you talk to them are no longer pie-in-the-sky, but the UK telecommunications business is still enmeshed in more earthly matters.

The potential market for installing modern telephone jacks in the 76 per cent of UK homes still fitted with the old variety is £500m — but only British Telecom can profit from this, which causes bitter resentment in the telecommunications business.

Dealers say that BT's dominant market position has slowed the growth of telephone sales in the High Street and contributed to casualties among specialist retail outlets.

The resentment centres on the fact that although the UK telecommunications market has been liberalised further and faster than any other European country, only British Telecom is allowed to fit sockets or connect cable to the public telephone network.

UK market rules on telecommunications have not been relaxed enough to placate BT's rivals, reports Alan Cane

A new report* on the UK telephone market says: "Opinion is that the Government made a mistake in this particular aspect of its liberalisation policy, saying that BT deliberately devised a system to slow down the growth of telephone sales and stop independent retailers gaining too much ground."

Systems Dynamics, the consultancy which compiled the report, says BT is reluctant to move on the issue. "Our information indicates that the

level to which they are likely to go is to allow liberalisation of the market for line jack (modern) sockets for secondary telephone extensions," says the consultancy.

Meanwhile, there is growing anger among suppliers about BT's monopoly on socket installation. It is installing 200,000 sockets a month, but at that rate it would take nine years to convert the remaining 15.2m premises which have only old-fashioned jack plugs.

Many people who buy telephones in the High Street do not realise that only BT can install the socket. The waiting period for installation can be four weeks. Systems Dynamics alleges: "If no telephone has been bought, the BT man may well try to sell the customer one of the Inphone (BT's own telephones) range.

"These delays in the conversion of sockets are said by some to be responsible for early casualties among telephone retailers."

So suppliers are upset that every telephone they sell adds to BT's coffers. Only 16 per cent of homes have more than one telephone, which implies a very large market in the 1990s. The price of telephones is expected to fall considerably. The one-piece telephone which sells for £20 today is expected to come down to £15 by the end of the year and to £10 in 1986, a level



More than 170 models of telephone handsets are now available in the UK from 30 suppliers. British Telecom alone offers 36 models, chiefly made by other manufacturers.

Its best-selling Statesman, a push-button, two piece telephone, is made by GEC, Philips-TMC and Plessey. Five different kinds of combined workstation/telephone are now available in the UK.

at which prices will stabilise. There will therefore be every incentive for householders to install two or more handsets.

Systems Dynamics points out that BT is up against aggressive price competition from other suppliers and that this new demand is likely to be met by cheaper-end products from independent suppliers.

It predicts that by 1990, 20 per cent of the 20m domestic telephones then in use will be replaced with handsets bought from suppliers other than BT.

The overall conclusion is that home-produced telephones will not, in the long term, be able to compete with mass-produced products from the Far

East and that, in the next year or so, cheaper and more efficient cordless telephones and loudspeaking one-piece telephones are likely.

Mobile telecommunications has the brightest future, and the suggestion is that a portable telephone the size of a pocket diary will be commonplace by the turn of the century.

Voice activated telephones are another likely innovation. The French are planning to test one system intended for public use next year.

* The UK Market for Telephones; Systems Dynamics; Heron Gate Road, Chorley Wood, Rickmansworth, Herts, WD3 5BW

UK EXPORTS AND IMPORTS OF TELEPHONE HANDSETS

	Last six months		
	1982 £'000s	1983 £'000s	1984 £'000s
EXPORTS	2,428	2,219	3,684
IMPORTS	3,534	13,427	11,241

Source: Overseas Trade Statistics