

Fee or free?

WHO'S PAYING FOR phone calls these days? Not young people, it seems. They don't expect to pay for anything on the internet, and this attitude is spreading. That's scary.

But "there ain't no such thing as a free lunch," to quote a popular American saying. It is definitely premature to think that everything on the networks must be given away for free, even though the "free" trend is so strong it seems pervasive. Still, "free" initiatives have set many balls in motion.

"FREE" USUALLY MEANS making someone else pick up the bill. It could also mean the subscriber pays in a different, usually hidden, way. A third possibility is that advertisers see so much new value in precision targeting, and even concluding deals with their customers, that they are ready to pay for more than the actual communications bill. Or a combination of the above.

No wonder we see a lot of confusion regarding business models these days. The question is whether the "free" trend really is transferable to the mobile world. Whatever "free" means.

Since thwarting internet scare is high on our editorial agenda, we devote a lot of this issue to digging deeper into people's willingness to pay, sharing findings from Ericsson's consumer studies. We also conclude that it is possible to determine the optimal price points for mobile voice calls. There is always a right price. Stay tuned to further reports on price optimization as this research field also takes broadband services into account.

INTERNET SCREENS WILL soon be a lot smaller. A comforting thought (if you are prone to having nightmares about what Google's next move will be) is that this also puts pressure on internet companies living on ads. It's not a given that just because it's free on the internet it will be free on wireless networks. On a standard PC screen, you can fit about ten ads. On a mobile phone, you can fit one or two. As small screens become an important way to access the internet, it could mean that a large slice of today's online advertising disappears.

Consumers may in fact have to start paying for "free" stuff, comple-

mented by very minimal — and very personal — ads.

So maybe the ad-driven internet dragons should be having the nightmares from now on.

Price is normally linked to some kind of value, but how do you put a price tag to doing the right thing, like reducing the greenhouse effect? There are some positive answers as to what this industry can do in "Can telecom save the planet?"

People with almost no money to spend would of course like the "free" trend to spread. Interestingly, the operators depicted in "How to build growth in emerging markets" are generally more profitable than their Western counterparts, balancing very poor customers with affluent ones.

TO SUM UP, with this issue we highlight some of the best examples of the business innovation that goes on over the whole range of values that this industry is producing. The best pricing is sure to follow.



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