



Second Guessing Communications Futures

(P)ublic debate on the future extent of residential networks is necessarily conjectural in the absence of demand estimates: without a clear picture of the demands that services will meet, for whom, and in what time frame, it is hard to identify potential areas of opportunity and of concern.

This statement on page 61 neatly sums up the difficult task the Bureau of Transport and Communications Economics (BTCE) faced in preparing *Networked Communications Services to the Home: Future Demand Scenarios*, its fourth work-in-progress paper for the Communications Futures Project (see Policy File, page 32, for details).

The paper is essentially speculative, using data such as ABS household spending and time-use patterns to estimate possible revenues from and use of a variety of networked information and entertainment services. The bibliography attests to the Bureau's thoroughness in scanning available statistics and literature, but the paper is careful to draw no firm conclusions. Indeed it points to issues which will be central to the take-up of new services, such as the likelihood that some people may not be able to afford to consume new services even though they have the time to, while the 'time poor, cash rich' sector will be better equipped to make use of interactive services.

The paper draws attention to conflicting views at each extreme of the debate:

- that what people want is more sport, shopping and electronic gambling and no-one is really interested in information; and on the other hand,
- that the enormous growth of connections to on-line services such as the Internet suggests a high level of interest (at least among those with hardware access and requisite text literacy levels) for interactive access to information, and for communication.

The frightening possibility - and one which, as the paper notes, has been identified by some commentators - is that society will divide into those who slump passively before their television set, requiring only to be entertained, and those who exploit their

PCs to improve their lives financially and intellectually.

The paper also acknowledges the possibility of a detrimental effect on the quality of free-to-air television content as a result of advertisers targeting the more affluent households, which can afford subscription services, with entertainment programs of high production value.

Significantly, the Bureau's research detected 'no significant residential demand for high bandwidth, switched services' - though there were indications of a potential appeal of innovative interactive applications to the current generation of video game users, at least by the time their earnings permit them to afford such services.

The overall message of this paper, and one which will hopefully characterise any Government response to the outcomes of the Futures project, is that people's needs and interests, while difficult to identify, must be paramount in planning communications futures. The paper notes US research (Shields et al 1993) which showed complex and highly differentiated usage patterns among urban and rural telecommunications users, and little evidence of demand for new services.

The paper quotes the conclusions of this study that:

....policy makers who are seeking to shape the evolution of residential communications networks 'require research that generates an understanding of the world of the telecommunications user from the perspective of the user'.

The paper reports with apparent approval a view that 'the inherent insolubility of the demand forecasting problem means that the initial emphasis of national governments should be on *providing adequate safeguards for today's users* (CU's emphasis) of telecommunications and cable television services'.

It concludes that quantitative and qualitative indicators of emerging Australian demand patterns can only be a first step, and that it may be wise to adopt a 'learning' rather than a 'predictive' stance towards residential networks, 'which will ensure that both winners and losers on any eventual broadband revolution can clearly and quickly be identified'.

This paper is accompanied by a hefty attachment containing three consultant papers: Dr Don Lamberton gives an overview of the economic and other literature on market diffusion, while Strategic Technology Management and Entertainment Business Review look at the historical takeup in Australia of communications services and entertainment services respectively.

The STN paper consolidates much information of value for communications researchers and analysts. For example, it contains a table (pp 66-68) of significant events in the evolution of the telephone service since Federation and up to the introduction of competition, and the impact of these events on demand. STN presents case studies of individual innovations such as telex, fax, mobiles and personal computing, and it is notable that in assessing the success of these technologies with consumers, the same factors tend to recur: factors such as satisfying an identifiable need, affordability, flexibility, access and ease of use.

The final report of the CFP is expected soon. CU understands that, as a government body, the BTCE will make no recommendations but will pull together major issues and conclusions identified in the work-in-progress papers issued over the life of the Project. □