

Summary:

Videoconferences – a new meeting place for businesses?

In 1983, the Norwegian state telephone company, Telenor, launched “tele-meetings”, or what is now referred to as videoconferences. The service has since been developed in various fields including medicine and education, but so far, videoconferencing has not achieved the popularity that was prophesied for the business community. This was one of the reasons that the Institute of Transport Economics (TØI) and Telenor Research and Development last year commenced a joint project: *Criteria for introducing videoconferences in Norwegian enterprises*. The aim of the project was to register the use of and attitudes towards videoconferencing among Norwegian enterprises, and to increase the understanding of the relationship between business travel and teletechnology. The data comprises a series of in-depth interviews with users of videoconferences together with a postal survey of selected branches. In this report, we present results of the latter. The survey contains information from 346 firms of which 71 use videoconferences.

Positive attitudes towards videoconferencing

The survey shows that, in general, businesses have an open and positive attitude towards videoconferences. This also applies to firms which currently do not make use of this technology. Many of the “non-users” believe videoconferencing to be a time-saving measure, and even when these consider the statement “*Videoconferences are not applicable for our company*”, only one in four of the “non-users” agree. This alone indicates that a potential exists for increased use of videoconferences in Norwegian firms.

Among today’s users three of four are satisfied with the service. Particular importance is attached to the time-saving aspects. Virtually all users have experienced time-savings, first and foremost in the form of more efficient decision-making and more rapid transfer of information, and to a lesser extent in the form of reduced travel.

Travel is considered tedious

Hitherto, there are few who have managed to replace business journeys with videoconferencing. This is in spite of the fact that many consider travelling as a burden, both in respect of the working situation and family life. Three of four completely or partly agree that business travel places a pressure on their work situation, and this proportion increases further when travel is considered in the light of family relationships.

These negative aspects of travel conflicts with the business community's increasing need for external contact. The majority of firms in this survey have experienced an increase in their travel budgets during recent years. Personal contact is important in business life, and is difficult to replace. Three of four actually consider personal contact to be irreplaceable. Consequently, business travel is difficult to replace.

Uniform use

The survey shows that the business sector's use of videoconferences is rather undeveloped in the sense that it is used by a relatively small number of users and for a restricted range of purposes and contact points. Daily use is largely characterised by internal company meetings where routine information is exchanged. Managers are the largest user group.

The results also show that many users have not achieved those objectives which were defined when videoconferencing was introduced in the firm. The variation between goals and achievement of goals are particularly manifest for those firms who intended to benefit from a reduction in travel costs. Nevertheless, the majority of users are satisfied with the technology.

Increasing numbers of new users

Many of those who currently do not use videot technology are curious as to what this form of media can offer. For example, two of three "non-users" believe that the company would benefit from videoconferencing. One of three firms have had discussions concerning the introduction of videoconferences, and one in ten has made a report on the matter. It thus appears that many firms are conscious of the fact that videoconferencing can be a useful communication medium, but, in the short term, few plan to invest in the technology.

However, there is no doubt that videoconferencing will grow in use. In addition to increasing numbers of new users, present users have plans of broadening their utilisation. The challenge is to predict the implications this will have for business travel.

Videoconferences – a substitute for travel?

Current users have only to a minor degree succeeded in substituting travel with videoconferences. Many of these firms did, however, have expectations that videoconferences could eventually replace certain journeys, and there are several factors within business life which support travel substitution: time scarcity, cost control and the burden imposed upon the traveller suggest that videoconferencing in the future will substitute travel. The re-location of Oslo airport at a considerable distance from the capital is also a factor in this respect.

However, there also are several factors that pull in the other direction, i.e., toward continued growth in business travel. The firms surveyed do, for instance, maintain that travel will continue to increase: only eight per cent consider that the firm's travel activity will be reduced in the immediate future. This is caused by several factors. Mergers, take-overs and growing co-operation between the parties in the

business sector result in increased travel; bonus arrangements stimulate travel; but perhaps most important is the significance attached to networking. Business life is very much about building networks, and the informal discussions and small talk is often as important as the more formal part of the contact. This reduces the possibility for travel substitution by telecommunication since personal relations are difficult to establish over the telephone line.

We would therefore claim that videoconferencing is unlikely to be a substitute for a considerable part of business travel. Today, videoconferencing mainly is used within intra-company contact, and, apparently, intra-company contact also will dominate the use of videoconferences in the near future. Consequently, it is within this type of contact where videoconferences will have their greatest impact on travel. Intra-company travel is, however, not a dominant segment in the business travel market. The 1998 Norwegian Air Travel Survey revealed that contact between head office and divisional offices accounted for 10 percent of all business air travel. Our hypothesis is that videoconferencing will continue to serve as a supplement to personal contact, and primarily remain as an independent communication medium.