

# Mercury one2one, a world's first . . .

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The 7<sup>th</sup> September 2013 marked the 20<sup>th</sup> anniversary of an event that changed the UK telecommunications market forever, this event was the launch of Mercury one2one.



*Figure 1: Mercury one2one logo*

Prior to 1993 there were just two mobile networks in the UK, Vodafone which had launched an analogue cellular service on the 1<sup>st</sup> January 1985 and Cellnet which launched a few days later on the 7<sup>th</sup> January 1985. Early mobile phones, contracts and calls were expensive however there was significant demand, particularly amongst business users.

The story of Mercury one2one can be traced back to two key events in the UK and a European initiative which would influence the development of mobile telecommunications around the Globe. The UK events took place in 1980 and 1989 respectively; in 1980 the Conservative Government pursued two parallel policy objectives, privatisation and liberalisation, both of

which would play a role in shaping the UK telecommunications landscape. In 1989 The UK Department of Trade & Industry (DTI) produced a document 'Phones on the Move' that first proposed PCN (Personal Communications Networks (later known as DCS 1800 and subsequently GSM 1800)) to operate in the 1800 MHz frequency band. The European initiative started in 1982 with the formation of Groupe Spécial Mobile (GSM) by the Confederation of European Posts and Telecommunications (CEPT), with a brief to design a pan-European mobile telecommunications system.

In 1985 the UK signed a joint development agreement for GSM; along with France, Italy and West Germany. The 900MHz spectrum band was identified for GSM in 1986 while work to adopt the GSM standard to operate in the 1800MHz band started in 1990.

Originally three PCN licenses were issued:

- Mercury PCN, owned by a consortium including Cable & Wireless
- Unitel, owned by a consortium including US West
- Microtel, owned by a consortium including British Aerospace

In 1992 Cable & Wireless and US West merged their PCN business units (each the survivor of their respective consortia) to form Mercury Personal Communications which launched

Mercury one2one. British Aerospace sold Microtel to Hutchison Telecom, this went on to become Hutchison Microtel and then Orange in 1994.

The original 3 PCN license holders; Mercury PCN, Unitel and Microtel were each awarded 2 x 25MHz of spectrum in the 1800MHz band. The merger of Cable & Wireless and US West did not result in a company with twice as much spectrum; one license had to be surrendered. No other company came forward to take this license therefore the spectrum was split between the 4 mobile network operators some years later. Mercury one2one and Orange received an extra 2 x 5MHz each whilst Cellnet and Vodafone received 2 x 5.8MHz each.

Mercury one2one's first headquarters were in Elstree Tower, Borehamwood, where it took up residence in 1990. This location was chosen for its easy transport links to the City of London, with its bankers and regulators, and the airport for visiting shareholders flying in from the USA.

An early strategic decision was taken to roll out the network within the M25 and expand to cover other major urban centres and transport routes in the future. Launch would be focused on London. The new PCN technology was unproven at this time so Mercury one2one really did break new ground while the industry watched, with great interest. The company needed everything; cell sites and IT, handsets and marketing and, of course, dealers to take the new brand into the high street. It therefore embarked on a series of roadshows across London to recruit new dealers to the network. Back in 1993 there wasn't a Carphone Warehouse or a Phones 4U on every street corner.

Any dealer who turned up to the roadshow (and they did in such numbers that venues had to be switched at the last minute) became aware of two things: Mercury one2one could tell you virtually nothing about its plans and that if you didn't sign up, someone else would. With just a few months to go before launch there were still no price plans, no handsets and no projections, nothing. Yet they

were literally standing in line to become dealers, excitement was building!

At around the same time, tentative testing on the network began. About 30 employees took part in this first phase of live network testing, employees were asked to travel anywhere, as long as it was between Borehamwood and Enfield, make test calls and keep notes of experiences to discuss in focus groups. By mid-1993, launch dates were being pencilled in, and then erased. Senior management would meet regularly at the Moat House hotel in Borehamwood to check on progress and canvas opinion from across the company as to whether launch could progress or not. Frequently the sales and marketing departments would be saying yes while network engineering would be asking for more time, in the end a business decision was made: we have to launch soon!

So, launch date was set for Tuesday 7<sup>th</sup> September 1993 however very few had an inkling of the story that was to put Mercury one2one on the front page of every national newspaper. Every brand needs a positioning; a clearly defined niche it can occupy. Mercury one2one would bring a previously exclusive product to anyone who wanted it. The brilliant simple idea which brought this to life was free calls during the weekday evenings (7pm - 7am) and throughout the weekends. It was staggering in its boldness and, as the business was about to discover, overwhelmingly appealing.



Figure 2: Free off-peak local calls advert

The free calls proposition was treated with great commercial sensitivity, prior to launch one2one only ever spoke about local calls costing 10p. A small group of people were aware of the plan, maybe 50 to 60 people who collectively were known as the Tufty Club. The marketing brochures which detailed the free calls were printed in Singapore, flown in and held in a bonded warehouse at Heathrow. The secret held, not a single leak would dilute the extraordinary impact of free calls come launch day.

Launch day started at 7am with Lord Young, Chairman of Mercury's parent company Cable & Wireless, breaking news of free calls in an interview on Radio 4's Today programme. "BT is our real target" he explains. The impact of the announcement was bigger than anyone expected, national TV, radio and newspapers all ran the story, and the front page headline of the Evening Standard stated "Free Calls in New Phone War". The Times described the launch as "an inspired move and one that will send a shiver of anxiety through the telecoms market".

Once the news had broken it was all systems go, the field sales teams began to deliver the previously secret product marketing brochures and point of sale material. Product details were released; the network launched with Personal Call and Business Call packages, and two handsets; the entry level m200 at £249.99 and the high-end m300 at £299.99.



Figure 3: Siemens m200 & Motorola m300 1800MHz mobile phones

The advertising budget was an incredible £10Million, this included TV, radio, press and poster campaigns. The TV advert featured Robert Lindsay and French movie star Béatrice Dalle. A copy of the launch TV advert is available on YouTube at:

<http://www.youtube.com/watch?v=g5gZtAZjFyU>

Note that this is titled incorrectly as 1992 on YouTube, it was of course released in September 1993.



Figure 4: Press coverage of launch day

What a day, all that was left was a series of celebrations to conclude events. The Directors of Mercury one2one hosted a black tie dinner for senior management and industry figures. Elstree towers played host to a celebratory barbecue for the many staff who had worked long hours to ensure Mercury one2one made history and changed the UK telecommunications landscape forever.

Mercury one2one was not only the UK's first DCS1800 network; it was in fact the World's first network to launch an operational service in this frequency band. The device eco-system for GSM in general and 1800MHz in particular was in its

infancy, Siemens and Motorola provided the first two DCS1800 handsets to support the Mercury one2one service. The m200 took 16 hours to charge and offered 60 minutes of talk time; it was not uncommon for customers to own three or four batteries to get them through the day.

After the excitement of launch came the reality of meeting expectations. The free calls proposition was bound to have a tremendous impact and, from day one, customer services were buried under an avalanche of calls. That said, the entire customer services departments comprised just 11 people per shift. Mobile phones were a new concept to many and at this time a subscriber had to call customer services to register their phone prior to operation. Customer services had to explain how the service operated, what the SIM card was for and in many cases, how to turn the phone on.

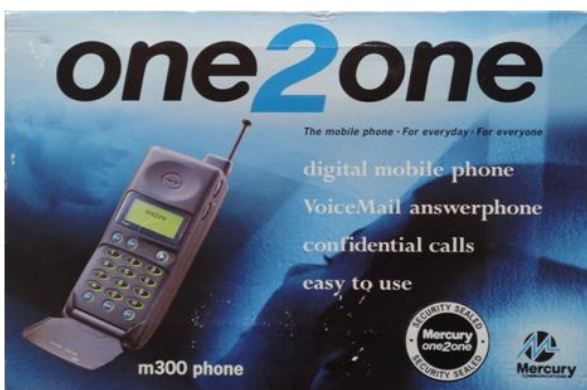


Figure 5: Boxed Motorola m300 from 1993, this device cost £299.99 at launch. The box was huge; it measured 355mm x 245mm x 110mm

It is estimated that 50,000 people tried to get through to customer services on the first day. The free calls kicked in at 7pm each evening, they were so popular they simply congested the network, resulting in more calls to customer services. New staff were employed to work in customers services however there was little time for training, staff were given a couple of brochures to read about the two new handsets and then started to assist customers. Within days every member of staff was asked to become a temporary customer services assistance, even the MD, Richard Goswell took a turn, much to the surprise of a subscriber who phoned up to complain and demanded to speak with the MD, “speaking” replied Richard.

By 1994 Mercury one2one’s focus was on two locations; Birmingham and, bizarrely, Thailand. Roaming was an early strategic focus of the company so despite the fact you couldn’t make a call outside of the M25 in the UK; you could if you happened to be in Phuket. It was however the UK which dominated the strategic agenda, in June 1994 the network claimed its 100,000<sup>th</sup> connection. The market was stimulated further by the first handset price reduction and, by October 1994, the network was ready to be launched in the West Midlands. Birmingham, Wolverhampton, Coventry, Rugby and Northampton became Mercury one2one territory. Numbers, coverage and market share were all making progress with the company taking a 30% market share in its coverage areas.

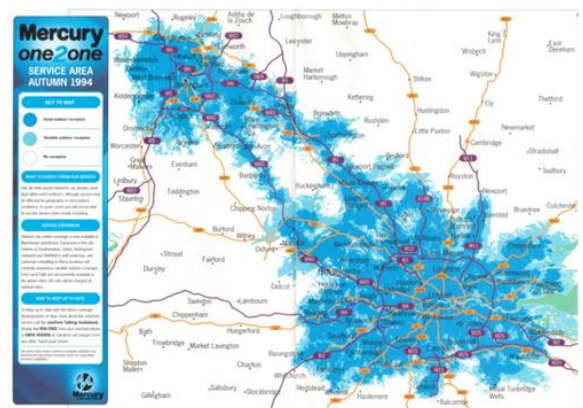


Figure 6: Coverage area expanded to cover the West Midland by autumn 1994

Christmas 1994 witnessed another amazing free call offer, the ‘Blue Christmas’ promotion offered anyone who connected to the network the opportunity to be able to call the World for free on Christmas day. Over 80% of subscribers took up the offer, using 6.3 million call minutes; many others however simply couldn’t get on to the network. By the end of 1994 Mercury one2one had over 200,000 connections. As customer numbers continued to rise at a rapid rate, the free calls started to become a major problem. More customers meant more network congestion and therefore capital funding earmarked for coverage expansion was used to deliver additional capacity to allow customers to make calls for free, something had to change. By 1995 free local calls were only available during weekends.

Although Mercury one2one was the World's first DCS1800 network, Orange launched the following year with the same technology and a very different go to market strategy. Orange focused on geographical coverage, rolling out throughout the UK at great speed. To counter this one2one deployed 49 high sites (to maximise coverage) across 7 major UK cities however progress was slow, given the on-going focus on managing capacity in London and the West Midlands. By the end of 1996 coverage reached just 40% of the UK population.

Urgent action was required to address the need for a rapid coverage expansion, project Rolex was established with the aim of doubling coverage to almost 80%. Rolex was a sort of abbreviation for 'rolling out externally'. To address this rollout a decision was taken to outsource the network design, planning and construction to external contractors. Ericsson and Nortel became lead suppliers and took care of the entire design, plan and build process. It took a year to hit the 80% population coverage target with 90% being achieved by September 1997. As geographical coverage neared completion, one2one started to focus on call quality in the major urban conurbations, railway stations, airports and shopping centres. Quality became the key driver and like customer services before them, network service teams delivered an extraordinary transformation. With significant improvements across customer services plus coverage and network performance enhancements, Mercury one2one was ready for a new sense of direction and branding. There was a need to shed its cheap and cheerful, M25 image and evolve into a cohesive brand.



Figure 7: A new brand with new propositions

After much debate it was decided to drop the Mercury name from the brand as it was felt that this caused some confusion, especially as Mercury Communications was busy shutting down its public payphone operation at the time. What came next was a complete refresh, new

name and new look and feel, Mercury one2one was no more, hello One 2 One...

One 2 One embarked on a fresh marketing campaign, launched new and innovative products and witnessed incredible growth. The first one million customers took four years to acquire, by 2000 the network was signing up one million new customers per quarter.

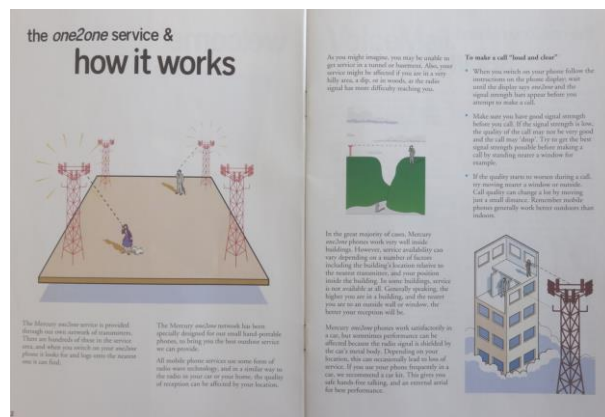


Figure 8: A brief explanation of how the service works, from the users service guide

Whilst I end this article at this stage in history, it's certainly not the end of the legacy of Mercury one2one. The company was acquired by Deutsche Telekom and rebranded as T-Mobile prior to the 2010 merger of T-Mobile UK with Orange UK; creating Everything Everywhere (now known as EE), the UK's biggest and fastest mobile network.

Find out more from the University of Salford and get in touch with us through:

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