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## HOW DID THE PRE-PAID PHONE INDUSTRY GROW?



Over the past several years, the pre-paid phone card industry has grown tremendously. These cards can be purchased everywhere from airports, grocery stores, gas stations, and even our National Parks. For a fixed price, you get a set number of domestic long distance minutes or a credit to be used based on the rates and fees for the place you are calling. As many companies (big and small / familiar and not) have begun marketing pre-paid cards, some customer problems are surfacing. While some pre-paid cards are perfectly legitimate, there are still many that generate complaints. The phone card industry's tremendous growth is a direct result of the consumers need for cheap and convenient communications services. Pre-paid phone cards and monthly billed calling cards often allow the customer to have considerably lower long distance rates than the more traditional phone services such as coin, cellular and collect calling. Additionally, pre-paid phone card rates remain the same no matter what time or day the call is placed. The U.S. introduced pre-paid cards in the early 90's and the large phone companies used traditional channels to market their cards to their customers. Until 1996 the phone companies made no substantial efforts to sell their cards as they already had a thoroughly recognized and deep-rooted profitable market. The public were also not completely open to new products and concepts as they already had a system that worked.

The advertising industry and a number of small telecommunications companies excited for some of the massive communications market first acknowledged the power of the pre-paid card and before the big phone companies realized what had happened, the phone card industry exploded. Due to the ability to mass produce, the pre-paid cards relatively low cost and the ability to produce low denomination cards suddenly shaped a new advertising medium. By printing a company name on a card or information commemorating a specific event, landmark telecom companies began advertising the cards as promotional items. Cards were being sold as prizes or incentives and tourist souvenirs. Like stamps and baseball cards, they soon became collector's items due to their being run in limited editions. All this with the added enticement that you could, at very low cost, send a consumer message to the holder who has to look at the card to make a call. By merging these two together with the fact that a calling card actually allowed you to call long distance cheaper than your regular long distance company, you end up have a winning combination. To add an extra bonus to the mix, you had a number of cards to choose from and you weren't bound to the old way of calling with just a limited number of suppliers.

The reach of the new markets expanded the distribution of phone cards from a few hundred thousand in 1992 to over 70 million in 1995. Calling cards are now sold through virtually every conceivable avenue, from convenience stores and corner cafes to vending machines. Pre-paid cards now co-exist with collect calling and coin pay phones as the preferred method of placing calls. Calling cards are also predominately used to make local or intralata calls where the local phone company is unable to offer competitive rates.

Phone cards are now here to stay, and they are being packed with additional services such as: Pre-paid internet accounts, e-mail services, paging, SMS messaging, voicemail, cellular phone service, international callback, and a variety of audio, text and digital information and entertainment services. WAP technology is here too.

With the first disposable cell phone cards already edging into the market, this industry will continue to be full of surprises. This new combination phone is a wafer thin phone card complete with a keypad, microphone and earpiece which you use as a combined phone/calling card. When you use up all the time, you can throw it away and buy a new one!

### See also...

[What is a Prepaid Phone Cards](#)

[Telephone card - From Wikipedia, the free encyclopedia](#)