



Shaw Communications' Shaw Go Is Going Strong

Description

Shaw Communications (TSX:SJR.B, NYSE:SJR) [recently released](#) some less than favorable subscription numbers (a loss of 29,619 basic cable and 9,323 satellite subscribers), but this week there is another aspect of its business that is more encouraging – the Shaw Go network.

Free wifi for City of Calgary facilities

Back on December 19, 2013, Shaw and the City of Calgary announced that Shaw had won a bid to provide free wifi services in city-owned facilities. This includes places such as parks, recreation facilities and even Light Rail Transit. The LRT facilities alone give Shaw the ability to service 102 million riders each year, and the almost 2 million people who hold a drop-in pass for city recreation facilities.

It is expected that rather than charging the city for wifi, Shaw will be able to advertise in city facilities. Meaning, for the cost of seeing a Shaw poster you can switch off your 3/4G LTE on your smart phones and tablets and use wifi instead.

Don't forget about Edmonton

Back in May 2013, Shaw received approval from the City of Edmonton to install a similar system in its facilities. Shaw is spending \$16 million to install 1,500 wifi access points (including 63 facilities, 18 libraries, 15 LRT stations and 890 street light poles) across the city. This service is not just for Shaw's current subscribers; anyone who signs up for the program will get 500mb per month free.

This is a drastic change from Shaw's current Shaw Go model, where only current subscribers can access its wifi, and Shaw isn't slowing down its push to create more and more of these hotspots. Shaw currently has deals with 38 mostly Western Canadian municipalities to broadcast its Shaw Go service to paying subscribers.

According to an application to the City of Nanaimo, Shaw is offering to rent outdoor wifi hotspot locations for \$350 a year, and \$40 a year for indoor locations. Considering Shaw currently has about 30,000 wifi hotspots, this is a massive financial undertaking. So why go through all the effort?

Undercutting the competition

One compelling reason may be to “choke out” some of the profits made by its competition, namely **Rogers** ([TSX:RCI-B](#)), **Bell** (TSX:BCE, NYSE:BCE) and **Telus** ([TSX:T](#)). Giving customers access to the internet without using up their pricey data plans can be quiet appealing — the more people can switch off their 3/4G LTE and switch on their wifi, the more money they can save.

For example here is the pricing for a tablet/iPad data plan with no contract:

Rogers: \$40 for 5gb per month (\$15 per 1gb overage)

Bell: \$40 for 5gb per month (\$10 per 1gb overage)

Telus: \$55 for 5gb per month (\$0.05 per 1mb overage)

Compare these numbers to Shaw's cheapest plan of \$35 for 125gb per month, and it's easy to see why 300,000 Shaw customers have already signed up for the service. With people owning multiple devices, it becomes more appealing to have this type of service outside of their homes.

This will be even more true as more people switch over to online streaming services like **Netflix**, where bandwidth and data usage are used up faster. While Shaw may have lost some cable subscribers, it is working hard to keep its customers watching on their other screens.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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Author

cameronconway

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