



Will a New CEO Lead Rogers Communications Inc. to New Highs?

Description

It's been a busy time for **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)).

Canada's leading wireless provider shocked investors by announcing president and CEO Guy Laurence has stepped down, effective immediately. Former **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) CEO Joe Natale will take over.

The company has been mum about why Laurence stepped down. His tenure started out dealing with the company's new 12-year deal to broadcast the NHL in Canada, expanding coverage to channels other than Sportsnet and CBC. This deal was negotiated under the watch of Laurence's predecessor, Nadir Mohamed.

This deal is looking like a bit of a flop, at least thus far. Ratings haven't lived up to expectations, especially during last year's playoffs when no Canadian teams qualified for the postseason.

Laurence was in charge when Rogers teamed up with **Shaw Communications** to create Shomi, a video streaming service meant to compete against **Netflix**. That didn't go so well. After less than two years, the two companies announced they'd be shutting down the partnership. In total, Rogers lost some \$200 million on the failed venture.

Laurence's tenure also had its share of success, too. The company's marquee sports franchise, the Toronto Blue Jays, made the playoffs twice, which has been a nice boost to the media division. The company also announced the Roam like Home mobile add-on, which allows users unlimited texts, calls, and internet while traveling for one low daily fee. Roam like Home has been popular with customers.

Overall, Laurence's tenure wasn't so bad for investors. Rogers shares have increased close to 16% (excluding dividends) since he took over, which is slightly better than Telus. **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) smoked them both, however, increasing its share price by nearly 30%.

Why Natale?

There's one obvious reason why Rogers would turn to a former Telus CEO. The board of directors think that company is doing something right, and they want that formula.

Although Natale was only Telus's CEO for just over a year, he was previously the company's chief commercial officer. Altogether, he spent more than 12 years working for the telecom giant.

During Natale's time, Telus made significant gains against Rogers, primarily in the wireless space. Telus focused on customer service, affordable plans, and slick marketing to gain market share. It worked well.

At the end of 2010, Rogers commanded a market share of 36.5%, with Bell and Telus coming in second and third with market shares of 29.5% and 28.4%, respectively, according to figures from the Canadian Wireless Telecommunications Association. By the middle of 2016, Rogers had a market share of 33.7%, Telus had moved into second place with 28.5%, and BCE had 28% of the market. New carriers have moved in and taken the other 10% of the market.

Telus actually gained ground during the last six-and-a-half years, while Rogers lost some 3% of the total market. It's easy to see why the company would turn to a seasoned Telus exec. Telus obviously did something right.

What does it mean?

Investors are cheering the move so far, sending Rogers shares up some 1% in early trading on Monday morning. Both main competitors are down a bit.

Natale will have his work cut out for him. The wireless space in Canada is more competitive than ever. BCE continues to get bigger through acquisitions. Telus does a nice job retaining customers. And upstart competitors are undercutting Rogers in various key markets.

Time will tell whether or not Natale is the right man for the job.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:RCI (Rogers Communications Inc.)
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