



Shaw Communications Inc. Is Aggressively Ramping Up Subscriber Growth Initiatives

Description

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) has been investing hundreds of millions of dollars in upgrading its wireless infrastructure. Freedom Mobile, Shaw's wireless business, has undergone huge improvements since the business was acquired as Wind Mobile by Shaw earlier last year.

The Big Three telecom giants have enjoyed cartel-like price controls for way too long. Canadians pay some of the highest wireless rates in the world because of this, but I believe these days may be coming to an end, as Freedom Mobile continues to strengthen over the next few years.

The Big Three will eventually become the Big Four

It's not a secret that Freedom Mobile's network is still inferior to that of the Big Three. Because of the inferior network, Shaw is able to offer much cheaper prices than the Big Three incumbents. The Big Three is already starting to feel the pressure, but they're not ready to lower prices just yet.

As Shaw continues to invest in its wireless infrastructure, the network will eventually reach a point where the network reliability is good enough for most Canadians, and given the affordability, many Canadians will flock over to Freedom if the Big Three incumbents don't lower their prices.

Freedom Mobile aggressively ramping up promotions

Freedom Mobile is launching an incredible "in-your-face" campaign to bring attention to its new LTE network. Freedom is offering 10 GB of data for \$50 — less than half of the price of similar plans offered by the Big Three.

With this latest campaign, I think Freedom made Canadian wireless users a deal they can't refuse. Such a huge amount of data at under \$100 is unheard of in Canada, and if the LTE network receives satisfactory reviews from consumers, we may be reaching a new level of competition in the Canadian wireless scene.

The management team at Shaw has the ambitious goal of capturing approximately a quarter of the wireless market share. While this may seem like a long shot, I believe it's just a matter of time before Freedom is able to become a serious competitor in the telecom scene and become one of the Big Four wireless providers.

iPhone support a huge medium-term tailwind

The management team at Freedom recently noted that the latest iPhones (8, 8 plus, and X) will be supported by its network. I believe this will cause a huge wave of new subscribers to flock over to Freedom gradually over the next few years as iPhone users gradually upgrade their devices.

Many iPhone users are loyal to the **Apple Inc.** ([NASDAQ:AAPL](#)) brand, and most would never consider switching to a provider which lacks iPhone support. I'm an iPhone user myself, and the only reason I haven't considered switching to Freedom was because of the lack of iPhone support.

I believe one of the major reasons why Freedom has shown modest subscriber growth to date is partially due to the lack of iPhone offerings. Not supporting the world's most popular iPhone is definitely not a recipe for explosive subscriber growth. Now that Freedom will be adding iPhones to its lineup, I believe the carrier is a serious disruptor that would have me frightened to be a shareholder in any of the Big Three telecoms.

Bottom line

Shaw is a disruptor and the Canadian telecom scene is going to experience a major shakeup over the next five years. Going forward, more network upgrades can be expected, and gradually, subscriber growth will start to pick up momentum thanks to catalysts such as promo ramp-ups, support for the latest generation of iPhones, and further network upgrades.

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Date

2025/07/02

Date Created

2017/10/23

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