



Why Canadians Are Getting a Raw Deal With Wireless Plans and How This Will Change Over the Long Term

Description

The Big Three Canadian wireless providers are notorious for their ridiculously expensive wireless plans. The Big Three have exhibited cartel-like pricing practices over the years, and Canadians are getting a raw deal when it comes to data plans compared to our neighbours south of the border, where affordable unlimited data plans are starting to become the norm. In Canada, the Big Three essentially form a triopoly, and that's been really bad for Canadians' wallets.

Canadians realize they're getting gouged, and there has been a strong outcry for cheaper, "reliable enough" wireless carriers. **Shaw Communications Inc.'s** ([TSX:SJR.B](#))([NYSE:SJR](#)) Freedom Mobile is here to answer the call. It appears that the carrier is slated to pick up subscriber growth momentum next year as Canadians are lured in by the company's recent [aggressive promotions](#), including the **Apple Inc.** iPhone X on a 10 GB/month plan for \$0 down, starting at \$100/month. That's a top-notch deal!

For Canadians who've been charged substantially more for a fraction of the amount of data, it appears that Freedom Mobile may have made Canadians an offer they can't refuse.

I firmly believe that the days of low competition in the Canadian wireless scene are over, and that's a good thing for Canadians, since U.S. wireless providers are head and shoulders above us when it comes to the availability of high-value wireless plans. Many U.S. wireless providers are getting extremely aggressive with promotions, like **AT&T Inc.** with its recent "Buy One, Give One" promotion for the iPhone 8.

Could Canadians enjoy such incredible promotions in the near future? Probably, but there's a lot of catching up to do. I believe Freedom Mobile will spark the transition to an intensely competitive environment gradually over the next three years, as its network becomes stronger, while prices stay substantially lower than its Big Three peers' prices.

With regulators most likely set to reward Freedom Mobile with [first dibs on new spectrum auctions](#), the increase in competition is slated to accelerate as time goes on. This competitive advantage granted by

regulators was slammed by the Big Three, as you'd expect, claiming that Freedom Mobile is owned by Shaw, which has been in the cable business for decades and isn't really a "new entrant." That's a ridiculous claim I believe regulators will likely ignore since, ultimately, increased competition is what Canada's wireless industry really needs right now.

Over the medium term, it'll be business as usual for the Big Three, but as Freedom Mobile becomes more of a disruptive force over the long term, I expect Big Three investors will be disappointed with their returns over the next decade, as the telecom scene experiences a tectonic shift to a more competitive environment.

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