



## Telecom Companies Are Under Fire: Reason for Concern?

### Description

The Canadian Radio-television and Telecommunications Commission (CRTC) is under pressure from a prominent advocacy group to launch a review of telecommunications service providers. The Public Interest Advocacy Centre (PIAC) issued a formal request alleging that recent media reports on the existence of high-pressure sales tactics justifies an official review. PIAC executive director John Lawford alleges that companies have targeted vulnerable citizens, including “older Canadians, grieving spouses, and blind customers.”

The CBC also reported in November that **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) employees had complaints that matched what is alleged by the PIAC. BCE responded with a short statement in which it defended its customer service and reiterated its status as a long-running and trusted Canadian institution.

In the third quarter, BCE saw new internet and IPTV additions rise 6.9% year over year. Wireless postpaid, internet, and IPTV net additions rose 8.3% year over year. Net earnings increased 2.1% to \$817 million in Q3 2017. BCE stock has dropped 3.8% in 2018 as of close on January 19.

This comes less than a year after a CBC report that targeted the [sales tactics of major Canadian banks](#). The report led to a formal review from the Financial Consumer Agency of Canada and the Office of the Superintendent of Financial Institutions. The findings have been delayed and are expected to be released in the first months of this year.

Call centre employees working for **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) have said that the company pressures them to make sales on every call. A Rogers spokesperson reached out to CBC’s Go Public page to emphasize that Rogers took the complaints very seriously. However, the company also pointed out that it considers targets for its employees carefully and that sales are a natural part of performance measurement.

In the third quarter 2017, Rogers reported postpaid additions of 129,000 — up 15,000 year over year. Wireless growth was a [key driver](#) for Canadian telecom companies in 2017. The rise in postpaid additions in Q3 was the highest such increase in eight years. Total revenue rose 3% to \$3.58 billion. Shares of Rogers have declined 2.4% thus far in 2018.

**Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) has also received some criticism on the feedback page, and the company has yet to comment on the potential for any formal review. Telus stock has fallen 1.5% to start 2018. The company released its third-quarter 2017 results on November 9 and reported 152,000 new wireless, internet, and TELUS TV customers. That represented a 41% increase year over year.

### Should investors be concerned about a possible review?

The consumer watchdog review of Canadian banks should give investors a glimpse into how high-pressure sales tactics will be evaluated going forward. In any case, the CRTC has yet to respond to this request from the PIAC. Investors should still target telecoms as we head into a year that promises more wireless growth, while older media is phased out.

### CATEGORY

1. Investing

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1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:TU (TELUS)
4. TSX:BCE (BCE Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)
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### Date

2025/08/17

### Date Created

2018/01/22

### Author

aocallaghan

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