



Why Trying to Stop Piracy Won't Help Telecom Companies Bring Back Subscribers

Description

FairPlay Canada is the name of an organization made by some big companies that are in the business of protecting their content and subscribers. The organization wants to shut down any sites that provide users with illegally obtained content.

As cord cutting continues to grow in popularity, especially with sites like **Netflix, Inc.** ([NASDAQ:NFLX](#)) continuing to grow subscribers, companies such as **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) have been losing cable subscribers to not only legitimate streaming services like Netflix, but to many illegal sites as well, where consumers are able to watch content at little or no cost.

What would shutting down illegal websites accomplish?

From what I've seen and heard, many users are frustrated at the lack of content that is available without a subscription in Canada. If you look south of the border, there are many different options for viewing content online that make it easy for consumers to not have a cable subscription and simply pick and pay for content based on their needs.

In Canada, the options are unfortunately still very primitive in this regard, and outside of Netflix and BCE's Crave TV, there aren't many opportunities for cord cutters to watch quality content online without having a cable subscription.

Even if illegal websites are shut down, it would just become a game of whack-a-mole. Years ago, we saw similar issues with the popular file-sharing service Napster, which put the music industry on edge. Once Napster saw more restrictions, and users no longer found it useful, other file-sharing sites started popping up to fill the void.

Fast forward to today: the majority of music is streamed through legal means or bought through an iTunes account. That hasn't happened because file sharing is impossible to do or has been completely shut down; it's because users have found value in those other services and are willing to pay for

content.

This is why BCE and these other companies are looking at the problem from the wrong point of view. Rather than worrying about other websites and restricting what consumers can do, the companies should be looking for ways to make consumers choose their service, rather than being stuck with no other option.

Although Netflix has come close to filling the void, consumers in Canada have long complained about its limited catalog, and without live TV and sports, it will always fall short of meeting the needs of most cable subscribers. Even when we've seen a company try and venture into streaming sports, [it's been a disastrous failure](#).

While consumers may opt for cord cutting in an attempt to lower their bills, the limited choices and difficulty in finding quality content makes it a prospect that [shouldn't pose significant risk to cable companies](#).

Takeaway for investors

The companies that are spending their time on these initiatives are not ones that are forward thinking, and this shows investors why their stocks are not good buys. While illegal sites could certainly get shut down, and that could lead to less pirated content on the web, ultimately, new ones will pop up to take their places.

Investors should look to companies that are looking to grow their services and content, rather than trying to force customers to have no other option.

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3. NYSE:RCI (Rogers Communications Inc.)
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