

Study Shows Lack of Competition in Canada's Mobile Wireless Markets



*The Canadian Media Concentration Research Project recently released a report entitled **Wireless in Canada: Recognizing the Problems and Approaching Solutions**. **Dwayne Winseck**, the project's director and Professor at Carleton University's School of Journalism and Communication, shares the study's findings. He also argues that how the Canadian government approaches wireless companies now will have lasting implications on access to and quality of its media, wireless, and Internet services.*

The wireless industry claims that there is no competition problem in Canada, but our recent findings in *Wireless in Canada: Recognizing the Problems and Approaching Solutions* challenge that assertion. Mobile wireless markets are not competitive and consumers are paying the price. Our study focused on the deep divide between the wireless industry and the government that has erupted over the latter's attempt to reduce domestic and international roaming charges and foster more competition. The study outlines the state of wireless competition and concentration in Canada in relation to 57 countries worldwide, covering a period of three decades, and compared to the countries included in the study:

- Wireless markets in Canada, like almost all countries are remarkably concentrated, regardless of how they are measured;
- Canadians are first in terms of time spent on the Internet, GBs of data uploaded and downloaded, smartphone data sent and received, etc;
- Canada is highly ranked when it comes to capital investment in its wireline infrastructure, but lags far behind in wireless investment.

The study also highlights the importance of emerging "maverick brands" like T-Mobile in the U.S., Hutchison 3G in the U.K., Hot Mobile and Golan Telecom in Israel, and Iliad's Free in France. These brands extend the market to those at the lower end of the income scale – especially women and other marginalised groups who are otherwise neglected by the well-established wireless players. The maverick brands have many things in common:

- All have faced aggressive incumbents;
- They tend to disrupt the status quo, pushing down prices, and driving massive growth in contract-free wireless plans and unlocking phones.
- They have relied on the state for a fundamental public resource that underpins the entire mobile wireless setup: spectrum.

Future implications

Canada shares similar conditions with almost all countries that were studied: high levels of concentration in mobile wireless markets. The report also supports the assertion that mobile wireless markets in Canada are not competitive. It offers a comprehensive, long-term body of evidence that places trends in Canada in an international context, but the difference between the wireless situation in Canada and elsewhere is that in Canada there is a lack of resolve to do anything about the present state of affairs. Incumbents have fought against new wireless companies, challenging governments in an attempt to preserve their domination of the spectrum. In Canada, three companies currently hold 90 per cent of the spectrum: Rogers (41 per cent), Telus (25 per cent) and Bell (24 per cent).

This, however, is symptomatic of a bigger problem, namely that in Canada the circles involved in discussing wireless issues are exceedingly small and their members do not look kindly on those

who might rock the tight oligopoly that has ruled the industry from the get-go. In my view, Canada's situation is not promising, although there are some bright spots on the horizon and opportunities to change course.

Whether or not people get the media, wireless and Internet capabilities they need to live, love and thrive in the 21st century depends on making the right choices now, both in Canada and in other countries with similar concentrations of wireless providers. Specifically in Canada, critical junctures, like the length of licenses being awarded in the upcoming 700MHz auction, will have lasting implications. How we act, and how our governments move ahead, will set the baseline for how mobile wireless media will evolve for decades.

This blog post gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics.

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