

The truth on wireless

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Media moguls Ted Rogers and Pierre Karl Peladeau gave speeches last week in which they confirmed their differing views on wireless policy, and what it would mean for the federal government's upcoming "spectrum auction," in which it will sell rights to providers for advanced wireless services over specific radio frequencies. Rogers welcomed the possibility of additional competitors, but said that calls for government incentives from well-heeled Canadian businesses was akin to "corporate welfare." Peladeau argued that such handouts are the only road to a competitive wireless market in Canada.

Who's right? Don't look to the media to help clarify the complexities in this industry. Over recent months, several editorials and columns in leading newspapers have reinforced serious misconceptions about the Canadian wireless market. These superficial assessments based on careless research either miss facts or (worse) ignore those contrary to the editors' agendas. This is a disservice to both Canadian wireless consumers and providers.

One misconception is that the Canadian wireless industry is lagging behind other countries because only 58% of Canadians have cellphones, compared with 77% in the United States. Several European countries report more than one device per person, driving European cellphone market penetration rates above 100% of the population.

Yet for an individual to own more than one mobile number makes little sense. Canada should not strive to emulate dysfunctional European pricing models, which lead customers to "arbitrage" among service providers and result in supra-normal penetration rates. Does anyone really think that it is an advantage to have pricing structures drive you to call someone on the Bell network using your Bell cellphone, have another cellphone for your Rogers-based friends and a third for your Telus calls?

Yes, Canadians have fewer cellphone numbers per capita than Europeans. Europeans typically pay \$150 more for their mobile handsets. With multiple phone numbers come multiple bills. Europeans also pay exorbitant rates to call mobile users using their landline home phones. In contrast, Canadians pay affordable rates for both home and mobile phones, and we are among the world's biggest cellphone users.

Another misconception is that Canadians are being kept off the newer sections of the information superhighway because of sky-high prices and a lack of competition in the mobile data business. According to this argument, hardly anybody in Canada would be able to afford the mobile Internet service provided by Apple's iPhone and other handheld devices.

Blaming high data-plan pricing for the delay in iPhone's launch is just not credible. The iPhone hasn't been launched in Germany or anywhere other than the United States. Other countries have lower data prices and their markets are bigger, yet still have no iPhone. Why is that? Could it be that Apple is rolling out the product on its own schedule?

In the meantime, Canadians continue to buy the latest versions of the Black-Berry and other smart phones. More and more first-time users are buying wireless services, increasing our penetration rates. Consumers are adding new multimedia features to their subscriptions, which speaks loudly to affordability. Carriers have introduced special plans for Mobile TV that don't charge by the bit.

Rogers launched its Vision service in April, beating any of the U.S. carriers to market with truly advanced high-speed mobile internet. Barrett Xplore has made broadband Internet universally available to every household and business in Canada, from Atlantic to Pacific to Arctic.

A third misconception about Canada's wireless marketplace is that our infrastructure is second-rate. In effect, the argument is that no one with a cutting-edge product would want to market it here because mobile phone and data connections are poor and cripplingly expensive and therefore, opportunities for communications research and development are limited.

This sentiment is particularly insulting to the many software and hardware developers that call Canada home, to multinational companies like Ericsson that could easily relocate elsewhere, yet continue to expand their Canadian presence, and to the hundreds of entrepreneurs who continue to innovate in every corner of the country.

Canada's wireless infrastructure is sufficiently advanced that Palm introduced its latest-generation Treo in Canada, not the United States or Europe. RIM launched its BlackBerry Curve with GPS in Canada.

Finally, it has been said that a lack of interoperability with foreign providers makes life difficult for Canadians wanting to take their mobiles abroad, and for foreigners visiting Canada on business. There isn't a shred of research to support this allegation. Virtually all Rogers devices work nearly everywhere. Bell and Telus both offer a number of devices, including the latest BlackBerry, that provide global roaming capabilities. It is yet another tall tale gaining traction because it has been left unchallenged.

Prior to the federal government's auction, we need an intelligent discussion of wireless issues. The future of wireless in Canada is at stake.

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