

Portable number barely mobile

Customers can keep their cellphone numbers starting today, but some may feel stuck with multiple-service bundles

SURYA BHATTACHARYA, BUSINESS REPORTER

Published: Wednesday, March 14, 2007

Alexa Gill gets in trouble with her father a lot, over her cellphone bill, that is.

Between text-messaging her friends, calling her boyfriend and keeping in touch with her parents, her bill averages \$175 a month.

While the 16-year-old Markham high-schooler's dad pays her basic bill, anything she incurs over the set number of minutes comes out of her pocket.

Alexa's phone is part of a bundle of telecommunications services including a landline, cable television and other cellphones the family pays for.

With the introduction of wireless number portability to Canadians today, customers like Alexa can now leave their current carrier in search of better rates or services without changing their cellphone number.

However, cellphone plans are commonly priced as part of a broader bundle of services, and it is not clear that prices are about to sink anytime soon, particularly since opting out of a bundle contract could cost consumers.

The wireless industry "is about convergent bundles. So many consumers now buy two, three, four different services from the same provider," said **Neeraj Monga**, vice-president of research for **Veritas Investment Research**.

So even if Canada relaxed foreign ownership restrictions, and a new wireless provider were to come to Canada, set up business and offer better cellphone rates, Canadian customers might still have a hard time finding overall savings for their telecom needs, he added.

Today, Canada joins a long list of countries that have already adopted wireless number portability, including the U.S.

Based on observations of the U.S. rollout since 2003, both experts and industry leaders said although number portability gives more choice to customers – especially the disgruntled ones – it's unlikely that number portability will ultimately affect the wireless industry's profitability, even if large corporations started switching carriers.

"There's nothing to say on it," said Wade Oosterman, president of Bell Mobility.

"It's a great big myth."

But Canada, with only three major wireless providers, lacks options. As a result, Canadians "pay more for all services," said **Monga** of **Veritas**. "Canadian (wireless) pricing is higher than in the U.S. and some European countries. That's a known fact."

Although 8.5 million Americans switched carriers in 2003 when number portability was first introduced, it's a small fraction of the country's 300 million people.

Many likely switched for different reasons, said Ken Wong, marketing and comparative strategy professor with the Queen's School of Business. "Carriers are quick to remind people that if you jump contracts, you're still liable" for payments to exit the contract, he added.

Cellphone industry players argue that Canadians are well served. Geographically, as the second largest country in the world with one of the smallest populations, it's remarkable that about 98 per cent of Canadians have wireless access, said Marc Choma, communications director for the Canadian Wireless Telecommunications Association.

Only about half the nation's population – more than 15 million people – carries a mobile phone.

But compared to some Scandinavian and Asian countries, where cellphone market penetration approaches 100 per cent, Canada lags. The sluggish penetration is due to higher prices than in other parts of the world, says a report by the SeaBoard Group, a Toronto-based telecom and technology research consulting company.

For an average cellphone user, the Canadian bill is 33 per cent higher than in the U.S., it noted.

But Canadian wireless industry officials argue that prices aren't always higher in Canada, noting that wireless rates similar or lower than U.S. rates for infrequent and average users.

On the eve of number portability yesterday, Virgin Mobile Canada launched a campaign that included Virgin Group chairman Richard Branson, "bursting free" from a jail atop Yonge-Dundas Square that signified long-term contracts.

So far, Virgin Mobile, a fringe player hoping to boost its subscriber base with short-term, flexible contracts, is the only operator to publicize portability.