

INDUSTRY REPORT

# Wireless Telecommunications Carriers in Canada

Sep 2023



# About

## IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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# About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

# 1. About

<https://my.ibisworld.com//ca/en/industry/51721CA/about>

NAICS 2007 - Canada	517210
NAICS 2012 - Canada	517210
NAICS 2017 - Canada	517310
NAICS 2022 - Canada	517310

## Definition

Companies in this industry primarily provide wireless telecommunications services to mobile devices over switching and transmission facilities they own and operate. Wireless carriers that provide services through a combination of owned and leased facilities are also included in this industry. Companies primarily generate revenue through prepaid voice telephony services, postpaid voice telephony services, data services and equipment sales.

## What's Included

- Providing prepaid wireless voice telephony services
- Providing postpaid wireless voice telephony services
- Providing wireless data services
- Selling equipment and handsets

## What's Not Included

- Local voice services
- Fixed long distance
- Carrier services
- Internet access services
- Private network services
- Mobile services
- Fixed local
- Basic cable packages
- Equipment rentals
- Pay-per-view and video-on-demand services
- Premium cable packages

- Long-distance voice services
- Other services and equipment

## Companies

- Quebecor Inc.
- Rogers Communications Inc.
- Telus Corporation

## Related Industries

### Industries in the Same Sector

- **Competitors:**
  - Wired Telecommunications Carriers in Canada
- **Complementors:**
  - No data available

### International Industries

- Global Wireless Telecommunications Carriers
- Wireless Telecommunications Carriers in the US
- VoIP in the US
- Satellite Telecommunications Providers in the US
- Wireless Telecommunications Carriers in Australia
- Wireless Telecommunications Carriers in New Zealand
- Wireless Telecommunications Carriers in the UK
- Satellite Telecommunications Activities in the UK
- Wireless Telecommunications Carriers in Ireland
- Mobile Telecommunications in China
- Satellite Transmission Services in China



# Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

## 2. Performance

<https://my.ibisworld.com//ca/en/industry/51721CA/performance>

### Highlights

Revenue

**\$32.3bn**

2018-23 CAGR ↓ 1.8 %

2023-28 CAGR ↑ 1.6 %

Employees

**27,390**

2018-23 CAGR ↓ 1.9 %

2023-28 CAGR ↑ 1.1 %

Businesses

**38**

2018-23 CAGR ↓ 3.7 %

2023-28 CAGR ↑ 1.0 %

Profit

**\$11.5bn**

2018-23 CAGR ↓ 0.7 %

Profit Margin

**35.7%**

2018-23 CAGR ↑ 2.0 pp

### Key Takeaways

- **Canadian mobile users are more connected than ever, but steep competition between carriers and sky-high investments in 5G infrastructure limit companies' ability to capitalize on it.**
- **Changing competitive dynamics may signal risk for Canada's telecom powerhouses.** Regulatory intervention pushes for consumer-friendly practices, bolstering regional carriers and preventing restrictive provisions.



## Executive Summary

More than ever, Canadian consumers expect to be connected everywhere, all the time, bringing nearly the entire population to subscribe to a mobile service. Wireless telecommunication carriers have capitalized on this accelerating use of data, as they're the bridge connecting users to the critical mobile networks they need. Still, while telecommunication providers were essential for Canadians to remain connected during the pandemic, revenue fell as in-person visits to retail stores plummeted. Wireless carriers have struggled to strengthen revenue since, even as data usage ramps up nationwide following upticks in travel and hybrid work environments. Steep competition between companies and sky-high capital investments in building, upgrading and maintaining 5G infrastructure limit revenue growth. Industry revenue has been declining at a CAGR of 1.8% to an estimated \$32.3 billion – including an expected jump of 2.4% in 2023 – when profit is set to total 35.7%.

As regulatory agencies look to bolster competition, new competitive dynamics are unfolding in the wireless market. Concerns regarding Rogers' acquisition of Shaw pressured the company to sell off Shaws' wireless business – but don't ease qualms about the historic acquisition's potential anticompetitive impact. On another note, efforts by the CRTC strive to make the wireless market competitive for companies. CRTC's measures are accelerating competition by opening the door for smaller, regional wireless providers, ensuring access to data for MVNO users and preventing provisions restricting access to regional companies. Canada's Competition Bureau is also pressuring the CRTC to introduce more measures – like lowering costs to change providers – to make the industry friendlier to consumers.

Ongoing rollouts of 5G networks – and the billions necessary to implement them – will characterize the industry moving forward. The industry's leading telecoms will vie to offer the best balance of price with high-speed 5G networks. Attracting new customers will be more challenging as smartphone saturation peaks – pressuring carriers to offer more competitive data packages to pull new users from rivals. Expanding high-speed mobile access to rural areas will also be a focal point of the industry, with government support helping carriers complete the infrastructure projects. In all, revenue will expand at a CAGR of 1.6% to an estimated \$35.0 billion over the next five years.

# Performance Snapshot

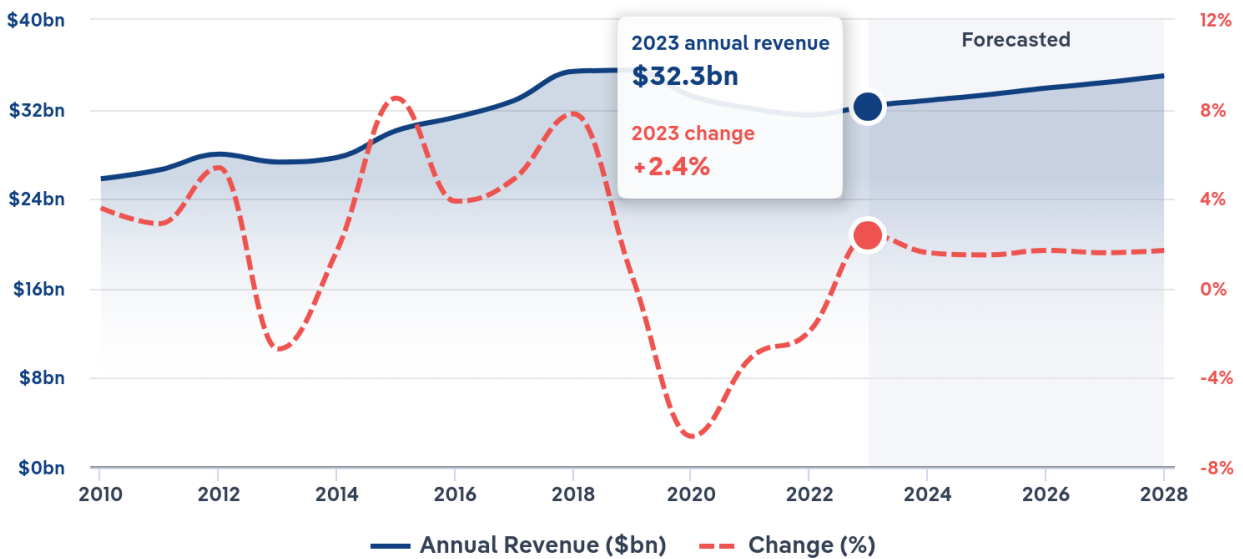
↓ 2018-23 Revenue CAGR -1.8%

## Revenue:

<p>Revenue</p> <p><b>\$32.3bn</b></p> <p>'18-'23 ↓ 1.8 %</p> <p>'23-'28 ↑ 1.6 %</p>	<p>2023 Revenue CAGR</p> <p>↑ 2.4 %</p>	<p>Revenue Volatility</p> <p>Moderate</p>
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## Revenue

Total value (\$) and annual change from 2010 – 2028. Includes 5-year outlook.



Source: IBISWorld

Employees:

<p>Employees</p> <p><b>27,390</b></p> <p>'18-'23 <span style="color: red;">↓ 1.9 %</span></p> <p>'23-'28 <span style="color: green;">↑ 1.1 %</span></p>	<p>Employees per Business</p> <p><b>721</b></p> <p>'18-'23 <span style="color: green;">↑ 2.0 %</span></p> <p>'23-'28 <span style="color: green;">↑ 0.0 %</span></p>	<p>Revenue per Employee</p> <p><b>\$1m</b></p> <p>'18-'23 <span style="color: green;">↑ 0.1 %</span></p> <p>'23-'28 <span style="color: green;">↑ 0.6 %</span></p>
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Employees

Total number of employees and annual change from 2010 – 2028. Includes 5-year outlook.



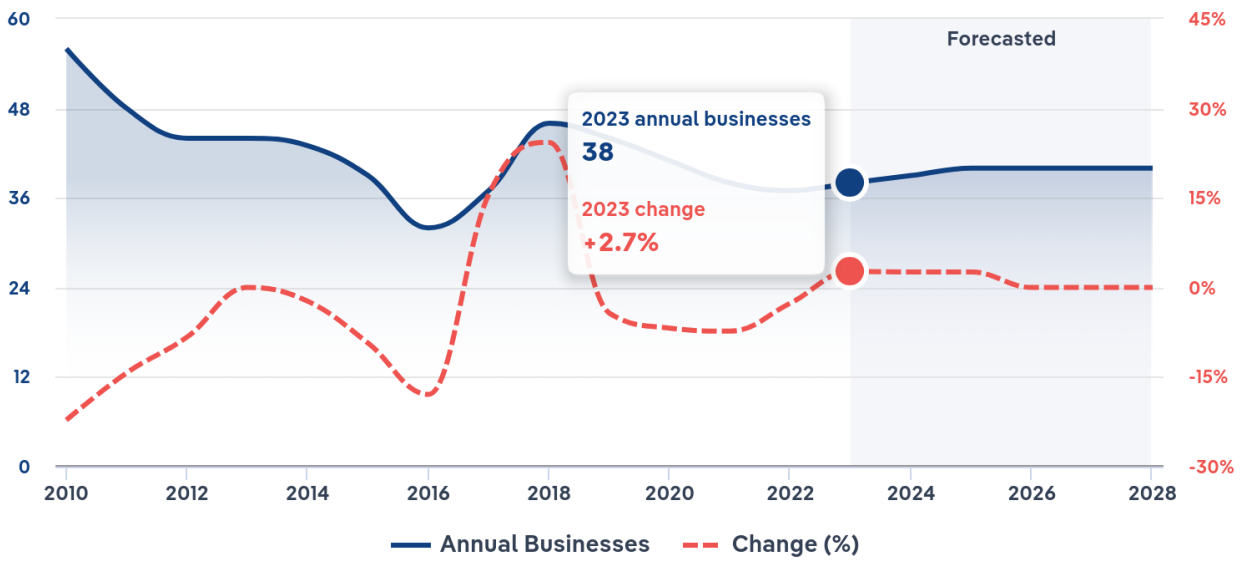
Source: IBISWorld

Businesses:

<p>Businesses</p> <p><b>38</b></p> <p>'18-'23 <span style="color: red;">↓ 3.7 %</span></p> <p>'23-'28 <span style="color: green;">↑ 1.0 %</span></p>	<p>Employees per Business</p> <p><b>721</b></p> <p>'18-'23 <span style="color: green;">↑ 2.0 %</span></p> <p>'23-'28 <span style="color: green;">↑ 0.0 %</span></p>	<p>Revenue per Business</p> <p><b>\$849.8m</b></p> <p>'18-'23 <span style="color: green;">↑ 2.0 %</span></p> <p>'23-'28 <span style="color: green;">↑ 0.6 %</span></p>
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Businesses

Total number of businesses and annual change from 2010 – 2028. Includes 5-year outlook.



Source: IBISWorld

Profit:

Total Profit <b>\$11.5bn</b> '18-'23 <span style="color: red;">↓ 0.7 %</span>	Profit Margin <b>35.7%</b> '18-'23 <span style="color: green;">↑ 2.0 pp</span>	Profit per Business <b>\$303.4m</b> '18-'23 <span style="color: green;">↑ 3.2 %</span>
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### Profit Margin

Total profit margin (%) and annual change from 2010 – 2023



Source: IBISWorld

## Performance Snapshot

### What's driving current industry performance?

#### Competition limits the potential for revenue growth

- Consumers' demand for mobile data has accelerated as more people use smartphones and tablets for everyday use than ever.
- Wireless telecom carriers have been capitalizing on this, as carriers are critical in connecting consumers and businesses with the mobile access they need.
- While telecommunication providers were essential for Canadians to remain connected during the pandemic, revenue fell as in-person visits to retail stores plummeted.
- Wireless carriers have struggled to strengthen revenue following the pandemic, even as data usage ramps up across the country following upticks in travel and hybrid work environments.
- Steep competition between companies and sky-high capital investments in building, upgrading and maintaining infrastructure limit revenue growth.

#### Transition to 5G networks unfolds a new layer of competition

- Wireless companies have begun rolling out high performing 5G networks that deliver peak speeds, more reliability and massive network capacity to users.
- Canadian wireless carriers are investing billions in developing and maintaining new 5G networks.
- But, the battle for wireless spectrum has been a substantial source of competition – with the industry's largest carriers bidding billions to the Canadian government to gain access.
- Rogers – which recently completed its acquisition of Shaw – is the single-largest investor in 5G spectrum in the country.
- Still, leading company Bell is anticipated to expand its 5G network to nearly 85.0% of the Canadian population by 2023 – a markedly high jump from its initial rollout in major metro centres in 2020.

#### Regulatory agencies take a close look into the industry's state of competition

- Efforts by the Canadian Radio-television and Telecommunications Commission (CRTC) are making the wireless market competitive for companies.
- CTRC's measures are accelerating competition by opening the door for smaller, regional wireless providers, ensuring access to data for MVNO (a carrier without its own virtual network) users and preventing any provisions restricting access to regional companies.
- Canada's Competition Bureau is also pressuring the CRTC to introduce additional measures – like lowering costs to change wireless providers – to make the industry more competitive.

## Volatility

### What influences industry volatility?

#### **Staggered network rollouts ramp up the market's competition as customers switch plans to get the best 5G**

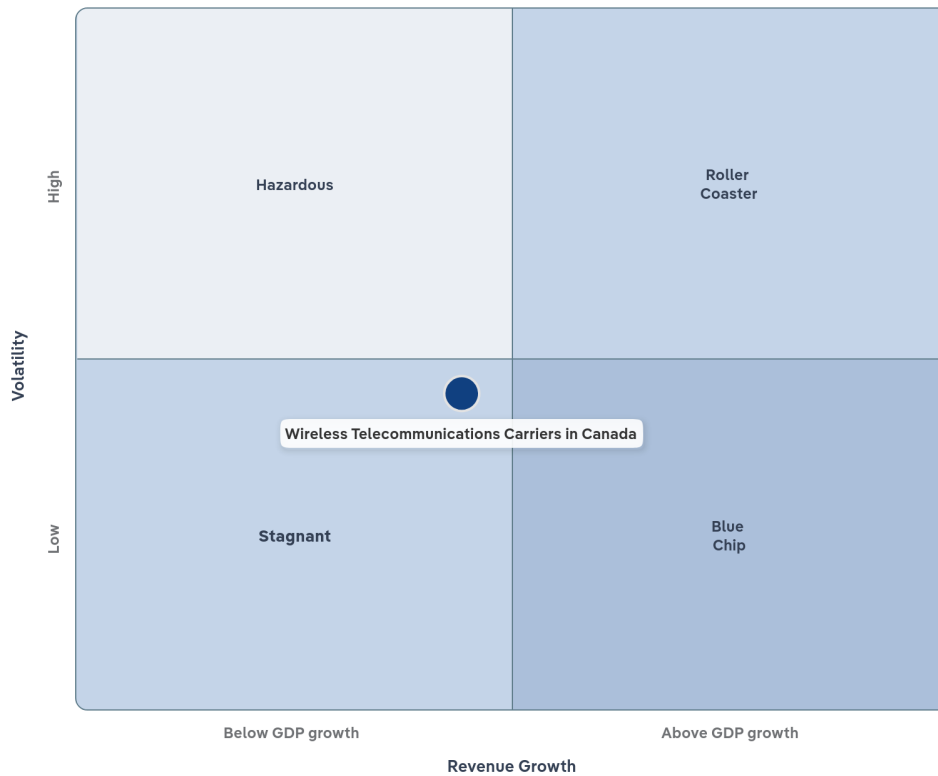
- Widespread fifth-generation (5G) rollout across thousands of Canadian cities encouraged more customers to switch to companies with 5G networks. The shift in product quality brought attention to price and speed, leading customers to change plans.
- 5G networks have launched at staggering times. Rogers Wireless introduced the first 5G networks in 2020 in Canada's major metro centres, with Bell Mobility following shortly after. As new companies enter the 5G game, competition heats up and customers change plans, creating volatility.

#### **More customers on the road mean more data use**

- Companies offering mobile data and talk services need customers to use more data to boost revenue. Travel's comeback forced more customers to use data for accessing GPS navigation on road trips.
- Return to work policies in 2022 into 2023 have supported revenue from mobile data use. More customers listen to podcasts and music or watch movies on their commute. Heavy data use encourages customers to invest in better data plans.

**Low & slow**

Industry volatility vs. revenue growth (2018-23 CAGR)



Source: IBISWorld

☆ Key Success Factor

How do successful businesses overcome volatility?

**Developing close relationships with upstream industries**

It's important for wireless carriers to develop strategic alliances with leading businesses in supplier industries, particularly wireless telecommunications equipment manufacturers.



## Outlook

### What's driving the industry outlook?

#### More smartphones will likely lead to positive traffic

- Enhanced speeds of fourth-generation (4G) and LTE networks have already driven more customers to abandon landlines and cut cable altogether.
- With the ongoing rollout of 5G wireless networks, more and more wireless users will subscribe – and pay up – for access to even faster wireless speeds and stronger connections.
- Canadian households and businesses relied more on internet connections during the COVID-19 pandemic than ever. The peak internet usage seen during the pandemic will subside but won't drop to pre-COVID levels.
- Smartphones will become more integrated into everyday lives – a trend accelerated by the pandemic – leading to higher adoption moving forward.
- Higher smartphone penetration will boost revenue that wireless carriers receive for data traffic.

#### Rising competition is encouraging consolidation

- Wireless carriers can expect global consolidation as worldwide telecommunications giants compete for worldwide market share.
- While companies merge to enter critical markets – either geographical or demographic ones – a limited spectrum supply will remain a key motivator for purchasing other companies.
- Growth opportunities encourage new companies to provide lower-priced services in the wireless market.
- Consolidation activity will receive stringent scrutiny from Canada's Competition Bureau to ensure no single company controls the Canadian market.

#### Subscriber saturation intensifies competition

- As the wireless service market becomes increasingly saturated, major companies that can no longer rely on new subscribers to stimulate revenue growth will compete for existing subscribers.
- In addition to converting subscribers of other carriers, leading wireless companies are expected to encourage data consumption, which will remain the fastest-growing industry segment.
- Carriers will succeed if they can encourage the expensive and profitable consumption of data-guzzling services and support the fast and steady infrastructure necessary to sustain those services.

#### Wireless carriers continue to benefit from government support

- Billions of dollars distributed by federal and provincial will continue to fund broadband access development for all Canadian homes and businesses.

- The CRTC's target to expand national broadband availability by 100.0% of Canadian households will progress, benefiting wireless carriers.
- Wireless telecommunication carriers will be essential for high-speed wireless access to underserved rural areas.
- Developing and maintaining wireless networks is more expensive for wireless companies – making government support a critical part of expanding access.
- Companies will continue investing billions in the development of 5G networks.
- Wireless companies providing users the best balance of cost with reliable and high-speed 5G will be the most competitive.

## Life Cycle

### Why is the industry mature?

#### **Contribution to GDP**

Wireless carriers' contribution to GDP is stagnant, as a highly saturated subscription base makes it challenging for companies to expand and contribute to the market.

#### **Market Saturation**

The wireless service market is becoming increasingly saturated, with major wireless carriers no longer relying on new subscribers to stimulate growth and competing to switch over existing ones from rivals.

#### **Innovation**

Wireless telecommunications have a rapid rate of tech innovation. Relatively short technology cycles make it critical for carriers to embrace and exceed technological developments quickly.

#### **Consolidation**

A markedly high level of consolidation reflects key characteristics of the industry: prominent incumbents with ample cash flow, a homogeneity of services and peak saturation of internet-enabled devices.

#### **Technology and Systems**

The long-anticipated rollout of 5G networks enables carriers to provide much more reliable coverage to a broader geographical range at high speeds.

# Products and Markets

Find out what the industry offers,  
where trade is most concentrated and  
which markets are buying and why.

# 3. Products and Markets

<https://my.ibisworld.com//ca/en/industry/51721CA/products-and-markets>

## Highlights

Largest Market

**\$14.7bn**

Data

Product Innovation

Moderate

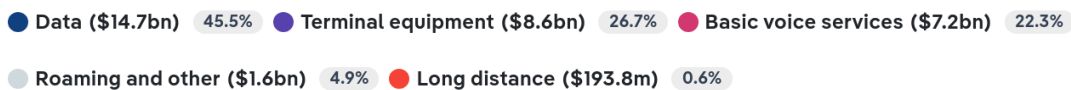
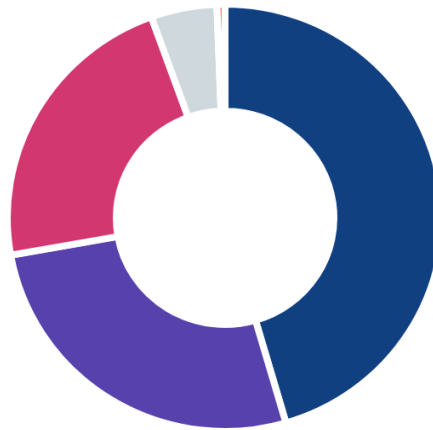
## Key Takeaways

- **Canadian consumers are the largest subscribers to wireless packages.** An increasing amount of consumers are subscribing to postpaid, large data packages to reap cost savings.
- **Consumers expect to be connected everywhere, all the time.** Wireless carriers receive the bulk of revenue by connecting users to high-speed networks.

## Products and Services

### Products & Services Segmentation

Industry revenue in 2023 broken down by key product and service lines.



### How are the industry's products and services performing?

#### Wireless calling faces competition from internet-based calling

- Second-generation (2G), third-generation (3G), fourth-generation (4G) and fifth-generation (5G) services, along with narrowband PCS make up the bulk of wireless voice products.
- 4G services command a solid share of wireless voice products, but this will change with the ongoing rollout of 5G wireless networks.
- Competition from Voice over the Internet services and Wi-Fi calling has threatened wireless telephone companies.
- Software companies like Meta (Facebook) and Google have introduced competitive services enabling consumers to make calls through home internet services, replacing wireless telephone services with Wi-Fi connection-based services.
- Wireless voice telephone services (e.g., voice and text messaging) are expected to account for nearly half of total revenue in 2023.

**5G network rollout has boosted consumer spending on mobile data**

- Connections have become faster and more reliable following the widespread adoption of 4G services and the rollout of even faster 5G networks.
- As with wireless voice services, internet access alternatives like Wi-Fi threaten growth. While customers prefer accessing Wi-Fi at home, wireless data services provide connection when traveling locally and at long distances.
- Resumed traveling, shopping and working in person has boosted mobile data use since COVID-19. Unlimited data packaged with discounts for the number of phones added helps companies appeal to more users.

**Mobile dispatch services rise alongside growth in e-commerce**

- Mobile dispatch systems enable companies to track products and services, from food delivery to school buses.
- Mobile systems transmit and record driver locations via their mobile phone. While tracking occurs through GPS, the business sends and receives the information through mobile networks.
- Product transportation companies hauling freight cross country and local food delivery services often use these systems so business managers and customers can track products in real-time.
- Use of mobile dispatch services has expanded rapidly with the rise of the gig economy.

**Equipment installation and repair keep customers happy**

- Other wireless telecommunications services include installation, maintenance and repair services for telecommunications networks.
- Value-added services, repairs and equipment remain critical for consumers to access wireless communication networks.

## What are innovations in industry products and services?

### Wireless users value bundled phone, data and home internet offerings

- Companies bundle phones, plans and internet into one product to boost revenue per customer. Unlimited talk, text and mobile data come with some phone purchases and a Wi-Fi router for home internet.
- Bundling wireless plans and phones with subscriptions to partnering streaming services has emerged as a lucrative product offering.
- Bundled offerings combine multiple services into a single package – making it simple for wireless users to manage their communication needs with one provider, bill and point of contact.
- Users benefit from a seamless experience with combined services, like sharing data allowances and consistent customer support across devices.

### New ways to access and replicate networks bypass wireless providers

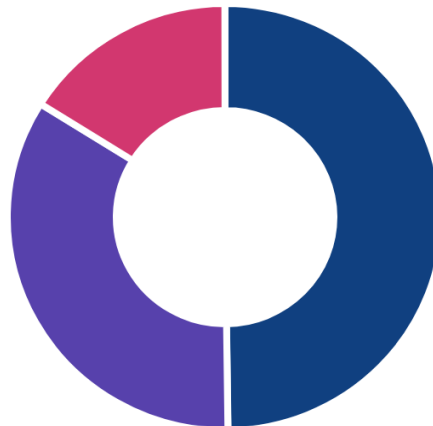
- Companies like Google Fi have developed business models using mobile virtual networks that don't own the network but may bounce between traditional carriers depending on strength and reliability. A user may leave the Verizon 4G network and tap into AT&T if Verizon's becomes stronger while driving.
- Google Fi is currently limited in Canada, but displays how tech companies are developing alternative ways for people to access wireless connections.
- SpaceX's Starlink aims to provide global broadband internet coverage, which can benefit people in rural and remote areas, or those in urban areas seeking alternatives.



## Major Markets

### Major Market Segmentation

Industry revenue in 2023 broken down by key markets



● Postpaid residential users (\$16.1bn) 49.8% ● Prepaid residential users (\$11.0bn) 34.1% ● Business users (\$5.2bn) 16.1%

### What's influencing demand from the industry's markets?

#### Postpaid consumers rely on credit to access appealing unlimited data plans

- Household users are the largest subscribers to wireless plans in Canada.
- Postpaid residential customers include consumers purchasing phone plans for personal use that charge them depending on the data used over the pay period.
- Customers with prepaid plans pay upfront for a fixed number of wireless services. Prepaid services mainly cater to budget-conscious customers who only plan to use a limited amount of wireless data.
- Consumer preferences have pushed wireless carriers to pitch plans that make cell phones a more price-competitive telecommunications service than fixed-line offerings, leading to higher numbers of subscribers.
- Rapid success and uptake of smartphones, like the iPhone, has generated substantial revenue as individuals and households increase their use of data and apps. The introduction of fifth-generation (5G) services has produced a surge in data-intensive content consumption, like streaming.

- The size of this market is expanding as more Canadians rely on reliable, high-speed wireless connections to perform everyday tasks.
- In 2021, the Canadian Radio-television and Telecommunications Commission wireless providers offered low-cost plans. The mandate has supported the uptake of lower-cost prepaid for occasional wireless users.

### **Business clients value speed and reliability more than ever**

- Wireless providers partner with business, non-profit and government clients. Companies have invested heavily in mobile data capabilities to help traveling employees.
- Speed is becoming increasingly important with the proliferation of wireless internet services. Popular wireless business solutions include wireless virtual private networks (VPNs), vehicle-fleet tracking and management, push-to-talk, workforce management applications and enterprise messaging.
- Packaging HaaS, SaaS and PaaS together with wireless connectivity to meet the specific needs of business customers will support a high-margin business.
- The health, utility, transport and government sectors would be particularly receptive to end-to-end cloud-based solutions that depend on mobility.
- Wireless carriers will focus on deploying 5G wireless networks with cloud-based services for applications throughout the economy.

# Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

## 4. Geographic Breakdown

<https://my.ibisworld.com//ca/en/industry/51721CA/geographic-breakdown>

### Key Takeaways

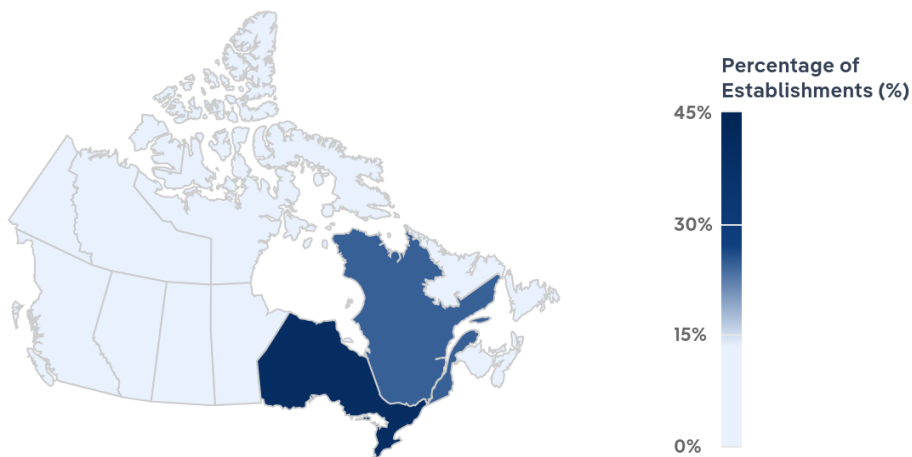
- **Wireless providers take advantage of high concentrations of educational institutions, businesses and residential users in metro centres.** Maintaining 5G networks in urban areas is more cost-efficient, while outlets provide users access to customer service in person.
- **Wireless telecommunication providers are expanding internet access to rural populations.** Canada's Universal Broadband Fund provides funding for high-speed projects involving wireless carriers nationwide.

## Business Locations

### Business Concentration

Percentage of total industry establishments in each region

Establishments Revenue Employment Wages



Source: IBISWorld

CMA	Establishments Units	Establishments %	Revenue \$	Revenue %	Wages \$	Wages %	Employment Units	Employment %
Ontario	242	40.2	12,920,066,048.0	40.0	1,299,434,240.0	63.9	11,007	40.2
Quebec	148	24.6	7,835,973,120.0	24.3	493,820,480.0	24.3	6,682	24.4
British Columbia	81	13.5	4,299,846,656.0	13.3	138,051,856.0	6.8	3,672	13.4
Alberta	60	10.0	3,208,754,688.0	9.9	78,621,952.0	3.9	2,733	10.0
Yukon	24	4.0	1,537,983,104.0	4.8	8,773,986.0	0.4	1,194	4.4
Manitoba	16	2.7	795,884,544.0	2.5	5,262,228.5	0.3	691	2.5
Saskatchewan	9	1.5	444,047,040.0	1.4	3,627,734.0	0.2	390	1.4

Nova Scotia	7	1.2	362,866,304.0	1.1	3,029,812.8	0.1	310	1.1
Nunavut	4	0.7	208,153,312.0	0.6	167,687.1	0.0	168	0.6
Prince Edward Island	4	0.7	204,384,176.0	0.6	414,016.9	0.0	179	0.7
Newfoundland and Labrador	4	0.7	206,668,752.0	0.6	482,730.0	0.0	160	0.6
New Brunswick	2	0.3	121,614,456.0	0.4	614,145.3	0.0	115	0.4
Northwest Territories	2	0.3	147,257,328.0	0.5	99,087.8	0.0	90	0.3

## Where are industry businesses located?

### Telecommunication companies expand rural areas' access to high-speed internet

- Highly populated areas have fast and reliable broadband mobile coverage for fourth-generation (4G) networks, with most wireless providers offering 5G coverage in Canada's major metropolitan areas – Toronto, Montreal and Vancouver.
- Rural areas pull weaker connections, often to the dismay of the sparsely populated consumer markets across the country.
- Wireless telecommunication carriers have pushed to improve rural areas' access to networks in recent years.
- Canada's federal government is currently making progress to expand universal high-speed internet access to 96.0% of the population by 2026 and 100.0% by 2030.

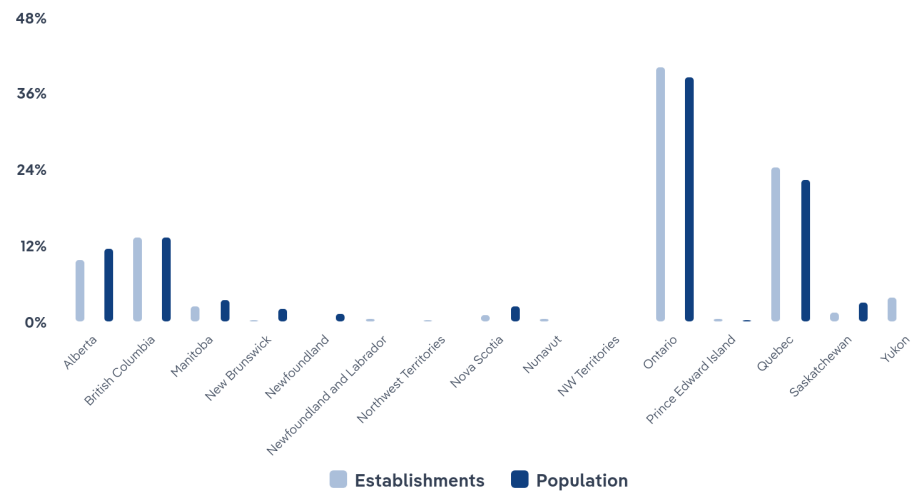
### Companies gravitate toward highly populated cities

- Outlets tend to locate near highly populated consumer markets, like cities and towns, helping stores service more potential customers by providing phones, customer service and other revenue sources.
- Urban centres have a high mobile wireless data usage rate because people spend more time away from home.
- Deploying and maintaining wireless infrastructure is more cost-efficient in areas with dense populations than in rural ones.
- Wireless providers can also capitalize on the high concentrations of businesses, educational institutions and household users in these areas.

Wireless Telecommunications Carriers in Canada

## Yukon has the largest spread of businesses compared to its population

Share of establishments (%) vs. share of population (%):



Source: IBISWorld

# Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.



# 5. Competitive Forces

<https://my.ibisworld.com//ca/en/industry/51721CA/competitive-forces>

## Highlights

### Concentration

Low

### Competition

↓ High   ↓ Increasing

### Barriers to Entry

↑ High   Steady

### Substitutes

Moderate   Steady

### Buyer Power

↓ High   ↓ Increasing

### Supplier Power

Moderate   Steady

## Key Takeaways

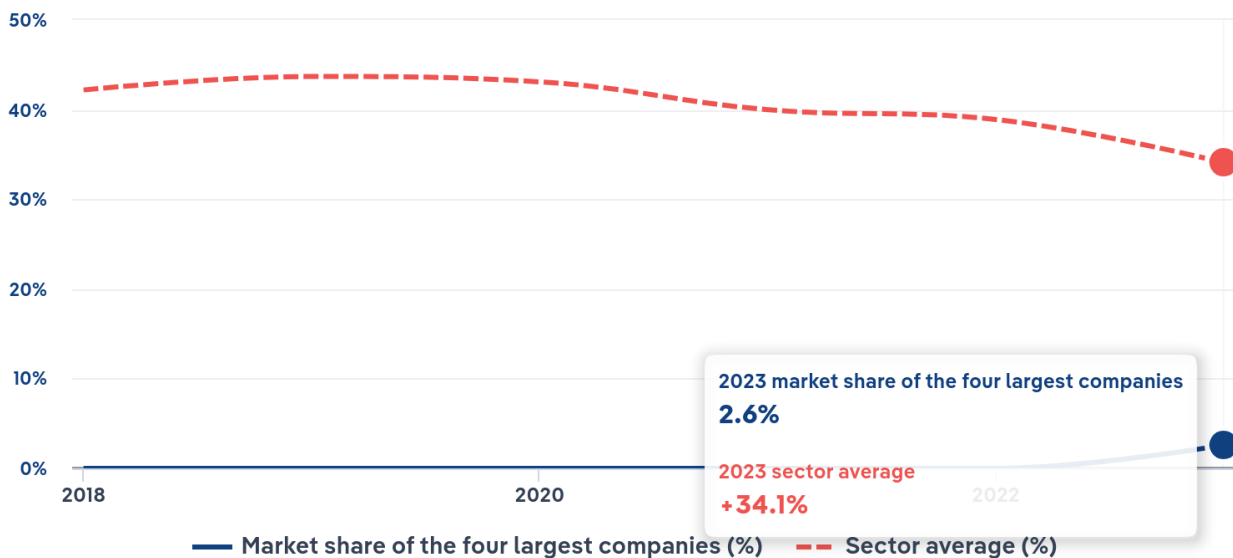
- **Competitive dynamics in the wireless market benefit subscribers.** Wireless providers offer competitive deals and promo offers to prevent losing users to a rival.
- **Wireless providers race to offer the best in speed, reliability and connectivity.** Rollouts of 5G networks bring in new users who won't settle for drops in coverage or slow internet speeds.

## Concentration

Low

### Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

## What impacts the industry's market share concentration?

### A shrinking market encourages more mergers and acquisitions

- Rogers, among the five largest wireless telecommunications companies in the Canada, completed its acquisition of Shaw in 2023.
- To ease anticompetitive concerns, Roger sold Shaw's wireless business, Freedom Mobile, to Quebecor.
- Merger and acquisition rates have climbed to help companies boost subscribers and expand coverage by obtaining spectrum licenses.
- So many people have mobile phones and internet access, limiting potential growth markets to areas with lower revenue potential, like rural regions.

### Well-established incumbents limit new national providers but local competition exists

- Wireless telecommunications don't receive influxes of new competitors because of the immense capital intensity involved.

- New companies must raise significant capital to break into a well-established and technologically complex market that's constantly evolving.
- Entrepreneurs in rural areas with less access to the internet can build fixed wireless networks to beam service from stationary cell towers nearby.
- These companies provide a substitute to satellite and Wi-Fi internet services.

☆ Key Success Factor

## How do successful businesses handle concentration?

### **Ability to quickly adopt new technology**

The level of technological change in the Canadian Wireless Telecommunications Carriers industry is high. Companies must quickly implement new network technologies, such as 5G networks, to offer the highest quality and breadth of service to its customers.

### **Ready access to investment funding**

Due to the capital-intensive nature of implementing and expanding network coverage, wireless carriers must have continual access to capital to fund infrastructure upgrades.

### **Developing close relationships with upstream industries**

It's important for wireless carriers to develop strategic alliances with leading businesses in supplier industries, particularly wireless telecommunications equipment manufacturers.

### **Having a high profile in the market**

Name recognition is increasingly important, since consumers place high value on cellular coverage areas, data speeds and call reliability. Key brand aspects include service reliability, network coverage and service pricing.

## Barriers to Entry

High

Steady

### What challenges do potential industry entrants face?

#### Legal

- Wireless telecommunication providers face legal challenges to many proposed mergers because of anticompetitive practices. Regulators fear that ownership of certain spectrum waves will give too much pricing power to companies, seen through the recent concern of Rogers' acquisition of Shaw and its wireless division.

#### Start-Up Costs

- Sky-high capital costs to develop networks and build a wireless infrastructure limit new providers from joining this industry.

#### Differentiation

- Companies differentiate themselves with speed, reliability, price, amounts of data and bundled deals. New providers may struggle to match incumbents' network reliability.

#### Capital Intensity

- Cell towers and computers are responsible for massive capital costs incurred by wireless telecommunication providers. Skilled employees manage network equipment, leading to relatively high operating costs too.

# Substitutes

Moderate

Steady

## What are substitutes for industry services?

### Wired networks

- Wired networks can offer faster data connection speeds and reliability. Reliance on physical infrastructure can leave customers vulnerable to a cable's wear and tear.
- Oversubscription also creates complicated underground wiring schemes, which widens the distance signals travel, translating to poor performance.
- Wired networks using fiber take huge investments to build because of the expensive materials involved.
- Massive capital investment discourages networks from expanding into rural areas. Rural customers rely on other internet solutions like fixed wireless or satellite for internet access.

### Satellite internet service

- Gaps in internet coverage remain, though government efforts have recently made rural internet infrastructure more attractive. Some rural customers use digital subscriber lines (DSL), which connect to the internet via telephone.
- DSL provides an inexpensive option, but satellite offers faster download speeds.
- Elon Musk's Starlink satellite saw immense popularity after launching a broadband-providing satellite in 2022.
- Starlink is available throughout Canada, with service extending service underserved areas by late 2023.
- The skyrocketing number of subscribers led to more internet traffic and a sharp drop in download speeds, demonstrating all internet-providing technologies' drawbacks.

# Buyer & Supplier Power

## Supply Chain

Direct and indirect supplier and buyer industries related to this industry



## What power do buyers and suppliers have over the industry?

### Buyers: corporations sweeten offers to woo consumers

High      Increasing

- The decreasing scope for consumer market expansion has compelled wireless providers to offer attractive deals to expand their subscriber base.
- Users are seeking a quicker and more dependable data transmission, preferably at a lower cost, as changing subscriptions is relatively simple.
- Businesses provide plans paid monthly in advance as an incentive for customer sign-ups.

- To extend their market reach, some wireless network providers lessen financial eligibility criteria to accommodate more consumers, resulting in heightened risk for companies but massively benefiting consumers.

### Suppliers: businesses depend on consistent equipment provisions for dependable service

Moderate

Steady

- Supply chain disruptions have led to shortages of fiber-optic cables, causing prices to skyrocket.
- Numerous businesses encountered inadequate supplies of routers, network terminals and additional electronic gear following the COVID-19 pandemic.
- Consumers awaiting home wireless setup and repairs faced postponements. Companies need to ensure a stable inventory of equipment to retain customer satisfaction.

#### ☆ Key Success Factor

## How do successful businesses manage buyer & supplier power?

### Secure economies of scale

Implementing and maintaining wireless telecommunications network infrastructure is a significant investment. Providers that can spread this high cost across a large subscriber base will improve profitability and reduce the cost per additional subscriber.

### Having a high profile in the market

Name recognition is increasingly important, since consumers place high value on cellular coverage areas, data speeds and call reliability. Key brand aspects include service reliability, network coverage and service pricing.

# Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.



# 6. Companies

<https://my.ibisworld.com//ca/en/industry/51721CA/companies>

## Key Takeaways

- **Bell Mobility and Rogers Wireless are Canada’s largest wireless carriers.** Nearly every Canadian household can access wireless service through these providers, with over 70.0% having access to their 5G networks.
- **Rogers Wireless grows larger with the completion of its Shaw purchase in 2023.** Still, concerns about anticompetitive practices pressured Rogers to sell Shaw’s wireless division to Quebecor, lessening the impact on this industry.

## Market Share

### Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on [my.ibisworld.com](https://my.ibisworld.com).

## Companies

Company	Market Share (%) 2023	Revenue (\$m) 2023	Profit (\$m) 2023	Profit Margin (%) 2023
Quebecor Inc.	2.6	842.2	0.0	0.0
Rogers Communications Inc.	0.0	0.0	0.0	0.0
Telus Corporation	0.0	0.0	0.0	0.0

You can view and download company details on [my.ibisworld.com](https://my.ibisworld.com).

# External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

# 7. External Environment

<https://my.ibisworld.com//ca/en/industry/51721CA/external-environment>

## Highlights

### Regulation & Policy

Moderate ↓ Increasing

### Assistance

↓ Low Steady

## Key Takeaways

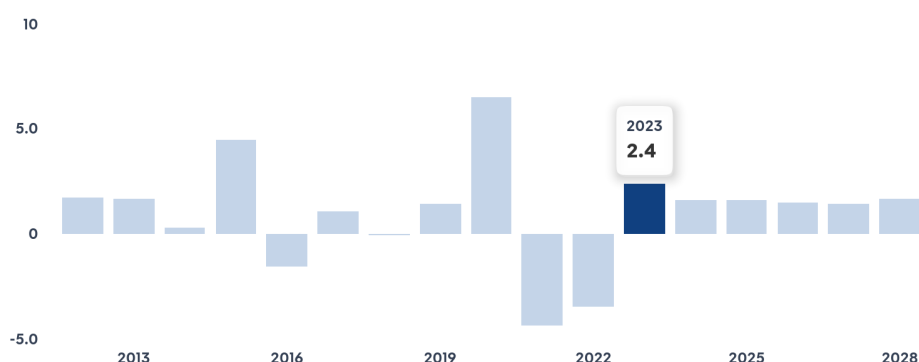
- Infrastructure programs support the development of wireless and 5G access across Canada.** Wireless telecommunication providers are critical to fulfilling the Canadian government’s goal to provide high-speed internet access nationwide by 2030.
- Advocacy groups like CanWISP educate policymakers on implementing evolving wireless internet service technologies.** Regulatory bodies and companies may try to exploit lawmakers’ misunderstanding of technologies.

## External Drivers

What demographic and macroeconomic factors impact the industry?

Per capita disposable income

Growth

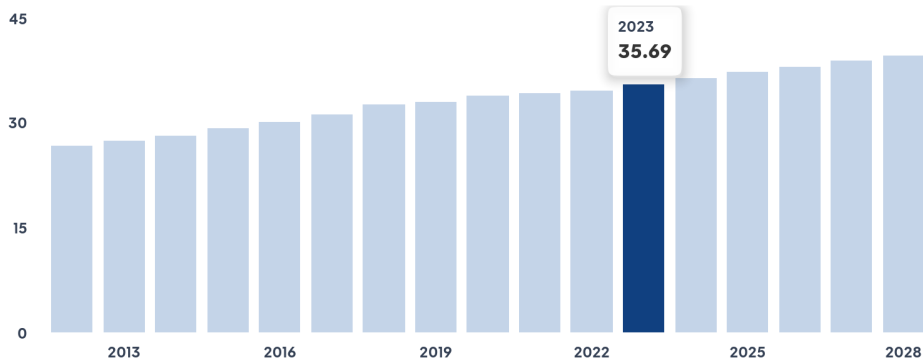


Source: IBISWorld

Higher disposable incomes encourage consumers to purchase electronic devices, like tablet computers, which may require dedicated mobile internet connections. Lower disposable income levels reduce demand for new phone plans. Per capita disposable income is expected to increase in 2023, representing a potential

opportunity for the industry.

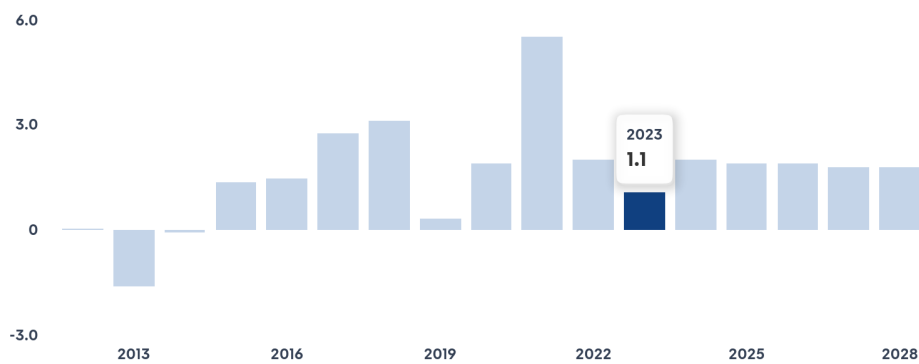
**Number of mobile telephone subscriptions**  
Million



Source: IBISWorld

Growing demand for mobile internet access directly influences demand for wireless telecommunications. As broadband-enabled smartphones and tablets have increased, the order for the industry has climbed. The number of mobile internet connections is expected to increase in 2023.

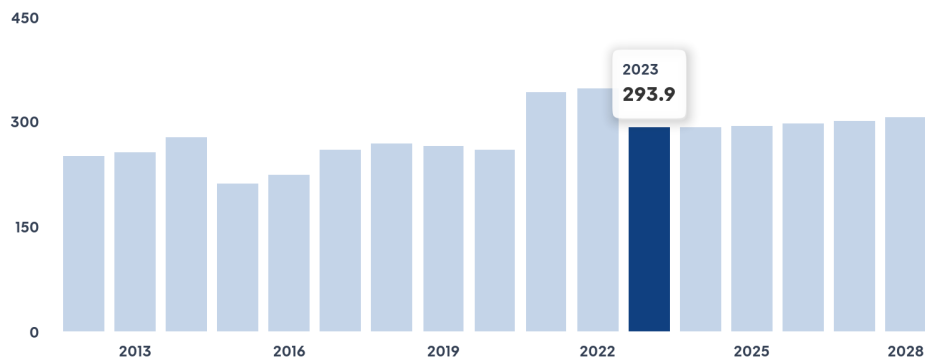
**Government consumption and investment**  
Growth



Source: IBISWorld

Government investment in developing and maintaining infrastructure projects can support wireless carriers. For instance, recent investment by the Canadian government to expand high-speed internet access to rural populations includes the involvement of wireless providers. Government consumption and investment is anticipated to increase in 2023.

**Corporate profit**  
\$ billion



Source: IBISWorld

Corporate profit measures profit levels earned by businesses across all industries. Companies and corporations comprise one of the largest markets for wireless carriers. Corporate profit is expected to decline in 2023, representing a potential threat to the industry.

## Regulation & Policy

Moderate

Increasing

### What regulations impact the industry?

#### **The Canadian Radio-television and Telecommunications Commission**

The Canadian Radio-television and Telecommunications (CRTC) is an independent government agency responsible for regulating and supervising all aspects of the Canadian broadcasting and telecommunications industries. The CRTC issues licenses to wireless telecommunication providers, specifying the terms and conditions under which they can operate. Licenses can include requirements related to spectrum usage, coverage obligations and consumer protection.

#### **The Telecommunications Act**

Under the Telecommunications Act, all facilities-based telecommunications service providers in Canada must seek regulatory approval for all proposed industry tariffs, unless the services are exempt from regulation. The act aims to deregulate the convergence of broadcasting and telecommunications markets..



## Assistance

Low

Steady

### What assistance is available to this industry?

#### Infrastructure programs

The Canadian federal government supports the development of wireless networks across the country through several infrastructure programs. In 2023, the Canadian government implemented a new licensing policy to provide local access to 5G spectrum for rural areas and specific industries. The country is currently involved in a goal to offer 100.0% of the country access to high-speed internet connections by 20230.

#### The Canadian Wireless Telecommunications Association

The Canadian Wireless Telecommunications Association (CWTA) represents the wireless telecommunications industry in Canada. The organization serves as the voice of wireless service providers, manufacturers and other stakeholders providing wireless service.

#### The Canadian Association of Wireless Internet Service Providers

The Canadian Association of Wireless Internet Service Providers (CanWISP) ensures that rural and exurban communities across Canada can access reliable wireless network connectivity.

# Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

## 8. Financial Benchmarks

<https://my.ibisworld.com//ca/en/industry/51721CA/financial-benchmarks>

### Highlights

Profit Margin

**35.7 %**

↑ Higher than sector

Average Wage

**\$74,202**

↓ Lower than sector

Largest Cost

**Purchases**

43.4% of Revenue

### Key Takeaways

- **Staggering investments in 5G limit profit growth.** Billions allocated toward developing high-speed 5G networks are critical for wireless carriers to stay competitive but take from profit.
- **Developing and maintaining networks is becoming more expensive.** Efforts to bring high-speed access to rural areas and develop reliable 5G networks keep purchase costs sky-high.

## Cost Structure

### Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2023



Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on [my.ibisworld.com](https://my.ibisworld.com).

### What trends impact industry costs?

#### Canada's largest wireless carriers look to M&A to strengthen profit

- Canada's wireless telecommunication companies are expected to have an average profit, measured as earnings before interest and taxes, of 35.7% in 2023.
- Rogers' acquisition of Shaw highlights the high merger and acquisition (M&A) activity rate that has supported profit.
- Shrinking potential customer growth has pushed companies to expand subscriber bases, control more spectrum and find cost synergies through mergers.
- Competition between the country's largest wireless carriers pinches profit, encouraging M&A.
- Antitrust regulations limit how large one wireless carrier can be – limiting their ability to realize cost efficiencies through scale.

- Supply chain disruptions and shortages – which delayed network expansion and investment – have eased. Companies now contend with customer-side concerns pressuring profit, like a pullback in discretionary spending and access to credit.

### **Spectrum auctions enable companies to provide internet services**

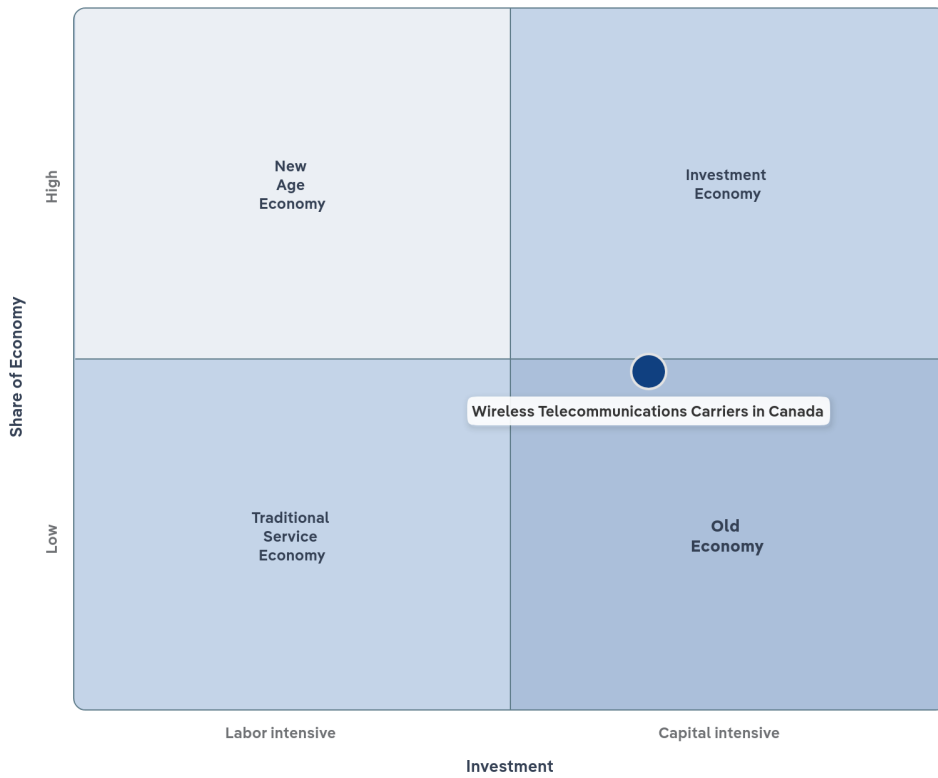
- Purchases are wireless carriers' single-largest expense, accounting for an estimated 43.4% of revenue in 2023.
- Service costs represent operating and accessing the wireless network, roaming and long-distance fees.
- Spectrum purchased through government auctions constitutes a significant portion of these purchases. Companies acquire the frequency waves to provide customers with network connections.
- Companies entice customers to their networks by offering subsidized smartphones. Companies also purchase streaming subscriptions to sweeten subscription deals.

### **Wireless carriers hire skilled, high-earning employees to manage expanding 5G investment**

- Wireless telecommunications carriers have opened more storefronts to offer phones and phone plans, leading to mild climbs in employment.
- Labour shortages have made acquiring and retaining in-store employees and critical customer services positions more challenging, pushing up what companies pay employees on average.
- Investment in fifth-generation (5G) network infrastructure shifts focus from labour to investment in telecommunications equipment, like antennas connected to the proper radio waves.
- Still, the higher-earning employees required for these infrastructure investments have supported rising wage expenses.
- Wages comprise an estimated 6.3% of revenue in 2023.

### Reliance on capital constrains growth

Share of economy vs. Investment



## Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/Revenue (%)	Estab. per Enterprise (Units)	IVA/Revenue (%)
2005	632,352	127.8	42.5	202.2	70,863	11.2	4.8	45.3
2006	695,722	137.5	41.4	197.6	67,607	9.7	4.8	44.6
2007	772,803	162.5	39.7	210.3	71,543	9.3	5.3	45.9
2008	819,395	231.3	42.4	282.3	63,890	7.8	6.7	43.0
2009	879,937	346.4	46.6	393.7	77,997	8.9	8.4	45.4
2010	897,533	461.5	50.0	514.2	75,175	8.4	10.3	47.1
2011	837,838	554.1	56.1	661.4	86,249	10.3	11.8	49.6
2012	853,353	636.9	60.7	746.4	85,909	10.1	12.3	50.7
2013	876,414	620.0	54.7	707.4	79,470	9.1	12.9	46.8
2014	890,593	645.3	54.4	724.6	75,440	8.5	13.3	46.0
2015	931,793	771.6	59.4	828.1	75,247	8.1	13.9	46.6
2016	1,024,910	976.9	64.2	953.2	80,919	7.9	14.8	46.2
2017	1,070,292	886.6	55.3	828.4	82,502	7.7	15.0	46.9
2018	1,174,340	768.5	43.0	654.4	72,957	6.2	15.2	44.3
2019	1,252,072	807.3	42.2	644.8	76,385	6.1	15.3	46.4
2020	1,210,145	809.0	43.4	668.5	77,183	6.4	15.4	45.7
2021	1,182,428	845.5	46.0	715.0	79,545	6.7	15.6	46.8
2022	1,166,977	852.0	45.9	730.1	74,049	6.3	15.9	47.1
2023	1,179,025	849.8	45.5	720.8	74,202	6.3	15.8	47.1
2024	1,182,797	841.3	44.7	711.3	74,246	6.3	15.9	46.9
2025	1,188,867	832.9	44.3	700.6	74,326	6.3	15.8	47.1
2026	1,199,540	847.0	44.8	706.1	74,459	6.2	15.8	47.3
2027	1,207,066	860.9	45.1	713.3	74,550	6.2	15.8	47.5
2028	1,212,205	875.8	45.4	722.5	74,614	6.2	15.9	47.6
2029	1,214,711	889.9	45.4	732.6	74,646	6.1	16.1	47.7

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# Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.



## 9. Key Statistics

<https://my.ibisworld.com//ca/en/industry/51721CA/key-statistics>

### Industry Data

Year	Revenue (\$ million)	IVA (\$ million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ million)
2005	17,513	7,942	651	137	27,695	1,963
2006	19,663	8,766	682	143	28,263	1,911
2007	21,781	9,990	710	134	28,185	2,016
2008	23,131	9,941	665	100	28,229	1,804
2009	24,941	11,314	608	72	28,344	2,211
2010	25,845	12,172	576	56	28,796	2,165
2011	26,598	13,188	566	48	31,746	2,738
2012	28,025	14,214	541	44	32,841	2,821
2013	27,278	12,756	569	44	31,125	2,473
2014	27,747	12,761	573	43	31,156	2,350
2015	30,092	14,034	544	39	32,295	2,430
2016	31,261	14,441	475	32	30,501	2,468
2017	32,804	15,382	554	37	30,650	2,529
2018	35,352	15,672	700	46	30,104	2,196
2019	35,521	16,483	672	44	28,370	2,167
2020	33,168	15,170	631	41	27,408	2,115
2021	32,128	15,025	591	38	27,171	2,161
2022	31,522	14,841	589	37	27,012	2,000
2023	32,294	15,215	602	38	27,390	2,032
2024	32,810	15,389	620	39	27,739	2,060
2025	33,317	15,678	632	40	28,024	2,083
2026	33,881	16,040	631	40	28,245	2,103
2027	34,438	16,362	632	40	28,530	2,127
2028	35,030	16,683	636	40	28,898	2,156
2029	35,597	16,971	645	40	29,305	2,188

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