

## **Barriers to Changing Telecommunications Service Providers**

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Executive summary  
June 2008

Can the fate of consumers be entrusted solely to market forces, or should legislators intervene to protect them? These alternatives remain at the heart of public policy debates about communications in Canada and elsewhere.

To benefit from the market, consumers must have the freedom to choose. But that freedom can be hindered to the point that the ability to choose is practically destroyed. Surely, the fact of such obstacles and their effects should weigh on public policy choices when the operation of a market is the problem.

In the telecommunications sector, is it easy for a customer to opt for another provider during or at the end of his contractual relation, or is he captive, and if so how and to what extent? If barriers exist to changing telecommunications service providers, what are they and would we be concerned? What types of mechanisms can counter those obstacles?

The report reviews and classifies the types of phenomena that can constitute barriers to consumer migration and examines certain foreign experiences to classify existing solutions, which usually correspond to difficulties that are at least apprehended. It also evaluates the effectiveness of measures that already exist in Canada, and then considers the outlines of the measures that might be added.

The report studies competitive market conditions and legal frameworks in Canada, the United States, the United Kingdom and France.

The report concludes that the situation in the Canadian telecommunications service markets is similar to that in many other countries: competition is uneven, incumbents restrict customers, departure costs are present and they are unpopular when more visible. Blind faith in market forces as sufficient to settle all problems appears stronger here than elsewhere, the vigour of the interventions of some countries contrasting with CRTC's attitude. The means made available to government authorities and consumer associations by competition law elsewhere have little in common with the Canadian framework.

An examination of market practices and consumers' complaints, comments and perceptions yields convincing indications that the Canadian telecommunications service markets are indeed littered with obstacles to consumer mobility, and that those obstacles can significantly hinder their migration and the adequate operation of telecommunications markets.

The barriers' existence is undeniable: they are multiple, at times cumulative, and not always perceptible and measurable, at least at the moment when the consumer chooses to do business with a given provider. In many cases, they could also be avoidable or at least significantly attenuated. The consumer doesn't face markets operating optimally. Interventions should thus be considered to make contractual relations healthier. Given the importance, in enabling consumers to benefit from the advantages of free market forces, of

ensuring that telecom markets are healthy, the competition framework established abroad could serve as a model for Canada.

The report forwards some recommendations to provincial authorities, concerning a better control of the contractual practices of telecommunications providers. To the federal government, the report recommends amongst others an in-depth review the provisions of the Competition Act with respect to abuses of dominance and the launching of information campaigns aimed at consumers. The report recommends service providers to try and simplify their offers as well as making them clearer, and to make their service terms and conditions truly compliant with applicable laws in each province.

This document is the Executive summary of the report

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