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## Rogers outage leads to outrage

Company's public image, bottom line will take hit as customers consider leaving, experts predict

Rosa Saba and Christine DobToronto Stars

**T**he Rogers network outage has stirred social media outrage, led to an uptick in official complaints and prompted many to say they plan to cancel their services with the company.

The hassle of switching telecom providers makes it difficult to follow through on threats to leave a telecom company after poor service, but with this incident marking the second major outage for Rogers in just over a year, experts say the company is likely to take a hit to both its public image and its bottom line.

On Friday, a widespread outage affected more than 12 million Rogers mobile and home internet customers and also knocked out Interac payment services and some 911 capabilities. The company said Tuesday it would give customers the equivalent of five days' credit "as a first step."

The federal government called the CEOs of all of Canada's major telecoms to Ottawa on Monday and demanded they strike formal agreements to provide backup to each other during outages.

It also said the Canadian Radio-television and Telecommunications Commission (CRTC) would conduct a formal inquiry. On Tuesday, the telecom regulator said it has sent Rogers a detailed list of questions about how and why the outage happened. The company has until July 22 to respond at which point the CRTC "will determine what additional measures need to be taken."

The fact that this came so soon after Rogers wireless customers suffered a major outage in April 2021 is likely to make matters worse for the company, said David Soberman, a professor of marketing at the University of Toronto's Rotman School of Management.

"When something happens one time, people sort of write it off," he said. "When this sort of thing happens a second time, it becomes very, very different."

The Commission for Complaints for Telecom-television Services (CCTS), an industry-funded ombudsman organization that mediates telecom customer service disputes, told the Star it has been receiving more complaints than usual since the outage.

The CCTS said customers must reach out to Rogers directly to try and resolve their issues before filing an official complaint. "If customers remain unsatisfied after giving Rogers a reasonable opportunity to resolve the issue, the CCTS' services may be available to them," said a spokesperson in an email.

Rogers customer and Manitoba resident Zach Fleisher said he wanted to switch providers after last year's outage but didn't get around to it.

But this time, Fleisher has made up his mind. He's still having trouble with his cellphone, which he uses for work - some of his texts aren't going through and his calls are dropping.

His contract with Rogers is up, which means he can cancel without a penalty, and now he just has to decide which other telecom company to go with.

Rogers customers didn't run for the hills after last year's outage.

Last July, when Rogers reported its quarterly results for the period that included the April wireless outage, it said it added a total of almost 100,000 customers on contracts. (That's a net figure

that includes new customers as well as subscribers who have cancelled.)

Monthly churn, a measure of subscriber turnover that is sometimes used as a proxy for customer satisfaction, was actually down to 0.8 per cent, one of the lowest levels the company has ever reported. During a conference call to discuss the results, executives didn't mention the outage once.

Michael Geist, the University of Ottawa's Canada Research Chair in internet law, said telecom contracts can be difficult and expensive to get out of and consumers don't have a lot of confidence that the other large providers are much different.

"You often hear consumers say, 'Bell, Rogers, Telus, they're all the same.' "

Rogers and its competitors use an incentive structure to encourage people to bundle as many family members and services as possible on to one plan, Geist said, noting that made the outage much worse for some people, and may also make it harder to leave for another provider.

However, after Friday's outage, Geist thinks some customers will be more likely to make the switch this time.

It was a broader and longer outage, affecting essential services and businesses, and he also thinks many customers are outraged at Rogers' poor communications about the situation.

Rogers spokesperson Chloe Luciani-Girouard said in an emailed statement that the outage Friday was "unacceptable" and Rogers is committed to ensuring it doesn't happen again. She said that Rogers had to make sure the network

was stable before providing updates on the return of service to avoid giving inaccurate information.

In an interview with BNN Bloomberg on Monday, CEO Tony Staffieri said Rogers is focused on earning back customers' trust.

"We're only going to be able to do that by ensuring that we do indeed have networks that they can rely on."

Scarborough resident Richard White remembers the 2021 outage affecting him, but said he didn't consider switching providers at the time. "I figured it was a one-time thing. I didn't think it would happen again."

But after the Friday outage, he too has decided to look at other providers.

Whether customers stay or go, Rogers is also dealing with the issue of compensation.

The company hasn't announced an official plan, but tweets from the RogersHelps Twitter account told angry customers that the credit will be equivalent to two days of service.

Based on that amount, the company could pay out more than \$76 million in credits, National Bank telecom analyst Adam Shine wrote in a report Tuesday.

Shine said there will likely be other costs to settle lawsuits and also spending to retain customers who plan to leave. He said some subscribers are also likely to "unbundle" their services, splitting up their wireless and home internet between different companies for example, to minimize the fallout from future outages.

On Monday, a law firm in Quebec filed

a proposed class-action lawsuit against Rogers, claiming damages of up to \$400 per customer. The case has not been authorized by a court and none of the claims have been proven.

But while not everyone will up and leave their Rogers contracts this week, Soberman thinks that over time the impact of the outage on Rogers' image will be clear. For people whose contracts are ending, or who are signing up for a new service, the memory of the outage may sway their decisions, he said.

"I think what you're going to find here is that this does hurt Rogers."