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STORY

Long distance a buyer's market

But to cut the best deal, you have to know what you need

Jim Jamieson

The Province

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For Canadian consumers seeking the best possible long-distance telephone rates, there has never been a better time to go shopping.

Thanks to the long-distance market being deregulated in 1992, the number of companies has mushroomed to where now there are literally hundreds -- although many are niche players -- attempting to cut each others' throats on cost.

The problem with so many choices is that you need to do your homework to make the right one.

For a typical consumer, there are 25 different providers and 125 different options, said Ian MacLellan, vice-president of marketing for Telecomparisons.com [www.telecomparisons.com], a Toronto-based website that will calculate your best option based on usage habits.

The young firm makes its money by bringing consumers and marketers together.



CREDIT: Les Bazso, The Province

Gold Line's Siamak Zargarán takes advantage of low overhead.

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"It's a very good time to be a consumer because these companies are all beating themselves up," said MacLellan. "Six cents [a minute] is an expensive long-distance package these days, where a few years ago you couldn't phone anywhere for under 30 or 40 cents. But the bottom line is that with deregulation comes choice and with that comes the requirement for educating yourself."

The long-distance market now has four distinct segments:

n The incumbent supplier -- Telus Corp. in our case -- tends to be the least price competitive, but it appeals to people who want uncomplicated billing, make few long distance calls or don't care about price.

n The package provider, such as Primus Canada and Sprint Canada. You can tailor a lot of different types of packages to find something that suits you because there are so many options -- whether it's a flat rate for unlimited calls to a certain country or signing up six different phone numbers to the same plan. But there's usually a monthly "access fee" beyond the plan price.

n The so-called "dial arounds," such as Toronto-based Yak Communications, that require you to dial seven-to-10 digits before the actual number you're calling.

The billing goes through your local phone provider and appears on your monthly bill. Yak, for example, offers 24/7 calling to Canada and the U.S. for five cents a minute. But you must dial the extra numbers and there are some restrictions on cellphones.

n Prepaid calling cards, such as provided by the Gold Line Group of Richmond Hill, Ont. This is the most complicated segment, but it's where the best prices are. The problem: A listed cost per minute almost never ends up being the actual cost.

Sometimes there are extra or hidden charges. Users often don't use the last few minutes or sometimes lose the card. Gold Line, which says it serves 60 per cent of the Canadian calling-card market, has a reusable no-fee card that is topped up via the Internet or call centre so that minutes are always used up. Its 24/7 rate to anywhere in Canada and the U.S. is 4.9 cents a minute.

Gold Line's Western Canada general manager Siamak Zargarán said his company has flourished because it takes advantage of low overhead, low margins and high volume as well as catering heavily to immigrant minorities who have high calling volumes to their home countries.

Telus says despite the competition it retains 80 per cent of its long distance customers. "We can't play the price game with these competitors," said Colin MacPhail of Telus. "We fight the value battle instead, by giving breaks on the overall service package."

MacLellan's advice for someone looking to get a better long-distance deal is to decide what your personality type is and what your calling habits are, then shop around --and read the fine print.

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