Why Telus Corporation Could Be Poised to Take Off

Description

Over the past three years **Telus Corporation's** (TSX:T)(NYSE:TU) shareholders have done remarkably well. The company has increased its dividend six times during this stretch, and its stock price has gained by 40%, easily outpacing its two big rivals.

So, is it too late to switch into Telus? Well actually, now could easily be the start of another big run. Below we take a look at why.

Easily the best

Without question, Telus is more popular with its customers, and this status is well deserved. The company drew far fewer customer complaints than either **BCE** or **Rogers**, and this number has been moving in the right direction, too. Impressively, 95% of Telus's subscribers are happy with the company's customer service, a number that BCE and Rogers could only dream about.

Consequently, Telus's subscribers are extremely loyal, making it very easy for the company to pick up market share. This is exactly what the company has been doing.

Why is this the beginning?

Telus made customer service a key priority all the way back in 2008, but hasn't fully exploited this advantage. Until now.

Just last month the company launched its Expect More campaign, which emphasizes the company's reputation for customer service. This could yield big results, since BCE and Rogers subscribers are still too often frustrated.

Even more advantageous for Telus, the Canadian Radio-Television and Telecommunications Commission (CTRC) has effectively banned three-year contracts. This means subscribers have more reason to switch than ever before. This is a big opportunity for Telus to pick up additional market share.

On top of that, Telus is bringing free public WiFi to over 8,000 public hotspots across B.C. and Alberta.

Importantly, the service is available to anyone, not just Telus subscribers. This will be a big marketing opportunity for the company, and could attract loads of new subscribers.

These kinds of efforts are usually discounted by analysts, mainly because they do not show up on financial statements. But they end up making a big difference. It’s little wonder Telus has beat analysts’ earnings estimates in four out of the last five quarters.

Is now the time to buy the stock?

Telus isn’t an automatic buy. The company is by no means cheap, trading at over 17 times earnings. Its dividend yields less than each of its big rivals.

But if you’re looking to buy a telecom stock, or if you’re looking for a growing dividend, Telus is likely the best option. The company reports its second-quarter results on August 7th, so I’d recommend acting before then.

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