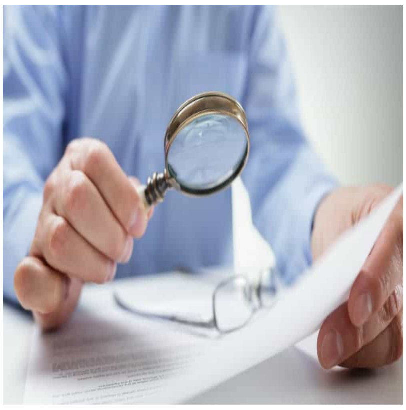

TFSA Investors: Is Now the Time to Buy Rogers (TSX:RCI.B) Stock?

Description

If you're a dividend investor looking for a stock to put in your TFSA, **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) could be an option to consider today. With the share price recently taking a big hit, the stock has reached a new 52-week low, which is not something we see happen to Rogers very often. It could be a great opportunity to buy the stock at a reduced price.

What happened?

Rogers ran into trouble when it released its quarterly earnings results earlier this month. What sent investors into a bit of a panic was when the company adjusted down multiple numbers on its forecast for 2019, including both revenue and profit.

Anytime forecasted numbers are reduced, the markets are not going to take that news well, and so it's no surprise that Rogers saw its stock tumble as a result, dropping 8% in a matter of days. However, it may have been a bit excessive, especially when you consider the reason for the forecast adjustment: the company's unlimited data plans have simply become too popular.

Although the company noted that offering these data plans will be good for the long term, customers have been signing up for the deals at a much quicker rate than the company had expected.

Rogers president and CEO Joe Natale stated in the press release, "Customer adoption is three times higher than originally expected, reflecting pent-up demand for worry-free data. While the reduction in overage fees from these plans will impact our results in the next few quarters, the underlying economics of device financing and unlimited plans are favourable and position us for long-term growth."

Why investors shouldn't be worried

While Rogers won't benefit from overage fees if customers switch to unlimited data plans, by having a popular product, they could attract a lot more consumers and take market share away from competitors that don't offer unlimited data plans. In the end, having fewer customers is a lot more problematic than a forecast adjustment.

Ultimately, the stock is down as a result of short-term concerns for a stock that's a great long-term buy, and that's why this recent adversity in the markets shouldn't scare off investors.

Now could be a great time to buy the stock for its dividend

One of the big benefits of the stock having fallen recently is that it gives investors the opportunity to buy low on what's still a quality stock. Currently yielding at around 3.3%, Rogers could generate a lot of cash flow for investors over the years. And inside a TFSA, all that dividend income remains tax-free. What makes the stock an even better buy is that Rogers has raised its dividends over the years as well, meaning that you'll likely be earning more on your investment over time.

For a blue-chip stock like Rogers to fall as a result of a mobile data plan being too popular, that's as good a reason as there is to buy on the dip. While the markets may be bearish as a result of the short-term impact, the reality is that over the long term, the stock has actually gotten a whole lot stronger.

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