Rogers (TSX:RCI.B) Stock Took a Nosedive – Buy It Cheap Now!

Description

When it comes to the stock market, there's rarely anything you can be sure about. However, if there is one thing you can almost always rely on as a Canadian investor, it's the telecom sector. Canada's telecommunications industry is one of (if not *the*) best among its global counterparts. Companies operating in this industry earn phenomenally well.

Companies, customers, and investors alike have plenty of reasons to be happy. Canadian telecom companies have been performing remarkably well.

Customers are satisfied with the services they're getting, while subscribers are increasing every day. Shareholders are happy because telecom stocks continue to grow and pay healthy dividends.

Rogers Communications

Rogers Communications Inc (TSX:RCI.B)(NYSE:RCI) is also one of the major operators in the industry. A decent dividend of 3.31% makes the stock an attractive buy for investors. The second-largest telecom company in Canada is the largest in terms of its market share for the growing wireless market in the country.

RCI.B has a hold of a third of the wireless segment's subscribers and revenue. On October 22, 2019, Rogers Communication took a massive hit in share prices.

The company's stocks were trading for $66.39 just a few days ago, and at the time of writing, the stock is down by a sharp 9.1%. Trading for $60.36 per share at writing, the telecom giant created a bit of a ripple effect.

Unlimited data plan woes

If there's one thing Canadians hate, it's paying surplus amounts to data providers for exceeding their limits. In 2017, Canadians paid a total of $1.2 billion for exceeding their data caps.

Amid the growing demand for unlimited data offerings and government pressure to make the necessary arrangements, telecom companies are effectively letting go of a lucrative source of revenue.

Rogers Communications was the first telecom company to post the fiscal Q3 2019 earnings reports, and they were quite disappointing.

The results were surprising, and the company announced that its shift to unlimited data pricing is affecting the overall revenue. Investors in the loop did have an idea about the adverse effects of unlimited data plans affecting the income of the telecom giants. The only problem is that shareholders did not anticipate the true scale of the financial impact this move would make.

After a change in pricing, over a million Canadians signed up for the updated plans. Rogers was expecting a third of this number. The result of so many new subscribers under the new pricing model was a $50 million reduction in overage fees.

Analyst forecasts for Rogers Communications' fiscal Q3 2019 went out of the window, and Rogers reduced its revenue and earnings guidance.

Foolish takeaway

What does all of this mean for you as an investor? I talk about Canadian telecom stock as if there's nothing better in the world. I feel inclined to stand by them. Rogers Communications and other top telecom stocks in Canada are reliable, and shares offer investors steady dividend income.

The current situation is a shift in the way Rogers Communications operates, and I don't peg it for a short-term bet. In the bigger scheme of things, however, I think Rogers could provide healthy returns.

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