



Value Stock Pickers: 1 Industrial Stock That Could Significantly Outperform

Description

Over the last 100+ years, **Richards Packaging** ([TSX:RPI.UN](#)) has developed into a [full-service packaging distributor](#) targeting small- and medium-sized North American consumer product businesses. Richards Packaging serves a wide customer base that is composed of over 17,000 regional food and beverage, cosmetic, healthcare and other enterprises.

Each year, Richards Packaging sells more than 8,000 different types of [packaging containers](#) and related components sourced from more than 900 suppliers and the company's own manufacturing facilities. Richards Packaging provides customers with healthcare supplies and a wide range of packaging solutions to help customers differentiate products, and services.

Ability to meet unique demand requirements

Richards Packaging is one of the only North American distributors of packaging containers with dedicated in-house plastics manufacturing capability. At the company's three manufacturing facilities, Richards Packaging operates 39 blow moulding machines that allow it to manufacture a range of plastic containers. Approximately 5% of sales are supplied by these plants.

This integration facilitates better control in working with the company's customers to meet unique demand requirements including the creation of molds and the optimization of delivery times. Further, Richards Packaging offers a variety of complementary services which include comprehensive packaging design and development services, sourcing capabilities, and logistics management.

Excellent customer service

Richards Packaging assists customers with every aspect of the packaging sourcing process. The sales representatives and support staff have extensive product knowledge and experience within the rigid packaging industry.

In addition, the sales representatives, in conjunction with the manufacturing personnel, have a full

range of packaging design and development capabilities and expertise to offer to the company's customers. The packaging design and development process focuses on customer needs, such as product-packaging compatibility, dispensing requirements, ergonomics, child resistance, product promotion and brand image. Richards Packaging operates warehouse locations that are located near the company's customers to provide safety stocking programs and deliveries on an as-needed basis.

Extensive supplier network

Through the company's extensive international supplier network, Richards Packaging is able to source a variety of packaging and related products, including plastic and glass packaging, a variety of closures and healthcare supplies and products. Such diversity of products enables Richards Packaging to service virtually all of the company's customers' varying needs.

The principal raw materials used in Richards Packaging's manufacturing facilities are various types and grades of resin. Richards Packaging purchases the material from a variety of suppliers and is therefore not dependent on any one supplier for the company's raw material requirements. The price of resin fluctuates in response to changes in worldwide supply and demand. The volatility in the price of resins does not have a material impact on margins as a result of management's practice of immediately passing through increases and decreases to customers.

Value-added services

Richards Packaging enhances existing customer relationships by delivering value-added services and maintaining clear standards of performance throughout the organization. In addition, many of the products manufactured for Richards Packaging's customers are produced using proprietary moulds developed and owned by Richards Packaging, which limits the ability of competitors to obtain the same or similar product elsewhere with which to compete. This sustainable competitive advantage should serve long-term shareholders well.

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Author

nikhilwaterloo

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