Worried About a Recession? 1 Top TSX Stock to Buy

Description

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) provides waste collection, transfer, disposal, and recycling services in the United States and Canada. The company's operating strategy seeks to improve financial returns and deliver superior shareholder value creation within the [solid waste industry](#). Waste Connections operates in a recession-proof industry and generally seeks to avoid highly competitive, large urban markets and instead targets markets where it can attain high market share either through exclusive contracts, vertical integration, or asset positioning.

Further, the company also targets niche markets, like exploration & production (E&P) waste treatment and disposal services, with similar characteristics. Waste Connections is a [leading provider of waste services](#) in most of the company's markets, and there are several key components of the company's operating strategy, which are tailored to the competitive and regulatory factors that affect the company's markets.

Target secondary and rural markets

By targeting secondary and rural markets, Waste Connections are able to achieve a higher local market share than would be attainable in more competitive urban markets. This reduces the company's exposure to customer churn and improves financial returns. In certain niche markets, like E&P waste treatment and disposal, an early-mover advantage in certain rural basins can improve the company's market positioning and financial returns, given the limited availability of existing third-party-owned waste disposal alternatives.

Control the waste stream

In markets where waste-collection services are provided under exclusive arrangements, or where waste disposal is municipally owned or funded or available at multiple sources, Waste Connections believes that controlling the waste stream by providing collection services under exclusive arrangements is often more important to the company's growth and profitability than owning or

operating landfills.

Optimize asset positioning

The location of disposal sites within competitive markets is a critical factor to success in the waste services industry. Given the importance of and costs associated with the transportation of waste to treatment and disposal sites, Waste Connections has disposal capacity in close proximity to the waste stream. This may provide a competitive advantage and serve as a barrier to entry.

Provide vertically integrated services

In certain markets, Waste Connections believe that owning landfills is a strategic advantage to a collection operation because of competitive and regulatory factors. In such markets, the company generally focuses on providing integrated services, from collection through disposal of solid waste in landfills that it owns or operate.

Manage on a decentralized basis

In addition, Waste Connections manage the company's operations on a decentralized basis. This places decision-making authority closer to the customer, enabling the company to identify and address customers' needs quickly in a cost-effective manner.

The company believes that decentralization provides a low-overhead, highly efficient operational structure that allows it to expand into geographically contiguous markets and operate in relatively small communities that larger competitors may not find attractive.

This structure gives the company a strategic competitive advantage that is likely to serve it well, given the relatively rural nature of many of the markets in which it operates, and makes the company an attractive buyer to many potential acquisition candidates.

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