Starbucks vs Tim Hortons in Canada:

A study of why Starbucks is less successful than Tim Hortons in Canada

Coffee is one of the most consumed beverages in the world. Starbucks stands apart from most other coffee brands. Starbucks, which started as a single store in the United States, currently has 15,000 stores across 50 countries of the world. The first Starbucks in Canada was opened on March 1, 1987. There are 1460 company-operated, licensed locations across Canada. Apart from coffee, it also sells a variety of other food and drinks.

Statistics shows that the gross sales of Starbucks in Canada in 2017 was 1733.4 million Canadian dollars whereas Tim Hortons’, a competitor brand in Canada, gross sales amounted to a whopping 8722.6 million Canadian dollars. This disparity in the revenue streams clearly indicates the need to study the reason why people prefer Tim Hortons over Starbucks. Another major disparity is in the number of stores of both the brands in Canada. While Tim Hortons has 4748 stores across the country, Starbucks has a mere 1460 stores across the country.

All this data suggests the need to study the competition and also, why people of Canada prefer Tim Hortons over Starbucks. The various variables that can be used to study this disparity are the price differences of the various types of coffees in both the stores, the amount of consumption (amount of coffee sold per day at all the stores of both the brands), the time duration during which the maximum amount of coffee is sold at both the stores, and the various flavours of coffee that are sold the most. All this is administrative data.

In order to find out about people’s preferences, the various variables that should be considered are the consumer’s age, their preferred coffee flavour, if they have had the opportunity to try out the coffee by the rival company, why/why not, what are the reasons they prefer that particular brand. Some personal data that should be collected is the gender, and the ethnicity of the consumers, how frequently they buy products from either of the brands, the average amount they spend per month at either of the stores, the proximity of the stores to their home, their annual income (in order to determine their social circles), and other drinks that they like. All this data should be collected using surveys, and discounts or gifts should be given in order to encourage consumers to take this survey.

This analysis can help Starbucks find out the various types of consumers that visit both the stores, as well as the reasons why they prefer one over the other (proximity to their home, different flavours of coffee they like, or others). This can help them decide which new products to introduce, which products to modify, and which to drop in order to attract the consumers. They can also reduce the price of their products if required. If there is any flaw in customer service, that can also be found out using this analysis.

The work would be out-sourced to a company that can dedicate its entire time and resources to this research. It should be supervised by someone who has a thorough knowledge of both the brands, their products, as well as marketing strategies. Ideally, a manager with at least 8-10 years of experience and a thorough knowledge of the Canadian people’s behaviours and habits should supervise the project. The goal, as mentioned earlier, would be to find why Tim Hortons is more successful than Starbucks in Canada.

Thus, this research would play a vital role in improving the overall brand name of Starbucks in Canada and close the gap between revenues of Starbucks and Tim Hortons, the two coffee giants in Canada.

CITATION:

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