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Environment - PEST

Political

Opportunities

Stability: Canada has a politically stable and democratic government; this indicates economic freedom and a friendly business environment, and encourages consumption, new capital investment from management, economic growth of businesses.

Economical

Threats

Tim Hortons targets both middle and low-income earners; however, as GDP increases and people starts to have more disposable income, more people might begin to prioritize higher quality products.

Social

Opportunities

- Canada' immigration growth rate is increasing over the years, and Tim Hortons adopts a positive attitude in terms of welcoming the immigrants from all cultural backgrounds.

- The brand fits Canadian culture; deep connection to hockey.

Threats

More people are realizing the importance of a healthy lifestyle in the western world, and Tim Hortons doesn't offer many healthy options right now, so it is better to add a wider variety of healthy options to satisfy the customers.

Technological

Opportunities

- The number of internet users is increasing, Tim Hortons should increase online interactions with customers which brings more online presence

- Automated drive-through brings efficiency and saves money

Threats

- Competitors' innovation and technological advancements will decrease Tim Hortons' general market share and revenue
- More restaurants started implementing automation, artificial Intelligence and optimization to provide quality and convenience.

Environment - Porter's Five Forces

Threat of New Entrants

- The economies of scale is fairly difficult to achieve in the industry in which Tim Hortons operates. This makes it easier for those producing large capacitates to have a cost advantage. It also makes production costlier for new entrants
- The capital requirements within the industry are high, therefore, making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Capital expenditure is also high because of high Research and Development costs.

Bargaining Power of Suppliers

- The product that these suppliers provide are fairly standardized, less differentiated and have low switching costs.
- Not a lot of substitutes for suppliers for Tim Hortons, hence they have a stronger force when it comes to bargaining.

Threat of Substitutes

- The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which Tim Hortons operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products.

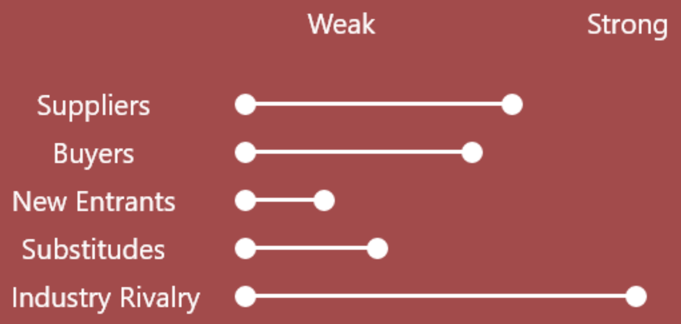
Industry Rivalry

- The fixed costs are high within the industry in which Tim Hortons operates. This makes the companies within the industry to push to full capacity. This also means these companies to reduce their prices when demand slackens.
- The production of products within the industry requires an increase in capacity by large increments. This makes the industry prone to disruptions in the supply-demand balance, often leading to overproduction. (Overproduction - Companies have to lower the prices for products to be sold.)
- The strategies of the firms within the industry are diverse, which means they are unique to each other in terms of strategy. This results in them running head-on into each other regarding strategy.

Bargaining Power of Buyers

- The income of the buyers within the industry is low. This means that there is pressure to purchase at low prices, making the buyers more price sensitive.
- There is no significant threat to the buyers to integrate backwards.

Force Power



Key Success Factors

Employees

- Total training time includes 6 hours of videos and a few days of on the floor training allowing employees to be prepared for the fast pace environment Tim's is known for
- Offer benefits such as free and discounted meals to employees
- Work-life balance is rated at a solid 3.5 of 5
- Offers paid training including on floor and when watching tutorial videos
- They explain the perks of management positions and are known to give these opportunities to hard working employees

Uniqueness

- Has created a reputation, considering it was established in 1964, of a place where individuals could go and banter with peers in a welcoming environment
- Four daughters of Tim is represented by the four donuts in the original logo
- Connected specifically with the Canadian culture through the love of hockey and overall friendliness allowing for a huge market share and heavy brand loyalty

Financial Performance 2021

1.09 + 2.25 billion USB

Customers

- By targeting middle to low-class individuals with competitive prices, Tim Hortons possesses an overall large customer body
- Target individuals who do not have time to make there own meals/coffee
- Hook customers with a strategy that focuses on the Canadians' love of hockey, by offering hockey cards, mini sticks and more.
- Huge market share with around 80% of Canadians visiting a store at least once a month

Innovation

- Known for following seasonal trends such as candy cane drinks flavours during christmas/winter as well as pumpkin flavoured drinks during october
- They have moved to more environmental strategies such as paper straws and other reusable materials

Products & Services

- Most well known for offering coffee, donuts, and other fast food items
- Main focus is the "fresh" with newly-brewed coffee and 100% freshly cracked Canadian eggs
- Also focus on speed with a target of having a customer gone from the drive-through window in 25 seconds or less

Diamond-E

Vision: "to be the quality leader in everything [it does]"
Mission: "to deliver superior quality products and services for our guests and communities through leadership, innovation, and partnerships."

Management Preferences

PEST

After careful analyzation using PEST, we can conclude that major threats are posted in the technology part of the model, which is caused by competitors having better technology and systems. Interesting major opportunity also lies within technology, by initiate development of automation, AI, and information system, it is possible for Tim Hortons to not only catch up with its competitors but also surpasses them.

Porter's 5 Forces

After careful analyzation of Porter's five Forces, we can conclude that the greatest threads come from industrial rivalry and bargaining power of suppliers, while influence from bargaining power of buyers, substitutes, and new entry into the industry is relatively low.

Organization

- It is a multinational fast food restaurant chain.
- Believing in "speed" and providing customers with "fresh" food and drinks.
- Encourages open and free communication.

Strategy

- Operational Efficiency: reducing cost in terms of management.
- Brand Management: Ties Canadian's love for hockey and patriotism with the brand
- Operational Efficiency: reducing cost in terms of management.
- Brand Management: Ties Canadian's love for hockey and patriotism with the brand
- Quality Improvement: to compete against Starbucks and McDonalds
- Simplicity: Serves only the basic and most classic
- Digital Engagement: through "Roll Up the Rim to Win", increase app downloads.
- Celebrity Partnership: Justin Bieber's Timbiebs attracts young customers
- Place: carefully selected location (in schools, supermarkets)

Environment

Competitive Scope

Competitive Advantage		Broad	Narrow
	Low Cost	Cost Leadership	Cost focus
	Uniqueness	Differentiation	Differentiation focus

Resources

Capital Resources: equity + debt
Human Resources: employs & training
Supplier Resources
Customer Resources: customer loyalty

S.W.O.T

Strengths

- Existing shops and facilities across Canada
- Pricing strategies allows Tim Hortons to sell its product at a relatively low price comparing with its competitors.
- Digitalization and its app is allowing customers to purchase online, which not only increase sales but also cut cost
- Huge number of already trained workers and great managing strategy builds loyalty in workers

Weaknesses

- Product quality and sanitization of its shops invokes publics concerns about their health.
- Poorly build loyalty program for customers undermines the attachment of individuals toward the brand
- Poorly localized global divisions block Tim Hortons way for expanding

Sugestions

Since Tim Hortons already dominates the market using pricing strategy, now the company should focus on adding healthy recipe into the market.

Tim Hortons should understand the culture and habits of a foreign region before expanding to the place.

Opportunities

- New immigrant to Canada gives Tim Hortons new potential customers.
- Increasing usage of Internet increases Tim Hortons exposure rate.
- Advancing technologies in the industry lowers the cost of production and produces better products.

Suggestions

- Run more online campaign and extend over the existing digital game to attract more individuals via the internet.
- Adding budget to R&D on automatization and Information System

Threats

- Increasing industry rivalry is leading to Tim Hortons drop in market share.
- Increase in the bargaining power of suppliers may lead to the increase in raw material.
- Government regulation on food

Suggestions

- Better understand customers needs through surveys and Information System
- Increase the number of suppliers within its supply chain
- Pay constant attention to the change in regulations issued by the government

Recommendation of Next Move

Retain & Increase Customers

Increase internet exposure

- Increase the number of online campaigns and events
- Increase celebrity partnerships
- Improving UI/UX experience for the existing app and website
- Adding attention-attracting features to app and website

Develop better loyalty programs

- Increasing the strength of giving out credits
- Re-rating and ordering what can be achieved with credits
- Boost customers joining rate through events and campaigns
- Collaborating with other companies for prizes

Better understanding customers' needs

- Build an Information System for analyzing the trend of customer consumption.
- Implementing survey on the needs and desires of customers.
- Build a better system for constantly receiving and analyzing customers needs and problems.

Force for	Force against
- Numerous shops around the nation gives Tim Hortons the opportunity to receive suggestions from individuals from different part of Canada.	- Other brands, such as McDonalds and Starbucks have a much more sophisticated system of localization, which might take Tim Hortons market share.
- The already existing apps makes it possible to immediately start online campaigns and events.	- Competitors have a well-build customer loyalty program that is fully tested by time.
- Great locations of the shops of Tim Hortons saves advertisement fee, which could be used in other part of the company.	- Tim Hortons currently lacks developer power to build a fully functioning Information System.
- Resources of Tim Hortons gives the brand leading advantage against other brands trying to deprive Tim Hortons off its market.	
- Initiate the hiring process for IT management and IT System developer.	