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# **Executive Summary**

The following report entails a detailed analysis on Tim Hortons, which examines the external environment of the quick service restaurant industry within which it is competing and the internal environment of the company focusing on its operations, resources, capabilities, staffing practices. We started with a brief background about the company’s business and its product/service offerings, followed by its vision that describes the long-term goals and a mission statement which was interpreted by the team as it wasn’t clearly mentioned by the company, on the basis of what the company is and what does it do. Further, the strategic and financial objectives were assessed based on whether they are specific, measurable, achievable and time bound.

The team then explored Tim Horton’s external environment, starting with the PESTEL Analysis, mainly focusing on the Socio Cultural, Technological and Environmental factors. Further, using the Porter’s Five Forces Analysis, a conclusion was made that the Quick Service Restaurant industry is a moderately profitable and not a highly attractive industry as the competition between the rivals is extremely high, and is not much easy to enter the industry due to legal and financial barriers.

The next area of analysis was the company’s internal environment. Here, the team listed out the resources (Tangible and Intangible) and capabilities of the Tim Hortons and evaluated them using the VRIN Analysis framework to find out if its resources provide a sustainable competitive advantage. It was observed that the tangible resource: Store Network, provides a sustainable competitive advantage for Tim Hortons as it is valuable, rare, inimitable, and non-substitutable. The internal activities were identified using Value Chain Analysis talking about the primary activities including sourcing and operations, and secondary activities including product development, technological usage, marketing, and advertisements. With reference to the company’s external and internal environment, a SWOT Analysis was carried out pointing out the company’s strengths and weaknesses, with opportunities and threats.

Considering the evidence of providing the products to a broad range of customers at a comparatively lower price, Tim Horton’s was placed in the Broad Low-cost provider strategy. Moreover, the key findings of Porter’s Five Force Analysis and an evaluation of how Tim Hortons positions itself against the forces was summarized. This includes expanding the food offerings, flexible opening hours, improving customer engagement and vertical integration.

Subsequently, the team presented the staffing policy of the company about how it hires people, provides training with various programs and what steps it takes to retain their employees and how these practices aligns with Tim Horton’s strategy.

Finally, the team highlighted some issues or areas of improvisation and provided recommendations for it, such as introducing new line of stores and products to overcome internal and external issues.

# **1.Introduction**

The company Tim Hortons is one of Canada’s largest quick-service restaurant chains (Cormack,2008) and is a subsidiary of Restaurant Brand International. The company offers a variety of products such as premium coffees, scrumptious baked eateries, and other food items like sandwiches and wraps (Tim Hortons,2022).

Presently, the number of Tim Horton stores stands at 5100 restaurants and is spread across 13 countries i.e., the United States, Mexico, Spain, the United Kingdom, the Middle East, China, Thailand, and the Philippines (Restaurant Brands International,2022-a). As of 27th July 2022, the company witnessed revenue of approximately 3.34 billion[[1]](#footnote-1)(Statista,2022). However, the company had witnessed a dip in its revenue due to “*recovering traffic post-pandemic, all-time high commodity cost increases and soaring inflation”* as cited by Patrick Doyle, Chairman of Restaurant Brands (Bundale,2023, para.7).

This report presents the key findings of the company “Tim Hortons” by analysing firstly its Vision and Mission. Followed by the company’s objectives which comprise Strategic and Financial objectives. Thirdly, examining the company’s macro environment by deploying the use of PESTEL analysis, followed by analysing the “Quick Service Restaurant Industry” which the company falls into using Five-Forces Analysis.

We’ll further highlight the internal environment of the company by examining the Resource, Capabilities, VRIN analysis, and Value chain analysis. Furthermore, coming up to SWOT analysis as to identify the internal strengths and weakness as well as external threats and opportunities. The strategic approach will be captured as to understand what competitive advantage the firm has adopted. The focus then will be on the analysis on the company’s positioning against the five forces as well as the company’s staffing procedures. Ending up with the issues and the recommendations for the same

# **2.Vision Statement: Tim Hortons**

A company’s vision can be defined as a brief statement that has been outlined by the company and describes its long-term goals. The vision statement of Tim Hortons has been presented below:

***“Tim Hortons strongly believes in delivering superior quality products and services for its customers and communities through leadership, innovation and partnerships” (Tim Hortons,2022, para.3)***

Based on the vision statement, the following analysis has been carried out for a better understanding which is as follows:

* 1. It can be observed from the above statement that it is **Flexible** in nature. As it does not specify which products and services it offers to the customers.
  2. The statement is **Forward Looking** in nature because the company believes in delivering quality products and services to its customers. In addition to this, it gives the management the right path to follow.
  3. The statement is **Focused** since Tim Hortons aims to deliver superior quality products to its customers.
  4. The statement is **Company-Centric** as well i.e., there are three things that the company intends to do which are mentioned i.e., leadership, innovation, and partnerships.
  5. The vision statement is unable to draw out the reader’s attention and at the same time.

lengthy which makes it difficult to memorize. Hence, it is **not catchy and memorable.**

# **3. Mission Statement: Tim Hortons**

Whereas a company’s mission can be described as a company’s purpose and captures “who we are, what we do, and why we are here.**” The mission statement of Tim Hortons was not directly mentioned. Thus, we believe that this can be considered as its mission**:

***“Our commitment to people and communities; Our commitment to planet; Our commitment to food and beverage quality” (Tim Hortons,2021-a)***

The following analysis with regards to the mission statement has been analyzed under three main parameters which is presented below as:

**Who we are:** The mission statement is short and simple. It highlights about Tim Hortons’ commitment to food and beverage quality, which hints towards the industry Tim Hortons belongs to, and competes within.

**What we do:** The mission statement identifies Tim Hortons’ commitment to food and beverage quality; however, it does not clearly mention the products and services offered by them. Moreover, **“Our Commitment to people”** and **“Our Commitment to the planet”** do not explain how the company plans to execute their commitments which is a very open-ended statement and is kind of vague.

**Why we are here:** The statement implies that Tim Hortons prioritizes to meet the needs of its customers while also being mindful of its impact on the environment and planet earth. They are likely driven by a desire to create high-quality food and beverage products while minimizing waste and promoting sustainable practices.

# **4.Objectives: Tim Hortons**

## 4.1 Strategic Objectives

**1.Tim Hortons’ current focus is also on upgrading its drive-thru and loyalty program using predictive technology (MarketLine,2022)**

* **Specific:** Yes, this strategic objective is specific. By using predictive technology, Tim Hortons aims to improve order accuracy, reduce wait times, and provide personalized recommendations to customers.
* **Quantifiable:** The effectiveness of the upgrades can be measured through various metrics, such as order accuracy, customer satisfaction scores, and customer retention rates. However, Tim Hortons’ strategic objective does not provide any measurement criteria for success. Thus, it’s not **Quantifiable.**
* **Deadline for achievement:** No explicit deadline has been mentioned by Tim Hortons to achieve this strategic objective.
* **Challenging:** Implementing predictive technology solutions can be complex and require significant investments in hardware, software, and data analytics capabilities. Moreover, the upgrades must be designed to enhance the customer experience and provide a competitive advantage. Therefore, the objective is challenging and requires a significant effort to achieve.
* **Achievable:** Tim Hortons has a strong brand reputation and customer base. By working with experienced technology partners and investing in the necessary technology, Tim Hortons can implement the upgrades successfully. Hence, this objective is achievable.

## 4.2 Financial Objective

1. ***“Over the five years to 2022, Tim Horton’s Canada’s specific revenue is expected to grow at an annualized rate of 4.3% to $ 3.4 Billion.” (Khaustovich,2022,p.29)***

The above-mentioned point highlights the financial objective of Tim Hortons. The analysis of the financial objective has been elaborated under a certain group of parameters as:

* **Specific:** The objective provides **specific information** with regards to the expected annualized rate of growth in Canada-specific revenue over the five-year period, which is 4.3%. Additionally, the statement even provides **specific information** about the impact of the COVID-19 pandemic on the company's revenue in 2020, indicating a decline of 16%, which is also a specific metric.
* **Quantifiable or Measurable**: The objective provides specific information about Tim Hortons' Canada-specific revenue growth rate over a five-year period, which is expected to grow at an annualized rate of 4.3%. This makes the **objective measurable**.
* **Deadline for achievement**: The objective mentions that the revenue growth rate is expected to occur **"over the five years to 2022"**, indicating that the deadline for achieving this objective is by the end of 2022. Therefore, the objective has a deadline for achievement.
* **Challenging:** It can be said that achieving a 4.3% annualized revenue growth rate over a five-year period is a significant goal that requires sustained effort and efficient operations. Therefore, the objective can be considered challenging as the decline in revenue due to the pandemic could make it even more challenging.
* **Achievable:** Overall, the financial objective of achieving an annualized revenue growth rate of 4.3% to $3.4 billion is ambitious, it is difficult to determine if it is achievable without considering a variety of factors, including the ongoing impact of the pandemic.

# **5.Analysing the External Environment**

The external environment of a company/industry can be analyzed using the following two techniques:

## 5.1 PESTEL Analysis

Out of all the PESTEL factors, ***Economic, Socio Cultural, Technological, and Environmental*** factors are the ones who have a significant impact on Tim Hortons. The observations of the effect of those factors are as follows:

### 5.1.1 Economic Factors

**“*During 2022, there have been an increase in commodity, labour, and energy costs partially due to the macroeconomic impact of both COVID-19 and the War in Ukraine”***. (Restaurant Brands International Inc., 2022-b, p.5). These factors impacted negatively as the rise in commodity prices affected the cost of ingredients for food and beverages, which led to increased prices for customers and reduced profit margins. Energy costs, such as electricity and gas, also affected the restaurant expenses, particularly for stores that rely heavily on heating, cooling, and refrigeration which eventually reduced its profitability.

***“Over the five years to 2022, IBISWorld expects per capita disposable income in Canada to grow at an annualized rate of 0.4%”***(Khaustovich,2022, p.11). Hence, it has a positive impact as the possibility for people to spend more money on leisure and exciting beverage/food experiences increases.

### 5.1.2 Socio-Cultural Factors

Around 1/4th of the Canadian adults (about 26.6%) are obese (Government of Canada, 2020). Despite having the awareness, consumers are slowly and steadily being more acquainted to issues in respect to weight and obesity, fatty food intake and food safety (Khaustovich,2022) Obesity rate can particularly affect fast food restaurants that have a large proportion of fatty or unhealthy products. In 2022, the adult obesity rate in Canada is expected to increase**. “Consumer preferences have evolved over the past decade toward healthier, gourmet options”** (Khaustovich,2022, p.11).

### 5.1.3 Technological Factors

With the help of GPS-enabled smartphones and other devices, customers can easily locate stores in their area and navigate to them. For businesses, the technology helped to track customers travelling to the restaurant who have downloaded the restaurant’s application. Moreover, it also helped food delivery services to improvise cooking and customer service, so food is cooked based on the customer’s location to ensure the correct temperature and quality. The delivery drivers can be equipped with apps installed on their devices to allow the customer to follow their route and know the status of their order. (Gagnon, 2022)

Some businesses, particularly quick-service restaurants (QSRs), have been adding touchscreen ordering kiosks to their locations which can help ensure order accuracy, as the customer is asked to order personally and review the order before finalizing it. Additionally, it can also suggest new menu items to customers based on previous orders. With the use of cameras and Artificial Intelligence technology like facial recognition systems, it is possible for the kiosks to recognize customers (Gagnon, 2022).

### 5.1.4 Environmental Factors

The growth in revenue before 2020 was affected by a 14.3% decline in revenue in 2020 due to the COVID-19 (coronavirus) pandemic. ***“While some restaurants were able to partially reduce pandemic-related losses by focusing more on delivery services, the pandemic has had a devastating effect on the industry overall due to social distancing measures and reduced economic activity”*** (Khaustovich,2022,p.11)

This had a negative impact on the industry business due to periodic temporary closures while implementing compulsory lockdown orders. Temporary closure of most restaurants was observed and the ones remaining open had limited operations. It also led to rise in labor challenges.

## 5.2. Porter’s Five Forces Analysis: Tim Hortons

The Porter’s Five Force Analysis helps to determine the attractiveness of an industry in terms of its profitability based on the impact of these five forces on the industry. The industry in which Tim Hortons competes is the **“Quick Service Restaurant Segment”.** The five forces analysis of this industry is as follows:

### 5.2.1 Competition from Rival Sellers

In Canada, the food service industry is majorly dominated by Quick service restaurants and fast food, as these companies account for 53.5% of the industry value in 2021.The competitors in this industry are Tim Hortons, Starbucks, Dunkin,’ McDonald’s, Subway, A&W and local cafes/shops. Thus, with these many major players in the market, we can say that it is highly concentrated, and the competition is hence aggressive (MarketLine,2022).

Here, cost is a negligible factor for competition as the price of the products from each brand is not highly differentiated. The competition mainly revolves around the taste and variety of products as well as the services offered. Additionally, the cost for switching brands for costumers is low, which acts as an unpredictable threat for the companies (MarketLine, 2022).

**Conclusion:** Thus, it can be said that the overall competition from rival sellers is **“Strong”.**

### 5.2.2 Competition from New Entrants

The fast service food industry is a lucrative, growing and a highly profitable industry. There can be several new entrants in the industry such as individual entities starting a local cafe or a fast-food shop, giant suppliers of the industry with forward integration, traditional full- service restaurant chains, accommodation segment players, mobile operators, and bakeries. This analysis has been further subdivided into “**Financial Barriers, Legal Barriers, and Operational Barriers.”**

Under **Financial barriers**, new entrants will compete against established, huge, global companies like McDonald's and Restaurant Brands International in a sector that often has low margins. Scale economies help these market leaders negotiate with suppliers, offer fiercely competitive prices to price-conscious clients, and ultimately increase their profitability (MarketLine,2022).

Whereas, in the case of**, Legal Barriers**, the industry has a notable barrier in terms of legal and regulatory terms, as it is not easy to enter in the game. The food and beverage industry is highly regulated, and is subject to strict regulations. The Canadian food safety standards are enforced by the Canadian Food Inspection Agency (CIFA) that are stringent because of the risk to human health associated with poor hygiene (MarketLine,2022).

Moreover, Delivery kitchens, often known as "dark kitchens," are actual locations where kitchen personnel can set up to offer takeaways that are only available for delivery*.* In the scenario of **Operational Barriers**, the concept of dark kitchens or delivery kitchens can help new entrants to set up new territory without any overhead of a new shopfront.This allows them to deliver services to customers with lower operating costs (MarketLine,2022).

**Conclusion:** Therefore, it can be summarized that the competition, of new entrants can be examined as **“Moderate”.**

### 5.2.3 Competition from Substitute Products

A substitute can be explained as a different product that satisfies the same need or value, without being identical or sharing similar features. In this respect, the type of substitute can depend on how the customers define their value/need. This can further be explained as the different type of substitute products which contains “Caffeine” which can be substituted by energy drinks. However, energy drinks might not bring that level of satisfaction to a customer as a substitute to coffee.

Consumers are becoming more aware of issues and are equally conscious related to obesity, fatty food intake and hygienic food (Khaustovich, 2022). As the prime aim of Quick Service Restaurants is to provide fast food such as bagels, sandwiches, wraps etc., there can be substitute products launched by other companies in order to satisfy the current generation needs subject to individual tastes and preferences.

**Conclusion:** Here, we can conclude by saying that the threat of substitutes can be **“Moderate”**.

### 5.2.4 Suppliers’ Bargaining Power

In this industry, suppliers can be well defined as ***“Wholesalers”*** who majorly work in large scales and sell to several business. In this regard, it can be noted that the high level of bargaining power lies with the suppliers in comparison to small scale individual players who tend to have a low negotiation power (MarketLine,2022).

The leading companies who dominate in this industry such as Starbucks, McDonald’s, and Tim Hortons find it easy to negotiate with the suppliers because they often hold larger proportion of the supplier’s revenues, which is not the case with smaller and independent restaurants/cafes/coffee shops (MarketLine,2022**). *“Our coffee buyers travel to producing regions in search of distinctive coffees grown in different microclimates with rich soil and higher altitudes.”***(Tim Hortons,2021-c,para.4)

This depicts that the company focuses on the quality of coffee beans which thereby increases the supplier's bargaining power.

**Conclusion:** Therefore, it can be said that the Supplier’s Bargaining Power can be examined as **“Moderate”.**

### 5.2.5 Buyer’s Bargaining Power

In this industry, it is observed that the buyers can be defined as ***“Individual Consumers.”*** As individual consumers are considered as buyers here, it thereby weakens the power of the buyer as loss of any one buyer may not have a significant impact on the company’s profit (MarketLine,2022). Moreover, the consumers purchase few quantities of products and not in larger amount.

Over the years, the power of buyers has improved because of access to plethora of reviews that are easily accessible on the sites and social media where consumers/buyers have commented or shared their respective review about the product or service availed (MarketLine,2022). There is less interdependency between the consumers and tendency to shift between the brands, hence the buyer’s power is not that strong. Moreover, the switching cost for buyers is low as the product differentiation in the industry is not that wide. Hence, here the buyers get an upper hand on bargaining power.

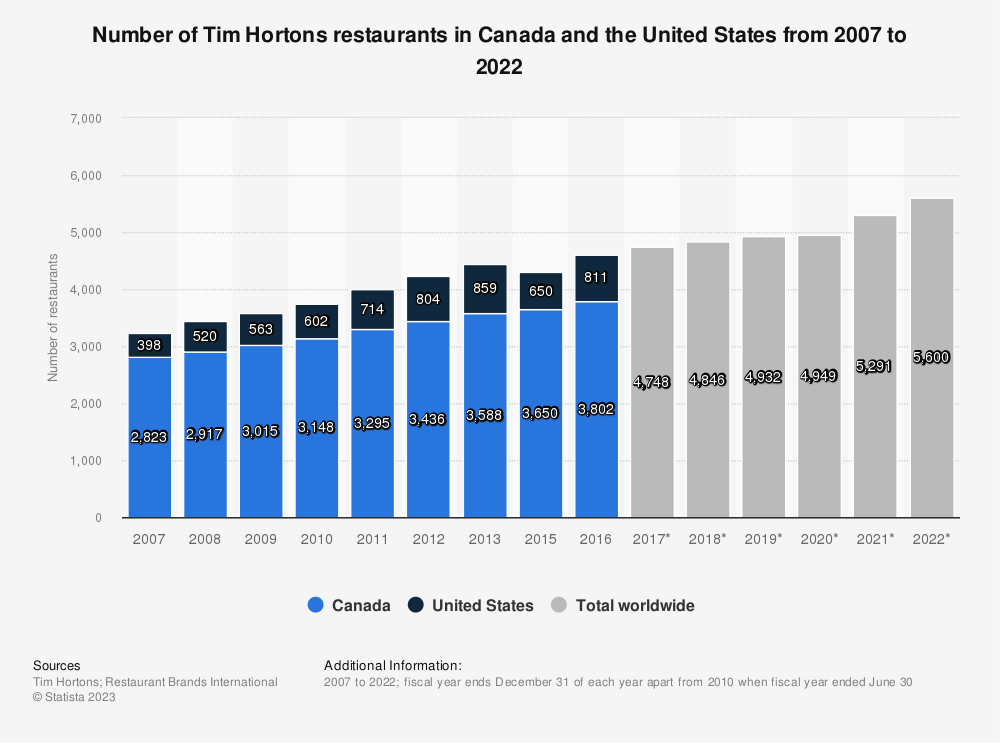
**Conclusion:** Overall, it can be concluded that the buyer’s bargaining power is **“Moderate”.**

### 5.2.6 Overall Conclusion:

In conclusion, the team identified that the Quick Service Restaurant industry is **moderately profitable and not a highly attractive** industry to enter. The rivalry between the competitors is observed to be the strongest force. Whereas the possibility of new entrants entering the market has a few barriers making it difficult for new entrants to enter the market. Moreover, the bargaining power of buyers.

# **6.Analysis of Internal Environment: Resource and Capability Analysis, VRIN Analysis, and Value-Chain Analysis**

## 6.1 Tangible Resource

* Store Network: As of 2022, Tim Hortons has 5600 stores worldwide, and by 2016 it had 3802 stores in Canada itself (Statista,2023). From the information as cited, we can say that Tim Hortons has been successful to reach as many people as possible by having such a large store network possible in Canada.

Source: The graph shows Number of Tim Hortons restaurants (Statista,2023,p.1)

* **Distribution System**: *“At Tim Hortons, we have 5 Distribution Centres and 3 Manufacturing Plants across Canada. They provide the fresh coffee (and other delicious foods) that Canada and the world loves.”* (Tim Hortons,2021-b,para.2). This shows that Tim Hortons has its independent distribution centers which makes them free from any dependency in the distribution of its products to the franchisees.

## 6.2 Human Resource and Intellectual Capital

* **Human Assets and Intellectual Capital:** **“***Our more than 1,500 restaurant owners are Canadians who live in communities across the country employing over 100,000 people.*” (Tim Hortons,2021-e,para.2). The team involves various corporate employees for support centers, distribution, and manufacturing facilities. The franchisee owners also employ team force for restaurant operations (Restaurant Brand International,2020-a).
* **Good work culture: “*When you work at a Tim Hortons Restaurant, you’ll feel right at home. It’s a fun environment where guests are your neighbors, where co-workers are your friends, and where simple acts can make someone’s day for a lasting impression.*”** (Tim Hortons,2020,para.2).This means that Tim Hortons makes people feel as comfortable as they are at their homes. They are successful in creating a workplace that is appreciated by their employees.
* **Partnerships:** They partner with farmers to provide them skills and information with long term approach about coffee growing and value chain They also had partnership programs with Enveritas for measuring the farm level sustainability with various standards (Tim Hortons,2021-a).
* **Brand Name: “**It has taken nearly 50 years for Tim Hortons to achieve iconic status in Canada”. (Broadway,2014,p.205)

Thus, these all can be counted as an intangible resource, as Tim Hortons has continuously worked hard to create a name in Canada and now is one of the brands that the country is proud of. Also, this brand name helps the company to achieve its objectives.

## 6.3 Capability:

* **Ability to serve quality food to a large audience:** **“*At Tim’s, ‘Always Fresh’ isn’t just a saying, it’s a way of life. From our commitment to using simple ingredients to brewing 100% Premium Arabica Coffee every 20 minutes, we’re serving our guests high quality, great tasting food and beverages, each day.*”** (Tim Hortons,2021-a)

Tim Hortons has a vast Distribution system which helps them to provide fresh and quality products without any compromises in the materials used for preparation. The coffee is brewed at intervals and hence makes sure that the customer gets the same, perfect Tim’s coffee taste without any changes.

Tim Hortons is Canada’s largest restaurant chain, which serves more than 5 million cups of coffee every day. Moreover, 80% Canadians visit a Tim Hortons store at least one time every month (Tim Hortons,2021-e).

The above figures demonstrate that Tim Hortons is capable of utilizing its ‘Store Network’ resource to serve a huge number of customers.

* **Company Expansion:** “The company is investing $64 million to highlight improvements to its menu and digital strategy and is increasing franchisees’ ad fund contributions.” (Maze, 2021). Tim Hortons is successful in building a strong Store network which has contributed in strengthening its competitive position. The corporation may be able to draw in new customers and keep hold of existing ones by concentrating on growing the network of franchisees, digital innovation, and menu enhancements, which might ultimately result in more revenue and profitability for the company and its franchisees.

## 6.4 VRIN Analysis:

As mentioned above, Tim Hortons’ competitor is Starbucks. Starbucks had 1,417 stores in Canada in 2022 ([Statista,2022](https://www.statista.com/statistics/218392/number-of-starbucks-stores-in-canada/)).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Resource** | **Valuable** | **Rare** | **Inimitable** | **Non-substitutable** | **Competitive Advantage** |
| **Store Network**  **(Tangible)** | Yes  (Store network is a valuable resource, as the greater number of stores, better is the reach of the company. The company can serve more customer.) | Yes  (As seen from the data above, even Tim Hortons’ biggest competitor, Starbucks, has a store network considerably smaller than that of Tim Hortons.) | Yes  (Other companies require a lot of capital to imitate such a large network. This makes it hard for others to copy this resource.) | Yes  (Store network is an important resource for a QSR. Even though there are digital options available, it can never be totally substituted .) | Sustainable  (Long-term competitive advantage.) |
| **Distribution System**  **(Tangible)** | Yes  (Distribution System is a valuable resource, as the which has a good distribution system will meet the demand of the market and upscale and downscale the production of goods and service.) | No  (This resource is not exclusively available only to Tim Hortons. Many companies have this facility for their own.) | No  (Anyone can copy this resource, although it will cost a lot of money to the firm, but many firms can easily do this.) | Yes  (There is no alternative to this resource, one need distribution system to run their business in this industry.) | Not sustainable |
| **Brand Name**  **(Intangible)** | Yes  (People attract to strong brand name, and recognize company’s products by their brand name, hence it is valuable.) | No  (Just like Tim Hortons many quick service restaurants has build the image for themselves, hence it is not rare.) | Yes  (The way Tim Hortons took place in people’s heart it is very hard to replicate that, thus it is inimitable.) | Yes  (There is no readily available resource that can substitute brand name.) | Not sustainable |

## Value Chain Analysis

**The primary activities of Tim Hortons are:**

* **Sourcing:** Sourcing for the company Tim Hortons refers to the company-appointed coffee buyers who in turn search and select “*distinctive coffees grown in different microclimates with rich soil and higher altitudes*” (Tim Hortons,2021-c).
* **Roasting:** The value is added to the coffee beans that have been selected by the coffee buyers. Thus, it is being **“Roasted”** through Tim Hortons’ proprietary roasting wherein each batch is being roasted one at a time with the appropriate temperature setting. Therefore, increases their **“Selling Value”** as they express the unique flavours and aromatics present in all our blends (Tim Hortons,2021-c).
* **Operations:** Even while Tim Hortons is known for its baked products, it has also developed a wide range of culinary options, including breakfast, hot and cold sandwiches, soups, salads, and freshly baked goodies. (MarketLine,2022). This can be included in their operations as they intend to make these items and serve them to their customers.
* **Stores:** As of 2023, Tim Hortons has 5600 stores worldwide (Statista,2023). These stores come under outbound logistics as they are used to make their products render to their customers.
* **Product development:** Tim Hortons believes that new product development is vital for sustainable success, which gives them the opportunity to reach out to new customers and also expand its network. Hence, they continuously keep on innovating new products based on the feedback of their customers. (Restaurant Brand International,2020-a).
* **Marketing and advertisement:** Franchisee contributions to advertising funds handled by us or by the franchisees typically range from 2.0% to 5.0% of total sales, funding a large portion of each of our brands' marketing initiatives. Marketing, advertising, and promotion-related costs, such as market research, production, advertising expenses, sales promotions, social media campaigns, technology initiatives, and other support tasks for the various brands-are covered by advertising contributions (Restaurant Brand International,2020-a).

**The secondary activity of Tim Horton is:**

* **Technology:** Tim’s constantly keeps on improving their restaurant experience by incorporating and upgrading technology and digital engagement. This helps them to strengthen their relationships with customers by introducing loyalty programs, delivery initiatives and payment systems (Restaurant Brand International,2020-a).

# 7.SWOT Analysis-Tim Hortons

## 7.1 Strengths

* **Store Network:** As of 2022, Tim Hortons has 5600 stores worldwide, and till 2016 it had 3802 stores in Canada itself. (Statista,2023)

**Analysis:** The main parameter that gives Tim Hortons an extra hand over all the other brands is their store network and location. Hence, it doesn't leave a chance to remind their customers that they need a coffee. You can find a store in every mall and public center.

* **Brand Name:** "*But what really sets Tim Hortons apart from competitors is* ***Canadians' national pride*** *for the brand. Even as the brand expands beyond Canada's borders, it remains strongly associated with the country*”. (Siekierska,2022, para.4 and 5)

**Analysis:** The brand managed to connect with Canadian's sentiments being a successful Canadian brand. Tim Hortons is considered as a "Canada's Product" in the world, which is not the case with the other brands. No other brand is recognized as any "Country's product."

## 7.2 Weakness

* **In-house Customer Experience:**The company Tim Hortons is one of Canada’s largest quick-service restaurant chains (Cormack,2008). “*A quick service restaurant (QSR), or limited service restaurant (LSR) is an establishment that serves meals at a lower price point and typically provides fast service, a limited menu, and limited table service* “(Statista,2022, para.1)

**Analysis:**  As Tim Hortons’ is a QSR chain, having limited tables and minimum seating capacity acts as a downside. This is because having coffee or food at a restaurant is a kind of leisure activity for some people. Not having sufficient seating and customer service, customers might prefer going to full-service restaurants to have a good experience or local cafes where they could get some coffee and a quick bite.

## 7.3 Opportunities

* **Technology:** In the quick service restaurant industry, GPS technology had a profound impact on Tim Hortons. With the help of GPS-enabled smartphones and other devices, customers can easily locate stores in their area and navigate to them. For the businesses, the technology helped to track customers travelling to the restaurant who have downloaded the restaurant’s application. Moreover, it also helped food delivery services to improvise cooking and customer service, so food is cooked based on the customer’s location to ensure the correct temperature and quality. The delivery drivers can be equipped with apps installed on their devices to allow the customer to follow their route and know the status of their order. (Gagnon,2022)

**Analysis:** After the introduction of new technological services, the company didn't leave the chance to take advantage of them. They quickly adapted to the new tools and incorporated them into their business strategy, which helped them streamline their processes and improve their overall efficiency. As a result, they were able to increase their productivity and profitability and stay ahead of their competitors in the market. It uses GPS for store accessibility for customers and to improve service quality.

## 7.4 Threats

* **Competition from Rivals:**

In Canada, the food service industry is majorly dominated by Quick service restaurants and fast food, as these companies account for 53.5% of the industry value in 2021). The competitors in this industry are Tim Hortons, Starbucks, Dunkin,’ McDonald’s, Subway, A&W, and local cafes/shops. (MarketLine,2022)

**Analysis:** Due to a highly concentrated market, the competition is aggressive. This is a threat for the company as due to low switching costs and less product differentiation, customers or the target customers might go for other brands.

* **Socio-Cultural: (Obesity):**

Due to the increasingly poor diets of consumers, Canada has one of the highest obesity rates in the world. Nevertheless, consumers are becoming more conscious of difficulties with food safety, dietary fat intake, and weight and obesity. This issue has an especially negative impact on fast food outlets that serve a high percentage of fatty or unhealthy foods. The prevalence of adult obesity in Canada is predicted to rise in 2022. Over the past ten years, consumer preferences have changed in favour of more upscale, healthier products (Khaustovich,2022)

**Analysis:** This can be a negative factor for the quick service restaurant industry as most of their products include usage of fatty food products and lead to a decrease in the number of buyers buying them.

**Overall conclusion:**

Based on the SWOT analysis of Tim Hortons, we can conclude that the company's store network and brand recognition are its strengths. However, the limited seating capacity and customer experience are its weaknesses. The opportunities for the company lie in incorporating technology and enhancing their services to meet changing customer needs. The threats for the company include aggressive competition in the food service industry and increasing concerns regarding obesity, leading to a shift in consumer preferences. Overall, Tim Hortons' ability to navigate these challenges while continuing to provide quality products and services to its customers will be key to its long-term success.

# 8. Strategic Approach-Tim Hortons

The company Tim Hortons follows **“Broad Low-Cost”** provider strategy. Following are the reasons as to why the company is a “Broad-Low”.

## 8.1 Why Broad?

People’s annual income level varies from below $20.000 to more than $250.000, who enjoys coffee and other goods at Tim Hortons every day. Hence, we can say that they provide Coffee and baked food to various types of buyers who sit on different spectrum on income level. Thus, we can say it is broad (Statista,2016).

Chart, bar chart

Description automatically generated

Source: The graph represents the Share of Canadians who have visited Tim Hortons (Statista,2016,p.1).

## 8.2 Why Low-Cost?

To analyze the low-cost strategy, we went through the menu of Tim Hortons and its biggest competitor Starbucks. Below is the price comparison between their most common products. We can clearly see that Tim Hortons provides the same products at a significantly lower price than Starbucks.

|  |  |  |
| --- | --- | --- |
| **PRODUCT** | **TIM HORTONS**  **(In CAD)** | **STARBUCKS**  **(In CAD)** |
| CAPPUCINO | 3.49 | 4.95 |
| LATTE | 3.49 | 4.65 |
| AMERICANO | 2.49 | 3.75 |
| BREWED COFFEE | 1.83 | 3.25 |

Source: (Tim Hortons, 2021-d), (Starbucks Coffee Company,2023)

# 9.Company’s Positioning Against Five Forces:

* Competition from Rival Sellers: **Strong**
* Competition from New Entrants: **Moderate**
* Competition from Substitute Products: **Moderate**
* Suppliers’ Bargaining Power: **Moderate**
* Buyers’ Bargaining Power: **Moderate**

The team identified that the Quick Service Restaurant industry is moderately profitable and not a highly attractive industry to enter. As the rivalry between the competitors is observed to be the strongest force. Whereas the possibility of new entrants to enter the market has some barriers but it is not easy to enter. However, the bargaining power of buyers and suppliers is moderate which can be controlled by various actions. The threat from substitute products is not much currently but, in the future, it can be one of the strongest forces from the Porter’s five forces as analysed.

We as a team believe that Tim Hortons has placed itself in a driving seat in this industry although the competition from rival sellers is so vigorous it is still difficult to stay at the top, but having huge network store effect and brand recognition among Canadians and globally as well the company has an upper edge, and it can tackle any challenge.

**Expanding its food offerings (To tackle rivalry and buyers’ bargaining power)**

* Being one of the largest restaurant chains in Canada as measured by total number of restaurants, Tim Hortons has put emphasis on expanding its product offerings increasing its food options to reduce reliance on the hot drinks market (MarketLine,2022)
* Even while Tim Hortons is known for its baked products, it has also developed a wide range of culinary options, including breakfast, hot and cold sandwiches, soups, salads, and freshly baked goodies (MarketLine,2022).

**Flexible Opening Hours (To tackle Rivalry)**

* Some of Tim Hortons' Canadian locations have adopted flexible opening hours in an effort to compete with fast food companies; some of these locations are open twenty-four hours a day, seven days a week (Marketline,2022).

**Improving Customer Engagement (To tackle rivalry)**

* Tim Hortons provides TimCard, a prepaid card for self-use or giving that may also be personalized, in an effort to increase consumer involvement and boost revenue (MarketLine,2022).
* Customers can place orders online through the chain's Tim Hortons app, which is simpler, quicker, and more individualised. Additionally, customers appreciate how easy it is to customise their orders, order and pay through the app, receive and spend Tim's Rewards, and access the most recent targeted deals all on their phone (MarketLine,2022).
* By utilising predictive technology to update its drive-thru and loyalty program, Tim Hortons is now working to improve its foundation as a straightforward coffee and doughnuts brand (MarketLine,2022).

**To tackle new entrants:**

* Tim Hortons tries to maintain their rich heritage and brand name by managing them and also the franchisee businesses. They also contribute to local communities by doing necessary works (Restaurant brands international Inc., 2020-a).

**Vertical Integration (To reduce Suppliers’ Bargaining Power)**

* Restaurant Brands International sells most raw materials and supplies, including coffee, sugar, paper goods and other restaurant supplies, to Tim Hortons restaurants in Canada and the U.S. (Restaurant brands international Inc., 2020-a).
* They purchase those raw materials from multiple suppliers and generally have alternative sources of supply for each. (Restaurant brands international Inc., 2020-a).
* This helps in tackling the effect of suppliers’ bargaining power.

# 10. Hiring, Training and Retaining- Tim Hortons

## 10.1 Hiring

As we don't have much information on the Hiring process on the website of Tim Hortons, so we have analysed this information from **Indeed.**

**How Tim Hortons hires people?**

* Tim Hortons offers full-time as well as Part-time opportunities. (Indeed, n.d.)
* To attract talent from campus and professional sources, they use technology to identify and assess candidates who are the best for the job (Restaurant brands international Inc., 2020-a).
* The people are from groups that are demonstrably diverse, including gender, race, and sexual orientation (Restaurant brands international Inc., 2020-a).
* Dedicated onboarding program designed to get employees up to speed quickly and foster a smooth transition into the workplace (Restaurant brands international Inc., 2020-a)

Source: The figure represents the hiring process of Tim Hortons (Restaurants Brand International,2020-c)

## 10.2 Training:

The brand helps their employees to enhance their skills by continuous training and providing development opportunities. (Restaurant brands international Inc., 2020-b).Tim Hortons follows the below mentioned programs to train employees of some of their departments:

* **The Leadership Development Program** provides participants with skills and knowledge to become future leaders in the company.
* **The MBA Leadership Program**, where successful applicants are provided with MBA programs, where they can join the company after completing it.
* [**Summer Internships**](http://rbicareers.com/opportunities) are also available in both the above-mentioned programs. After graduation, interns could get invited to the full Leadership Development Program or the MBA Leadership Program.
* **The Coaching Program: This program offers a further effective way for the organization to grow, engage, and keep their leaders while boosting productivity and accelerating business outcomes.**
* **Learning from the front line:** In-restaurant experience provides employees with a perspective of workers on the ground level. (Restaurant Brands International,2020-b).

## **10.3 Retaining:**

The retention efforts focus on the work environment, employee engagement and their diversity and inclusion initiatives. Tim Hortons focuses on retaining people with leveraging work environment, employee engagement and initiatives. It also conducts anonymous surveys to gain feedback for improvisation. (Restaurant Brands International Inc., 2020-a,p.9).

Tim Hortons provides the following benefits to its employees in order to retain them(Tim Hortons,2021-b):

* Medical and Extended Health Care Benefits
* Dental
* Life Insurance for Employees, their spouses and children
* AD&D Insurance for Employees, their spouses and children
* Short-Term and Long-Term Disability Insurance for the Employee
* Pension and RRSP plans
* Paid personal days.
* Employee Share Purchase Program
* Fitness Subsidy Benefit
* Uniform and boot allowance
* Engagement-oriented culture

**Conclusion:**

Tim Hortons hires part-timers as well as full-time employees. By hiring part-time employees, the company can reduce labor costs such as benefits, paid time off, and health insurance. This aligns with the company's strategic approach of low cost by minimizing overhead expenses. The company invests in training its employees to provide excellent customer service while still maintaining low prices. Tim Hortons' training programs are designed to be cost-effective while still delivering high-quality training to employees. Tim Hortons has implemented various retention strategies to keep its employees engaged and motivated, which is also aligned with its low-cost strategy. By reducing employee turnover, the company can save on the costs associated with recruiting, hiring, and training new employees. Overall, Tim Hortons' hiring, training, and retaining of its employees are all aligned with the company's Broad Low-Cost strategy.

# **11. Issues and Recommendations**

As highlighted previously, Tim Hortons, being a quick service restaurant, is unable to provide dine-in experience. It fails to fulfil the expectations of the customer in having a warm welcoming ambience. Hence, it can focus on starting a new line of premium outlets with better seating capacity and good ambience.

Moreover, Tim Hortons provides food and beverage products at low cost to a broad range of customers with standard coffee beans. It can start a new line up of premium coffees brewed with exclusive coffee beans to also serve a niche range of people who want a better coffee experience.

Last, as discussed in the SWOT analysis, there is an expected threat from people preferring healthy and vegan food, Tim Hortons should start a new product line of healthy food and beverage options. This would allow them to retain the customers even if their preferences change and also attract new customers who prefer healthy and vegan products since long.

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1. USD Dollars [↑](#footnote-ref-1)