



# Marketing strategies Tim Hortons can adopt entering a new market

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## ABSTRACT

This paper provides a comprehensive analysis on Tim Horton as a company entering a new market i.e India. It analyses the company's current stage in the market and its environment against its competitors. It also identifies various problems, threats, opportunities, and strengths Tim Horton can work on and enhance upon. This study focuses on what strategies can Tim Horton uses and/ or implement to enter the Indian market. The purpose of this study is to identify various marketing strategies which can be used based on the company's values and brand identity. The study involves several analytical tools such as SWOT analysis, Marketing Ps, Promotional strategies (AIDA), and more. At the end of the paper, it suggests several marketing strategies Tim Hortons can adapt and focus further on such as the use of celebrity endorsements, digital marketing, connecting with the local community, and more. It is found in the results that it is important to understand the Indian market and provide testers, sample products, and sufficient marketing research to develop the ideal menu and cater to the right service and experience in order to sustain the Indian market. It is found that Tim yet needs to enter more than half of the targetted audience.

**Key Words** – *Consumer behavior, Customer Loyalty, Brand awareness, Marketing Ps, Indian Market*

## INTRODUCTION

For any animal living on this planet, a diet is essential to their life. It sustains us and is one of the critical reasons certain species of animals thrive or be erased. Over the years, the human population has only increased. So with a newfound meaning toward the food consumed and the specific values, it holds for them. What food means for an individual varies. It can be a reward after a long hard day, a shared and loved time of the day with their loved one, or symbolism for something more significant and profound in their respective lives. Consumer behavior in the food industry will forever be evolving. The restaurant concept, *Rue des Poulies*, first emerged from a Parisian named Boulanger in 1765 (Editors of Merriam-Webster, 2022)

Since then, the concept of a restaurant has become a norm in every part of the world. Restaurants have become representative of cultures, skills, and expertise; it has become innovative and faster. As consumer needs and demands changed, so did the restaurant industry. The first ever introduction of a fast food restaurant was the *White Castle* in Wichita, Kansas, in the 1920s (Diamond, 2019). The purpose of a fast food restaurant was for everyday wage workers and commuters who still did not have the luxury of time to experience the restaurants. This concept's popularity grew to create more than 570 billion dollars (Center, n.d.).

Tim Hortons began its journey in the year 1964 in Hamilton, Canada. As a hamburger restaurant and quickly introduced baked goods and coffee into the menu. The menu includes various hot and cold drinks, baked goods, sandwiches, smoothies, and many more items appealing to consumers. Tim's has over 4700 restaurants in Canada and more worldwide (Mark et al., n.d.). *consumer allows Tims to be located in several locations and appease a larger audience. In addition, Tim Hortons values its customer and understands that people come first. Hence, it follows people - first social strategy* (Mazouri, 2021). This allows customers to connect with the brand and create a sense of trust and value.

Tim Horton believes *in being the quality leader in everything we(they) do* as their mission statement. (Tim Hortons Mission Statement 2022 | Tim Hortons Mission & Vision Analysis, 2021) As Tim Horton's expands into various countries, including India, several things will allow Tims's to be successful. First, Tim's aims to be a leader in everything they do, including their market share, quality, services, experience, and more. (Mitchell Reisler et al., 2012) Therefore, expanding their Canadian brand is synonymous with their shared values. Second, India is a fast-growing country with a high potential consumer base. As David Shear, President of RBI International, the parent company of Tim Hortons, "India is one of the world's fastest-growing markets for coffee and tea retail chains, and Tims is thrilled to be opening there soon." (Restaurant Brands International Inc., 2022)

This study analyzes possible marketing strategies Tim Hortons can exercise as they enter the Indian market. In addition, this study will allow future potential firms to understand consumer behavior and attitudes towards external companies such as Tim Hortons and how they can capture the market for an extended period.

## REVIEW OF LITERATURE

Tim Horton's entry into the Indian market should expect high barriers to entry. One of the leading retail snack stores/ cafes/ coffee/ breakfast and more. Starbucks, A well-established American MNC of premium coffeehouse and roastery. Starbucks has been present since 2012 in the Indian market with loyal customers globally. Tim Horton's differentiates itself through its relatively lower price for similar qualities. This may be advantageous for Tim Hortons as India is a price-sensitive market.

Besides Starbucks, Indian consumers have been well accustomed to McDonald's McCafe. McDonalds or McCafe is one of the fastest-growing brands in the coffee industry over the last few years in India McDonald's has been in the Indian market since 1996. Since then, McDonalds has had a significant presence in the market for its services and products. Wherein consumers are loyal to the brand due to its longevity in the market. Moreover, McCafe, unlike Starbucks, is cheaper in terms of pricing. Hence, it poses intense competition for the Canadian brand. On the other hand, Tim Hortons serves a diverse variety of food and beverages, which it is also known for. However, in this case, McDonald' does fulfill the requirement of a diverse menu plus reasonable pricing.

Existing Indian coffee houses like Cafe coffee day, Di Bella, etc., are well established in the Indian market, with loyal customers. Local coffee shops are a part of everyday routine/workplaces for many people, which makes them very restricted to the specific roastery. This will make it difficult for Tim Hortons to make itself known in every remote location possible. These cafes offer a niche to their daily customers and provide an environment where it is not just a random coffeehouse but holds more value than that.

(E. Kunz et al., 2016) In this study, we can understand that for a company to highlight itself in a market in the long run, it must be innovative and different from its usual competitors. Instances where RedBull recognizes itself beyond any ordinary

fast-moving consumer goods (FMCG) and carved a niche for itself. Red Bull cleverly sponsors and hosts various sports and athletes worldwide. Affiliating itself in Formula 1 car racing teams to Red Bull BC (breakdancing) allows them to identify themselves as a highly intense energy product.

(Jung, 2013) This study aimed to understand experiential marketing through Starbucks in the experiential economy. The study was conducted by developing a marketing mix for Starbucks. The study concluded that Starbucks' success came from its various marketing strategies.

(Krehbiel, 2021) This study shows how Twitch, a live streaming platform for gamers (and now other content creators) who are given a platform to stream and connect with others on the existing platform. It started in 2011 and was later acquired by Amazon for \$970 million and is now one of the most significant sectors of its dynamic portfolio. In the past, many companies tried developing the same concept but lacked something successful to develop. When things were stale, Twitch came up with a brilliant marketing strategy, Community Building, which allows twitch users, creators, and others to connect uniquely. They could successfully do this by providing tools like chat rooms, exclusive benefits/perks for prime twitch members, and more. Twitch creates a platform where people can connect, learn from one another, and exchange genuine value for particular niches and games by promoting fan engagement. This one is one of the most incredible examples of how developing a community can help an entire business strategy.

(Duong, 2022) Sephora is a luxury cosmetic retailer brand established in 1969. It provides beauty products, skincare, fragrances, and more across 300 brands with its own label. Sephora, one of the marketing strategies is its membership program called "Beauty Insider." The merit-based membership program divides customers into three-member tiers: Beauty Insider, VIB, and VIB Rouge. This is a similar marketing strategy used by airlines where each member from a tier has exclusive benefits. It works well for Sephora members to spend more to obtain each status because it tempts and offers an incentive to spend. Customers are more motivated to spend more money to surpass the price threshold since the benefits at the top tier (VIB Rouge) are so tempting.

## **RESEARCH METHODOLOGY**

This study uses secondary data such as various websites, published case studies and statistical data To provide an extensive and holistic understanding regarding the top, a background on the necessities of marketing, similar companies, and competition **and** authenticate and verify certain conclusions and findings. The study uses analytical tool such as SWOT analysis, Marketing 4Ps + additional 3Ps and AIDA promotional strategies to enhance the study's findings. It allows to create an understanding of the company's position and overview, establish present marketing strategies adopted by Tim Hortons and Suggest possible marketing and promotional strategies Tim Hortons can work on.

**SWOT ANALYSIS**

(Shaw, 2017)

**Strengths**

Tim Hortons is a well-established restaurant franchise business famous for its espresso and doughnuts. The café chain currently has a total of 4712 operational restaurants in around nine countries across the globe.

Tim Hortons provides its customers with a wide range of products at pocket-friendly prices compared to its competitors like Starbucks. In addition, the restaurant chain caters to all income groups, which naturally increases its consumer base and gives them a competitive advantage when penetrating developing economies like India. Furthermore, they have been rapidly growing its presence by using digital marketing techniques to promote its newest items and promotions, including search engine optimization (SEO,) emailing, and content marketing. Similarly, their Clear communication and transparency in its operations have enabled Tim Hortons to gain the trust of its customers and thereby increase the brand's value. For example, Tim provides nutritional information on each retail product (Shastri, 2021).

**Weaknesses**

Tim Horton's has gauged a lot of attention in terms of poor mismanagement, and poor work culture. Poor communication, unsatisfactory wages, ill-treatment towards employees, and overall customer experience was lacking. Consumers would prefer entering a Starbucks than a Tim Hortons due to unmotivated workers and more (Robertson, 2022).

**Opportunities**

The Covid Pandemic has allowed the business to grow its online presence and connect with its customers through various campaigns while increasing customer retention by providing exciting offers and discounts through its website. Tim Horton's has successfully established itself in Canada and USA and can now venture into European and Asian markets.

Post-lockdown, people realize the importance of enjoying their life and spending more time with their family and friends, and this has led to an increase in customers in cafes and coffee houses. Thus, the pandemic served as an opportunity in disguise for Tim Hortons. India, there has been a significant change in the lifestyle of the people and trends like the increase in per capita income, more women in the workforce, rural to urban. Migration, high employment levels, more education, and increased internet usage make it easier for Tim Hortons to penetrate the market (Bhasin, 2018).

**Threats**

Growing Health-Conscious Segment; Today, people all around the globe have been actively taking initiatives to improve their health and lifestyle. Sugar has become the biggest enemy of these people. Post-pandemic consumer behavior has

changed and is geared towards responsible dietary actions. In the Indian market, 70% of the population is working toward a refined diet option and improvising overall health (Tandon, 2022b). This may downsize Tim Horton's market, and it will need to capture a new, health-conscious emerging market. The food industry is highly competitive. Tim Hortons faces competition from some of the most prominent market players in this segment, like Mac Donald's, Starbucks, Dunkin' Donuts, and various regional and local small businesses. The company needs to consistently provide its customers with new and exciting products, market itself to increase brand value and get customer loyalty and simultaneously work on its flaws to survive the competition (MBA Skool Team, 2020).

## Marketing P's in India



*(7P's Marketing Mix, 2022)*

**Price:** The pricing strategy Tim Hortons has used to make itself known in the Indian market is competitive pricing. Tim Hortons is known for its value-for-money menu items. Comparatively cheaper than one of the leading markets in India, Starbucks. For example, Starbucks sells a latte for Rs.300 (\$3.65), whereas Tim Hortons sells a latte for Rs.210 (\$2.55), which is almost 30% cheaper than Starbucks. On the other hand, a known local cafe serves a latte for an average price of anywhere between Rs.150-200 (\$1.82 to \$2.43). This is because Tim's keeps their price only 5-10% higher than a local coffee shop and 30% lower than Starbucks, allowing Tim Hortons to attract the current consumer base.

**Place:** India is the second largest population country, which makes them one of the biggest growing countries for the consumption of coffee. Tim Horton's is entering India as a joint venture in a franchise partnership with AG cafe, owned by Apparel Group and Getaway Partners. Garvin Navin, the CEO of the Tim Hortons franchise in India, stated that the brand intends to open hundreds of outlets all over India in the next ten years. The first two opening outlets are launched in Select Citywalk Mall (Saket) and DLF Cyberhub (Gurgaon). As Delhi is a big market and industry for food, Tim Hortons strategically started with the nation's Capital and will slowly place itself in metropolitan cities like Bombay and Bangalore. In India, fast food is one of the most popular options for people; keeping that in mind, Tim Horton's has placed itself as a fast food chain. The first two franchises were opened in the popular malls in Delhi to attract the niche target audience and make themselves known.

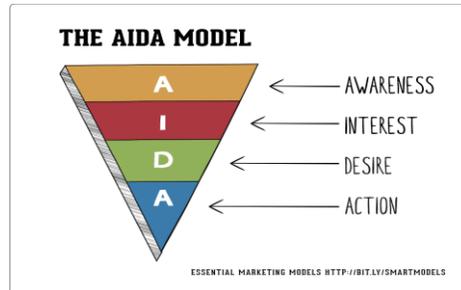
**Product:** One of Tim Horton's unique selling points (USP) is baked goods other than its famous coffees. They have continued the same trend in India for launching its product as in the past for other countries outside America & Canada. For example, when Tim Hortons launched itself in Thailand, it came up with products like Larb Salad and Thai turkey burgers. Launching products like kabab wraps and croissants among the classic menu items, they want to attract customers who are fond of Indian food and deliver the classic products they are known for. Tim Hortons is still in the early stage of working with the Indian market's food preferences. Whether they should introduce products that are not consumed much in India, like bagels with cream cheese, maple iced cappuccino, or opt for flavors more local to the area.

**Promotion:** Tim Horton has distributed several PR boxes to influencers across Delhi (the first location for the launch). To gain the attraction of the locals and create brand awareness. Likewise, Tim's online presence also captures a massive chunk

of its target market; young adults and working employees. The social media platform appeals to the local languages through several linguistic devices and slang and connects with the audience.

**Physical Evidence:** As Tim Hortons launched itself in India, it established a website, especially for Indian franchises. This digital platform explicitly shows four main highlighting areas that allow one to delve into the brand. The four main URLs are location, menu, careers at Tim Hortons, and brand story. In addition, Tim Hortons provides customers with a similar interior that Starbucks uses, wooden chairs, tables, art on the wall featuring their coffees, and much more. Apart from this, Tim Hortons symbolizes its Canadian roots by making the cafe theme with colors like white, red, amber, and pink. These colors keep their outlets vibrant and dynamic on their own, attracting customers and making them want to sit for long periods with additional perks such as free WiFi.

**Awareness. Interest. Desire. Action (AIDA)**

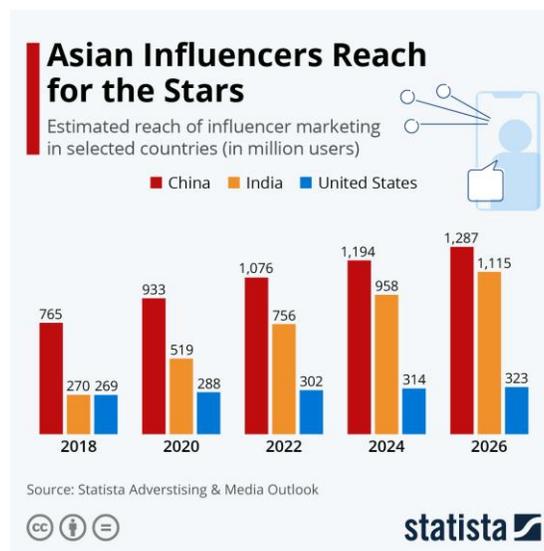


*(AIDA Model, 2022)*

**Awareness** - Tim Horton should collaborate with young celebrities of India such as Alia Bhatt, Siddhart Chaturvedi, Ishaan Khattar, and more. In India, more than 33% of the population is influenced by influencers (Buchholz, 2022). This means an endorsement by these influencers will guarantee a certain exposure of the brand and its identity towards the targetted audience. Furthermore, Tim Horton's can use strategies such as guerilla marketing to create buzz around the brand and differentiate its marketing adverts from its competitors. Currently, Tim Horton's is present online on several platforms such as Instagram, Facebook, and Twitter and has its own official website.

**Image 1: Influencer’s reach and exposure to its audience**

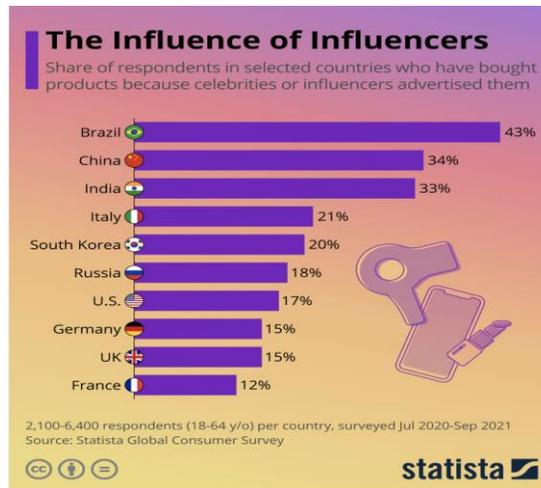
( India is one of the leading countries in Asia in terms of its influential power on its locals)



*(Influencer’s Reach and Exposure to Its Audience, 2022)*

**Image 2: The Influence of Influencers**

(The power of influence, how celebrities and known significant figures impact consumer choices and behaviors)



(Siddiqui, 2021)

**Interest** - On its official website there is an individual website for each of the location Tim is present at for example India, Canada, USA, etc. The website is user-friendly and easy to navigate through. The use of colors, images and wordplay entices the consumer to look further into its menu or nearby locations. On the website, there is also nutritional information such as calories per drink per size. Providing transparency and easing its consumers.

**Desire** - Tim Horton's allows consumers to become a part of their brand by becoming exclusive. On the main website Tim allows consumers to sign up and track every purchase of theirs, this allows a reward system to be created which engages consumers and encourages them to constantly choose Tim Hortons, perks such as exclusive offers, collect points, faster service, complimentary treats on birthdays and more (Tim Hortons, n.d.).

**Action** - Tim Horton has newly entered the Indian market, but it is yet to become available in more than half of India. Certain things that will allow Tim's brand recognition would be online delivery with partners such as Zomato and Swiggy. Furthermore, Tim Hortons can launch workshops, free samples, etc around malls to broaden its reach. This will create brand awareness and assurance as well.

## CONCLUSION

Through this study we can understand ways in which Tim Horton has entered the market and can implement various strategies and means to create brand awareness and recognition that will allow them to sustain itself against its competitors. Tim Horton is yet to enter several big-tier cities in India such as Mumbai, Bangalore, Chennai, Hyderabad, Kolkata, etc. Currently, it has a long way ahead to penetrate the market. They can use celebrity endorsements, work on online presence in terms of their delivery and start building their consumer base.

## Scope of the study

In the later years another study can be conducted to identify the various methods Tim adopted in order to penetrate the Indian market and analyze whether there could have been better strategies that would have boosted its brand awareness, and overall consumer engagement with the company.

A market analysis can be done to understand how external companies entering the market affected consumer behavior and choices. This will help further companies to enter the market with a certain understanding of the market.

## Implications and Limitations

The study is concentrated on current news which limits the possibilities of finding sufficient databases and information to back the findings/ or enrich it. The study lacks primary data which would bring authenticity and credibility to the research paper.

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