Tim hortons

PROFILE: CANADIAN MARKETING EXCELLENCE It began as a one-store shop in Hamilton in 1964 founded by legendary hockey player Tim Horton. By 1967, there were three Tim Hortons stores open for business under the first successful franchisee, Ron Joyce (who currently serves as chairman emeritus of the TDL Group). Since then, Tim Hortons has grown to 2527 stores (2343 in Canada, 184 in the United States) and over US$800 million in revenue. With a 13-year cumulative average growth in sales of 7. 1 percent in Canada and 17. 5 percent in the United States, Tim Hortons is one very successful coffee and doughnut shop.

How this local operation turned into an international franchise company and a major Canadian cultural icon, with a rapidly expanding U. S. presence, has everything to do with a very well-planned and carefully executed marketing strategy. Tim Hortons' core strategy is the reason for its success. On its most basic level, the Tim Hortons' marketing team has created a brand that represents an idealized image of the Canadian national character: friendly, neighbourly, unpretentious, gently playful, frugal, trustworthy, and clean. The company measures everything it does against this list of brand values. In everything we do, we've always focused on the concept of being that friendly, unpretentious, good neighbour you'd want living down the block from you," says Cathy Whelan Molloy, TDL's vice-president of brand advertising and merchandising. It also uses extensive customer and franchisee surveys, and other consumer research, to make sure its products, service, and communications fit the ideals. Furthermore, the organization has shown unwavering commitment to this vision and strategy for over 30

years. Tim Hortons has executed this core strategy through many years of innovative marketing campaigns.

It was one of the first Canadian organizations to tap into the benefits of sports marketing. Its first stores were painted blue and white to capitalize on the fame of Tim Horton himself—a Toronto Maple Leafs legend. It has developed a major presence in local communities with the creation of the nonprofit Tim Hortons Children's Foundation. The foundation sponsors an estimated 33 000 children in Timbit hockey leagues annually and operates five camps at which underprivileged Canadian and American children enjoy ten summer days and five winter days of activities. Developing Marketing

Strategies and Plans 2 CHAPTER 2All of the company's campaigns are designed to communicate a positive and believable truth about the Canadians who go to Tim Hortons. Effectively, " Tim Hortons dares to hold a mirror up to Canadians and challenges them to like what they see," says Philippe Garneau, a partner at Toronto's Garneau Wurstlin Philp Brand Engineering. For example, in 2002, the company ran a television ad campaign called " True Stories. " These were a series of vignettes based on hundreds of suggestions the company receives from its customers every year.

The campaign featured Canadian sailors and students abroad trying to get their fix of Tim Hortons coffee. In 1976, Tim Hortons changed the face of doughnut consumption forever with the introduction of Timbits. It has been able to use this product in the company's marketing strategy to continue to build the playful, friendly nature of the brand. Of course, no discussion of Tim Hortons would be complete without one of the most successful annual

promotional tools in Canadian history: the “ Roll Up the Rim to Win” customer reward program that offers prizes ranging from coffee and doughnuts to luxury cars.

In one of the best examples of how Tim Hortons used this program to build the brand, the company aired a TV spot featuring a Canadian citizen crossing over the U. S. border. When asked to prove his nationality to theimmigrationofficer, the character simply rolls his Rs while speaking the phrase “ roll up the rim to win. ” These investments have paid off. Of those surveyed in the Canadian Business poll of Canada’s best and worst brands, Tim Hortons was the clear winner, with 42 percent of those who responded to the poll (conducted by the Strategic Counsel and Spencer Francey Peters).

What is more impressive is that 95 percent of the company’s 2500-plus outlets are owned by franchisees, which may have independent ideas about what Tim Hortons is about. However, creating programs to ensure that the organization builds the brand and develops the business together has been crucial to the overall strategy. New franchisees must complete a seven-week training program before taking ownership of stores. Furthermore, the company has strict quality control standards. It routinely surveys and inspects stores, including checking everything from how fast and friendly the staff is to whether the trash in he parking lot has been cleared. But it is not through hierarchical, heavy-handed intervention that it creates strong brand commitment from the franchisees, it is through a well-developed internal strategy that works to ensure the success of each franchisee. For example, the “ Roll Up the Rim to Win” promotion was created specifically to boost coffee sales in the warmer spring months. While franchisees end up giving

away thousands of free coffees and doughnuts (in 2004, winners redeemed over 20 millionfoodprizes), the promotion drives sales growth.

Consistently keeping customers coming back every day (sometimes two or three times a day) is Tim Hortons' challenge. In this intensely competitive market, it does not take much more than a stale doughnut or a cup of cold coffee to lose a customer. Yet consumers keep lining up. (Tim Hortons had a 68 percent share of the " most often" coffee purchases in the first quarter of 2004, while Starbucks and Second Cup had 7 percent and 3 percent respectively.) Part of this success is believed to stem from Tim Hortons' decision in the 1980s to drop the " Doughnuts" from its name and carve out a niche as a " breaktime" restaurant.

Now the company appeals to consumers who want to stop in for soup and sandwiches as well as those simply looking for a coffee. Interestingly, one of the brands that Canadians seem to identify with most closely is actually owned by Americans. In 1995, Ron Joyce sold the company for US$450 million to Ohio-based Wendy's International Inc. In 2003, Tim Hortons sales represented nearly 20 percent of the fast-food giant's retail sales, and the Tim Hortons operations in both 36 PART ONE Understanding Marketing ManagementCanada and the United States posted the best same-store sales growth in the entire organization.

Sources: John Gray, " King of the Cruller: Our Survey Crowns Tim Hortons the Best-Managed Brand in the Country," Canadian Business Magazine Online, www. canadianbusiness. com, June 6, 2004 (viewed July 12, 2004); " Before Tims Was Tims," abridged and excerpted from " Tales from Under the Rim: The Marketing of Tim Hortons" by Ron Buist, Marketing Magazine Online,

www. marketmag. ca, September 22, 2003, (viewed July 12, 2004); Terry Poulton, “ Long Live the Double Double,” Strategy Magazine Online, www. strategymag. com, July 29, 2002, p. 9 (viewed July 12, 2004); Wendy’s International Inc. Investor Presentation, June 2004, www. wendys-invest. com (viewed July 12, 2004); Tim Hortons Web site, www. timhortons. com (viewed July 12, 2004). A key ingredient of the marketing management process is insightful, creative marketing strategies and plans that can guide marketing activities. Developing the right marketing strategy over time requires a blend of discipline and flexibility. Firms must stick to a strategy but must also find new ways to constantly improve it.