Case study team

Business

Thus it can be a huge boost for Burger King as it is important in winning customers earlier in the day and getting them accustomed to returning to the same outlet as morning customers. 3: More Coffee: – This is the main market where the combined company can make its biggest impact. Burger King already sells coffee, but have to attract more customers like other brands Cataracts, Dunking Donuts or even McDonald’s MacAfee line. Thus Tim Horton can help it gaining the edge due to its wide reach in Canada and even northern parts of America.

Coffee as earlier proven to increase sales greatly for e.

G. Ten years ago; Dunking was a donuts brand, now its coffee retailer. Moreover Tim Horton is already sells packaged coffee, and that’s an area which is getting more competition as McDonald’s also announced that it would start selling packaged coffee through a partnership Ninth Kraft following Cataracts. Just a few years after entering the U. S. , Tim Horton has already beaten chains like Caribou Coffee Co.

Inc. That had been here for a lot longer (Perkins). Thus it also can be a positive point for the merger. : More Profit for Investors: – According to Functionalist. Mom, It took Burger King three offers and nearly six months to finally win over Tim Horton. Burger King’s final offer of $88.

50 per share was accepted only after its executives made a number of key promises to Tim Horton aimed at maintaining its home at Saukville, and focusing on international expansion. Thus by moving to Canada, Burger King has a chance of being a larger company there. Burger King is redefining its

value chain model and converting its stores to franchises, this could offload the local risk.

Due to this Burger King has held on to profitability despite years of falling revenue. Burger King CEO Daniel Schwartz revealed that preferred shares sport a 9% dividend for its Investors, I. E.

, Berkshire Hathaway, 36 Capital and also David Basin’s Basking Financial Services, which holds a 0. 12% stake in Tim Horton. As reported by Reuters urged King already reduces its taxes in countries including Germany through payments to a Swiss affiliate that owns brand rights. Thus an annual dividend of 9% can be considered a good return for them in this environment (Noah Bursar).

Critics on this deal: 30th the companies started to face huge criticism from some renowned lawmakers Including Seen.

Dick Durbin and even from customers as soon as they heard about two biggest food chains in respective countries merging. Already there are many socialist groups who started to protest against Burger King and asking customers to boycott Burger King. Sheered Brown, Senator also added to the protests saying that ‘ Burger Kings decision to abandon the United States means consumers should turn to Wendy Old Fashioned Hamburgers or White Castle sliders.

Burger King has always said ‘ Have it Your Way; well my way is to support two Ohio companies that haven’t abandoned their country or customers,” (Brown) said. A new report of Wall Street Journal suggests 36 Capital’s debt

financing of the $14 billion could force Tim Horton to lay off more than 700 employees. It can be very expensive to pay the interest on that amount.

This can also reduce the profits of Tim Horton and Burger, as a result reducing the taxes which could cost the Canadian government between $355 million and $667 million in lost tax revenue for first five years (H.

P. David Friend). As 36 Capital has quite a strong history of Job losses at past takeovers, including 740 Jobs lost at Heinz and 140 at Labret (Catties), this could prove even worse for workers and consumers. For increasing their profits Tim Horton has even reported to move off their distribution and manufacturing centers to a third party, but that can reduce their product's quality.

This issue of quality is same as previously noted at the time of Wend's took over (Businessperson). Impact of Hyper competition?

It can be clearly seen that Burger King has been facing significant hyper competition from McDonald's and Cataracts from a very long time in their breakfast and coffee menu. It was never easy for Burger King to stand against these hypersensitive impasses though they have tried to come up with few new items in their menu earlier. So, instead of struggling for their position, this deal would give them a chance to explore new opportunities in expansion of their outlets in foreign country with the help of a famous food chain supplier who has been playing monopoly game in terms of business in Canada.

The case of Tim Horton is little different when compared to Burger King.

Tim Horton is imbibed into every Canadian and is very famous all over the country for their coffee and doughnuts. They have no other strong competitor in heir country and it can literally be said that if they enter into an area, other food chain organizations has to close their outlets in that region. Such an aggressive organization is now planning expand widely in the lands of United States by merging Ninth Burger King who already has a strong market place in United States by introducing their famous Coffee.

This is because it is estimated that about 83% of American adults consume coffee (NationalCoffeeAssociationSurvey) Divine's AS Framework: char Davies NAS proposed a new trademark tort a tell to sustain in this hyper competitive market. This framework can even be applied to Burger King and Tim Horton deal.

The factors are listed as follows: Superior stakeholder satisfaction Irish means to give maximum customer satisfaction by adding value to the products strategically. Burger King is famous for their burgers but not good at coffee's while rim Horton are well popular for their coffee primarily.

While the consumption of coffee is much greater in US, thus making this deal to have fair chances of giving best customer experience in Burger King outlets by introducing Coffee in their menu. Strategic soothsaying This means that an organization wants to use new knowledge for exploring new opportunities. Similarly, this deal gives both the companies to have new opportunities to expand globally at greater speeds by using each other's brand value and menu items. They have a chance of being a larger company in Canada together.

Positioning for speed Ninth Burger King saving taxes, they also have axed many executive perks when Daniel Schwartz took over in 2013. This helped Burger King to grow 12% globally Inhere same-store sales increased 2% and net income nearly doubled to $60. 4 million n Just a year. A merger with Tim Horton would help both chains grow faster Normalized. Positioning for surprise Merging of these two biggest food chains is directly a proof for positioning for surprise for other food chains like Yum Brands that owns KEF, Pizza Hut and Taco Bell as well as Dunking' Brands, owner of Dunking' Donuts and the Basking-Robbins ice cream Chain.

Thus multiple food brands can thrive with more than one brand under the same roof.

The chief financial officer mentioned in a press release that they are strategically aiming for long term growth of their business both domestically and lovably and the deal is Just not about saving taxes. Signaling strategic intent Tim Horton and Burger King Merger will allow the two fast food companies to grow in the U. S. And internationally.

Their base plan still can be to implement deep cost cutting measures to help the struggling burger chain generate more cash.

Mr.. Schwartz reportedly sold the company Jet, ended an annual $1 million party and even moved employees at the company's Miami headquarters from expensive offices called Mahogany Row to an open floor plan full of cubicles to increase company's profits. CONCLUSION According to Interbrain, Tim Horton captures 27% of all money spent in quick- service restaurants in Canada and 42% of the traffic.

But when it was owned by another American fast-food chain, Wendy International Inc.

, from 1995 to 2006, it Nan's able to gain much profit. Thus if Tim Horton can use Burger King as a way to speed up its U S. Expansion, then Burger King can use Tim Horton to boost its struggling brand. Acquiring Tim Horton would give Burger King more exposure to a lucrative new revenue stream. To be successful in the United States and Internationally, Tim Horton require a kind of rebinding that can be now fulfilled by urge King.

And in return Burger King can revamp its struggling areas, mainly breakfast which is the fast-food industry fastest growing segment and an area Inhere Tim Horton has its edge due to its impressive customer loyalty from years.

This deal can help both Tim Horton and Burger King to create a large company in Canada and paying taxes there could be beneficial for Canadian market. This could even lead to more tax inversions of foreign companies, from which they can relocate into Canada for lower taxes and improve Canadian Economy but in turn could hurt U. S. Economy.