

TIM HORTONS Environmental scan

Tim Horton is a Quick service coffee restaurant, with over 4000 stores in Canada, they holding just over 60% of the Canadian coffee market. They are Canada's largest food service operator overtaking McDonalds. The business is known for its premium blend of coffee and donuts, but also offers a wide range meals and beverages on its menu.

The economic environment in Canada looks to be steady and should expect gradual increases in areas such as inflation, per capita growth, productivity, and commodity (food) prices. Some Forecasts show that labor costs and manufacturing costs should stay stagnant. To its advantage for the business, is the strong Canadian dollar. This means it can obtain materials and resources from other countries at a good price.

The social environment has changed in Canada has changed dramatically in the past years. With more working women and more students going to college or university, people have become busier and live harried lives, and seem to have less time on their hands. Businesses have to change the way in which market and deliver their product to the consumer. Tim Horton's is one of the many businesses that have taken part in developing strategies that allow them deliver a faster and convenient service for their customer. The Coffee chain has responded by having restaurants that offer drive thru services for on the go customers and offering quicker payment options such as Tap-to-Go & Scan-to-Go. Most of its standard stores are open 24 hours. Furthermore, the businesses developed strategies allowing them to fit in non-traditional locations such as convenience store, universities/colleges, hospitals and airports. In addition, Canadians have become more value conscious. The standard of life has increased/improved which has led to people expecting quality products and services.

New and continuous developments in the mobile phone industry have revolutionized the tech-world, and how these gadgets are used. Advances in processing power, access to internet, increased battery power and affordability are some of the factors that have improved the reliability of smartphones and have led to a widespread adoption of the smartphone. Tim Horton's has capitalized on this trend by developing a mobile payment app which has features that enable users to make secure payments for any purchase, locate the chains restaurant, and other features that create convenience and value for their customer. Furthermore, the chain offers free Wi-Fi Services in all its restaurants across Canada.

In Canada the quick service coffee market is estimated to be around \$3 billion and is still growing. Competitive forces in this industry come from McDonalds, Starbucks and Second Cup. Starbucks is the businesses key competitor running just under 1200 locations in Canada, followed by Second Cup (350 locations) and McDonalds. McDonalds is the smaller of the big three in this industry, but will be a big competitor in the future definitely, as sources say that the chain plans add another 300 to 400 such McCafe locations in 2014. These competitive forces, are forcing Tim Hortons to continuously improve its offering, and will continue to challenge them for the position of market leader in Canada.

Reference economic forecasts: (<http://www.tradingeconomics.com/canada/forecast>)