



Tim Hortons Embraces the Dark Side

Description

By Cameron Conway

After 49 long years of tried and true “Timmy’s” coffee, **Tim Hortons** (TSX:THI, NYSE:THI) is branching out and introducing a brand-new dark roast coffee.

Though most of us will have to wait to line up for this new offering, those living in Tim Hortons traditional “test market” of London, Ontario will get their first chance to sample the coffee on Nov. 4. Timmy’s customers in Columbus, Ohio (home of the company’s U.S. headquarters) are already sampling the new dark roast.

In a statement, Vice President of Beverages Dave McKay said, “Coffee drinkers have told us they enjoy variety. ... As a coffee leader, our new Dark Roast is a natural addition to our coffee portfolio.”

Jumping on the bandwagon

This is a big step for Tim Hortons and can mainly be attributed to — or blamed on — two things:

1. The **Starbucks** ([Nasdaq: SBUX](#)) empire, with its plethora of coffee flavors and its ability to multiply franchises (seriously — there are a half-dozen within 10 blocks of my house).
2. The brewing (zing!) coffee “war” coming through the golden arches of **McDonald’s** ([NYSE: MCD](#)).

Between the low prices at McDonald’s and the ever-growing selection of Starbucks flavors, Tim Hortons *had* to do something to keep up with the demands of consumers. The company is hoping this gamble will bring in the same success as its 1999 launch of the Iced Cappuccino — which was also an attempt to keep up with Starbucks.

Among Canadians, Tim Hortons is one of the “[Most Loved Companies in the World](#)”, according to APCO Insights. Tims placed 61st on the list for its “Emotional Linking” with customers, well above McDonald’s (69th) and Starbucks (96th). Which is to say: Because it’s so beloved for being good at its core business — selling regular-roast coffee with pastries — Tims doesn’t need to be the first-mover in creating new product categories.

Finding new ways to extract dollars from our pockets

Tim Hortons is striving to maintain its hold as a leader in coffee here at home and across the world. Given its very loyal customer base and strong brand, moving into new product offerings like dark-roast coffee should help the company's growth, even if it's late to do so. (Starbucks, by contrast, offers 63 different coffees, according to its website.)

Oh, and about the coffee: While I can't describe something I haven't yet tasted, maybe this will help: According to its press release, the Tim Hortons dark roast is made from 100% Arabica beans and is blended to "bring out the full, rich flavour and aroma of a dark roast coffee, while ensuring a perfectly smooth finish."

Rest assured, it most likely contains the same mystery ingredient that keeps people lining up around the corner every morning.

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Disclosure: Cameron Conway does not own any shares in the companies mentioned. David Gardner owns shares of Starbucks. Tom Gardner owns shares of Starbucks. The Motley Fool owns shares of McDonald's and Starbucks.

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