



Tim Hortons Inc. Embraces the Dark Side

Description

A great disturbance has been felt in the force... for the first time in 50 years, **Tim Hortons Inc.** (TSX: THI)(NYSE: THI) is introducing a new flavour of coffee. After years of its original blend's monopoly, the company will no longer underestimate the power of the dark side of the roast.

More likely though, this decision is a result of the continued onslaught from **McDonald's Corporation** ([NYSE: MCD](#)) and **Starbucks Corporation** ([NASDAQ: SBUX](#)). Starbucks offers its customers a dizzying array of options, while Tim's customers found their lack of flavours unappealing.

Your favourite flavour

Last November, news emerged that Tim Hortons would launch a new flavour of coffee. The dark roast blend was tested in London, Ontario, and in Columbus, Ohio, and received favourable reviews.

Then last month, the dark brew was released in Quebec. Now this Friday, the dark roast will be released across all 4,500 locations.

The new blend will be sold at the same rate per cup as the "classic" brew, giving customers a seamless option between blends. As with most other Tim Hortons coffee products, the dark roast will also be available in a variety of "brew-yourself" sizes.

The company is hoping that this expansion will bring in the same results that the Iced Capp did when it was introduced in 1999. Again, this was an obvious response to Starbucks and its specialty coffees. Tim Hortons boasts that its dark roast blend is made from 100% Arabica beans, just like McDonald's premium roast blend.

A quarterly report that is impressive, most impressive

Tim Hortons is releasing this new coffee blend on the heels of a great second quarter that saw revenue climb to \$874 million from \$800 million and EPS grow by 13%. Same-store sales took a 2.6% jump in Canada thanks in part to the Crispy Chicken Sandwich. Same-store sales in the U.S. grew 5.6% thanks to the newly introduced Frozen Hot Chocolate.

Going forward, the company is riding high on its recent marketing maneuvers, including the dark roast blend and the new Visa rewards card from **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). This will no doubt further entrench the Timmy's addiction among customers.

Its stock is on the rise

For investors, this trip through the dark side could bring more bright days for Canada's most loved coffee shop. Following the quarterly report, the stock has launched from \$60.50 to a new 52-week high of \$68.90. The stock closed Thursday at \$68.12 and has a revised top range price target of \$79.00.

This willingness to expand has consistently translated into greater sales, and this is perhaps the most important new product it has launched in years. All I ask is that its new marketing slogan be, "Come to the dark side, we have cookies and donuts!"

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:SBUX (Starbucks Corporation)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:MCD (McDonald's Corporation)
4. TSX:CM (Canadian Imperial Bank of Commerce)

Category

1. Investing

Date

2025/08/18

Date Created

2014/08/15

Author

cameronconway

default watermark