



Don't Boycott Tim Hortons — Boycott its Stock

Description

The messy situation surrounding Tim Hortons and the minimum wage continues to get worse, which isn't good news for owners of **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) stock.

First, it was social media boycotts like "No Timmies Tuesday" that urged loyal customers to visit independent coffee shops on January 9, forsaking their daily double-double ritual.

Now organized labour is wading into the fight, suggesting that Restaurant Brands has plenty of money to do the right thing for its franchisees' low-paid employees.

"Head office has the means to ensure that these reprisals against workers are reversed, and we are calling on them to do so immediately," said Pam Frache, the Ontario co-ordinator of a campaign for higher minimum wage dubbed Fight for \$15 and Fairness. "And we are not going to stop, actually, until they make this happen. We need to make it right for these employees."

Restaurant Brands could end this

The finger pointing has gotten to the point where loyal customers are abstaining from their coffee or tea to protest the underhanded actions of both Tim Hortons' franchisees and the franchisor itself — Restaurant Brands International — who has more control of the situation than its letting on.

"After seeing the letter, [Niki] Lundquist went into her usual Tim Hortons in Whitby, Ont., to ask whether they made similar cutbacks," reported *The Globe and Mail* on January 9. "She said she decided to stop frequenting it after an employee reluctantly told her they were no longer paid for breaks. Employees at the other three Tim Hortons on her commute into work told her they were instructed not to speak about it, she said, so she inferred similar changes were afoot and gave up her Tim Hortons' teas."

What Tim Hortons is doing is flat out bad for business and I [said](#) as much when the news first broke on January 4. I understand that many feel Premier Wynne is to blame for this fiasco, but she's just a convenient scapegoat who allows Restaurant Brands to continue its blitzkrieg on Tim Hortons' expenses.

The #BoycottTimHortons campaign, while optically positive, is the type of campaign that rarely gains traction. In fact, it could end up hurting the employees by having their hours cut back to make up for the lost revenue from such a boycott.

Boycott the stock

Fool.ca contributor Chris MacDonald [believes](#) that the Ontario situation is a blip on the radar given that Restaurant Brands does business in other parts of the country and the world. He's not wrong.

However, he does minimize the importance of Tim Hortons to Restaurant Brands' top and bottom line.

Tim Hortons' successful expansion outside of Canada depends entirely on the brands' iconic name. If this situation moves to other provinces dealing with minimum wage hikes, the financial fallout will be much bigger than anyone realizes.

"Restaurant Brands will [continue to be profitable](#), perhaps at the expense of Tim Hortons' franchisees, and therefore employees, in Ontario," MacDonald stated January 9. "If you're an investor focused on long-term growth and profitability and believe in Restaurant Brands' business model, accepting bumps along the way is par for the course."

In my estimation, MacDonald's view, while probably accurate, reflects poorly on Canadians. Here are three reasons why.

First Restaurant Brands came in after acquiring Tim Hortons in 2014 and fired a bunch of people at its head office in the worst manner possible. Read Marina Strauss' excellent article, *Inside the Brutal Transformation of Tim Hortons* to find out more.

Restaurant Brands then raised coffee prices and other franchisee costs to the point where over half the Tim Hortons' franchisees were forced to band together under the Great White North Franchisee Association to sue the company.

Finally, the company has chosen to sit idly by while the franchisees' employees take it on the chin — the people who can least afford it — solely to keep profits growing.

Hurt Restaurant Brands where it counts

Canadians aren't known as big protestors. It's time we took a stand against the American and Brazilian interests that are ruining an iconic brand.

Do the right thing. Sell QSR stock now.

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Date

2025/08/20

Date Created

2018/01/11

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