



## Tim Hortons Is Expanding Internationally Again: Will This Solve its Growth Problems?

### Description

The Tim Hortons brand is struggling to grow, and the popular coffee shop has been looking for opportunities across the globe in an effort to generate sales growth in new markets. With the brand being very saturated in Canada and it [losing some of its popularity](#) with consumers, it's clear that if it is going to be able to grow, it won't be domestically.

Last year, the company that owns Tim Hortons, **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), announced that the popular chain would be expanding into Spain. Over the years, we've seen Tim Hortons make its way into many different parts of the world, including the U.S. and the U.K.

### A new venture

It was announced this week that China is the latest market that Tim Hortons will expand to through a joint venture with Cartesian Capital Group. It is expected that as many as 1,500 locations could be opened over the course of the next 10 years.

Tim Hortons president Alex Macedo was excited about the opportunity, stating in the release, "China's population and vibrant economy represent an excellent growth opportunity for Tim Hortons in the coming years. We have already seen Canada's Chinese community embrace Tim Hortons and we now have the opportunity to bring the best of our Canadian brand to China with established partners who have expertise in the industry and the country."

Expansion into China is appealing to many Canadian brands, especially since many Chinese locals visit Canada, and it's easy for companies to gauge the popularity of their brand with that part of the world.

### Tim Hortons won't be alone

Many Canadian companies have gone into the Far East in the hopes of driving up sales, as the market has tremendous opportunities just by sheer population alone.

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) recently announced it would be expanding into China ahead of the upcoming Olympics; it hopes its cold-weather apparel will continue its terrific growth there.

**Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)) also recently [struck a deal](#) to produce electric vehicles in China, in a market where pollution has become a big problem, and the demand for more environmentally friendly options could soar in the years to come.

### Is the stock a buy?

Today, Tim Hortons is a bit of a damaged brand in this country, and until that is fixed, expansion won't really matter. It would be hard to imagine the restaurant doing as well in other parts of the world as it has done in Canada, and that's why the domestic market cannot be ignored.

And to his credit, in the release, the Tim Hortons president did say that in addition to growing the brand globally, it is also priority to strengthen it in Canada.

Over the long term, it's likely that Tim Hortons will rebound, as consumers have proven to have short memories. And as long as it can avoid further bad press and make some progress with franchisees and customers, it's bound to recover, and that could make Restaurant Brands a very attractive buy over the long term.

### CATEGORY

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### Date

2025/08/25

### Date Created

2018/07/15

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