



## Could This Be a New Strategy for Tim Hortons to Help Grow its Sales?

### Description

Tim Hortons has a growth problem. It's not that the store isn't immensely popular in Canada: it's just that it's hard to grow sales in a market where operations are saturated and long line-ups are often the norm.

For all the challenges that Tim Hortons has faced in recent years, it's still proven to be one of the most popular coffee chains in North America and the default for many consumers in Canada.

However, when it comes to being a publicly traded company, growth is the name of the game, and Tim Hortons hasn't been generating a whole lot of that. That's why parent company **Restaurant Brands International Inc** ([TSX:QSR](#))([NYSE:QSR](#)) has sought to expand the company's operations [internationally](#) into new markets that could stimulate some growth.

Even domestically, Tim Hortons has sought ways to reach more customers and expand its sales. The launch of a menu for kids is one way that the company looks to help with its same-store sales growth numbers.

It has also gotten on board the [plant-based burger hype](#) — providing options for consumers that feature **Beyond Meat**.

While it's too early to tell how much success these moves have produced for Tim Hortons, there's another way that it can generate more sales even more easily:

### Advertising on cups a first for Tim Hortons

The company has recently launched a campaign featuring singer Shawn Mendes — the first time Tim Hortons has put a picture of a singer on its cups — and potentially a great way for Tim Hortons to help its struggling numbers.

Not only could the company benefit from his popularity and get the attention of his fans, but it could also draw interest from regular Tim Hortons customers as well, especially those who may be collectors.

There's always a fair bit of news circulating around what Tim Hortons does with its coffee cups, and it's an easy way for Tim Hortons to get the attention of its consumers. As well, potentially selling some of the space on its cups to advertisers could offer Tim Hortons a way to add some revenue to its operations without fundamentally changing its business or its products.

The company has been much more open to new ideas and new ways to help stimulate sales, and advertising on cups could be a great way to do that. However, at this point, it's unclear whether there are any plans to continue with unique designs or whether this is just a one-off change.

## Why this matters for investors

Investors of Restaurant Brands can likely appreciate the effort that the coffee chain is taking to try to improve its numbers. With the company recently breaking through the \$100 mark, there's going to be pressure for it to continue producing in order for the stock to rise in value.

At the time of writing, it's trading at a hefty premium of more than 45 times its earnings and 14 times its book value.

If the company is unable to produce some strong growth numbers, it could be the target of short-sellers given its inflated price tag. While expansion will help the company grow its sales, it's ultimately the same-store sales numbers that will be key in how the stock performs from here on out.

### CATEGORY

1. Dividend Stocks
2. Investing

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djagielski

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