

Chapman's Ice Cream in the United States



Table Of Contents

Country Fact Sheet/Profile

Geographic (Han)

Demographic (Chewbacca)

Economic (Leia)

Political Profile

Government (Han)

Political Issues (Luke)

Human Rights (Luke)

Legal Issues (Chewbacca)

Marketing Cultural Considerations

Culture (Leia)

Chapman's Company/Product - Current Status

Overview (Leia)

Current Marketing Mix (Han)

Marketing Expansion Plan

Products (Luke)

Pricing (Han)

Promotional Strategy (Leia)

Place (Chewbacca)

Geographic

The country where the Chapman's project will take place is the United States of America (USA).



The map above is the layout of the country, labelling the different states and major cities. The map below labels the trading ports in the U.S.





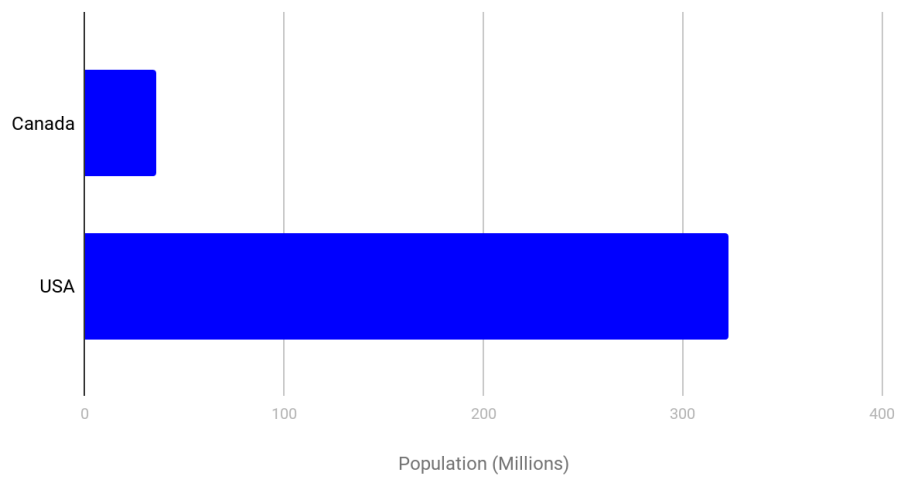
The map above shows the railway routes and how popular they are. The map below labels major highways within the United States.



The United States is 9.834 million km² which is 98.5% of the size of Canada which is 9.985 million km². They have several different time zones, but we'll be focus on the Eastern, Central and Pacific Regions of the U.S. Eastern standard time is the same as Ontario in Canada, Central Standard is an hour behind and Pacific Standard is 3 hours behind. The Eastern region has the same weather as Ontario, the Central region is slightly warmer and the Pacific region is exceedingly warmer.

Demographics

Population Comparison

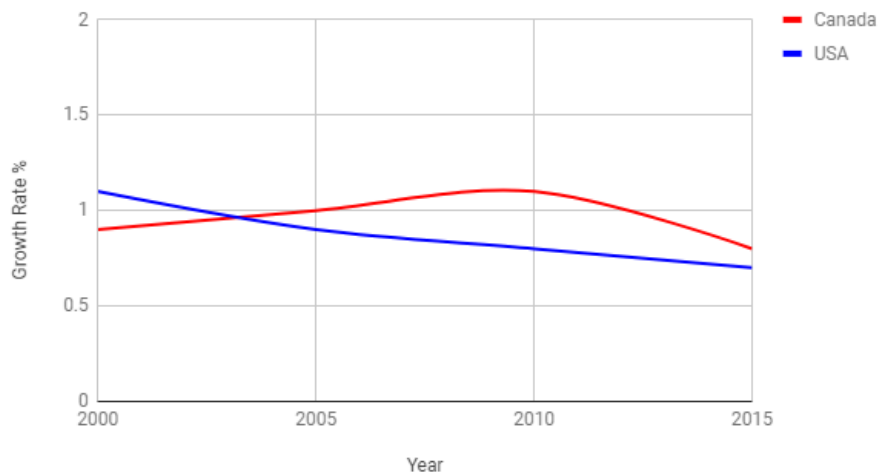


USA Population = 323.1 Million

Canada Population = 36.3 Million

The population of the United States is 890% that of Canada

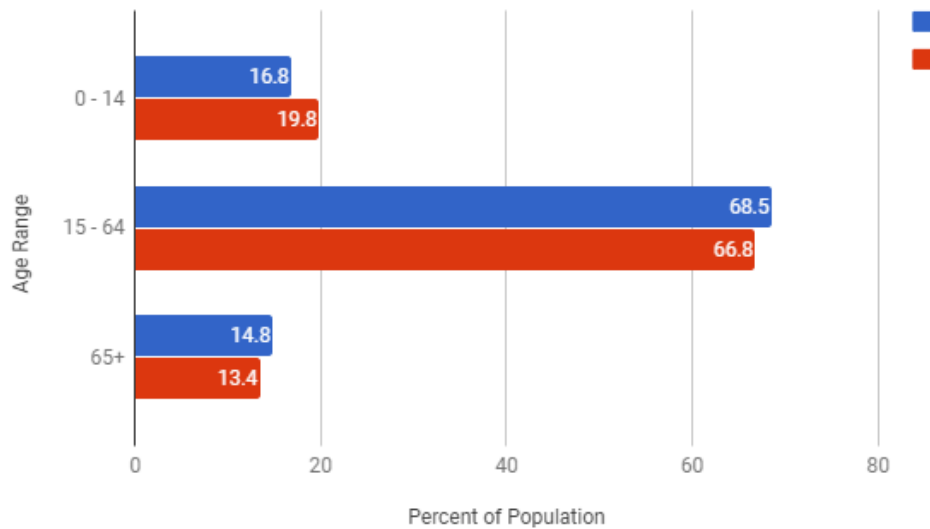
Population Growth Rates



USA growth rate (2015) = 0.7%

Canada Growth rate (2015) = 0.8%

Age Demographics



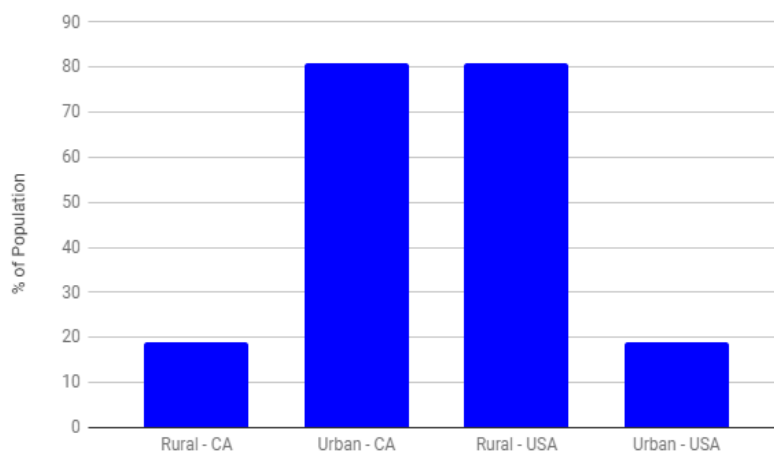
[Canada](#) and the [USA](#) have very similar age demographics, as with many developed countries. Much of the 15 - 64 range will be middle aged or reaching the next category of 65+

Life Expectancy (Years)

Canada - Male	USA - Male	Canada - Female	USA - Female
77	76	82	81

[Canadians](#) tend to live slightly longer than [Americans](#). This could be due to many different factors including a poor diet.

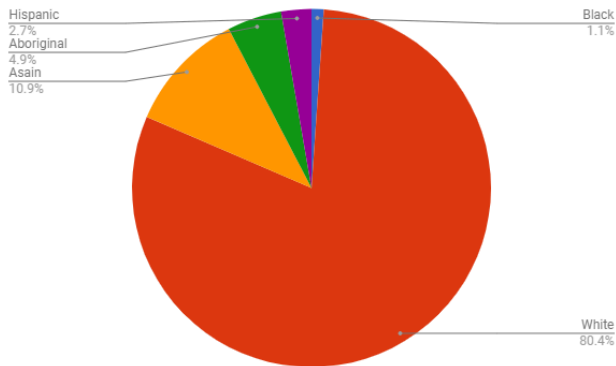
Rural vs Urban Populations as %



Canada and the USA have the same percentages of the population living in rural and urban areas.

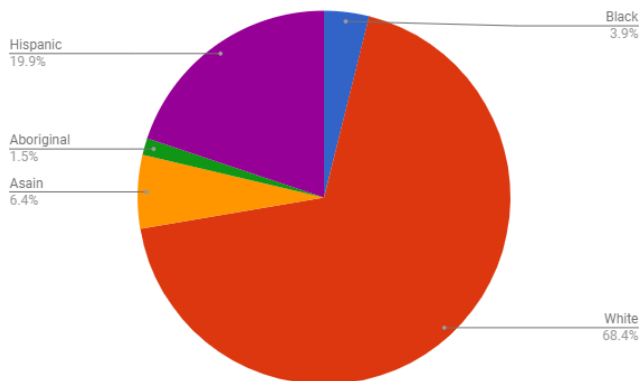
19% rural and 81% urban

Ethnic Diversity of Canada by percent



White: 73.9
Black: 1.0
Asian: 10
Aboriginal: 4.5
Hispanic: 2.5

Ethnic Diversity of the USA by percent

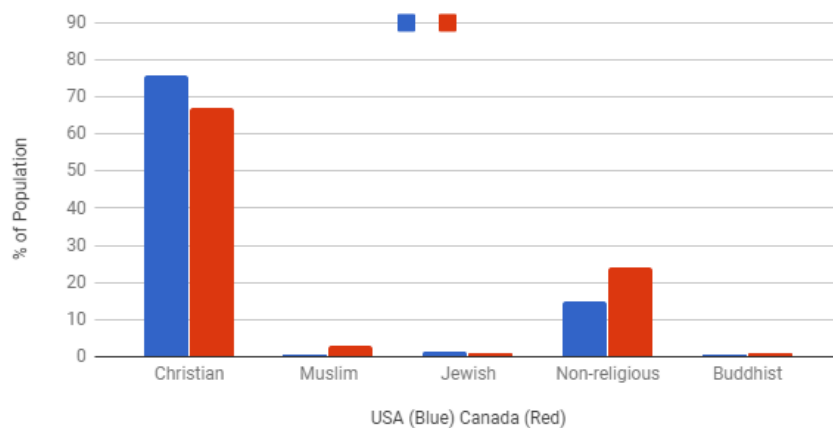


White: 61.3
Black: 13.3
Asian: 5.7
Aboriginal: 1.3
Hispanic: 17.8

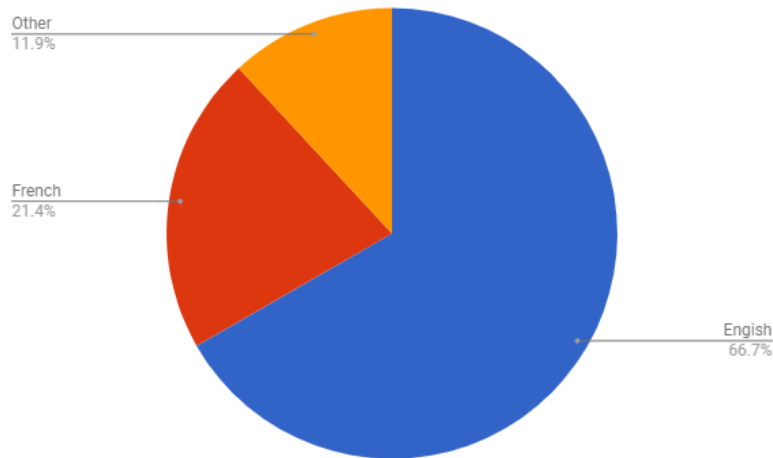
Religious groups by percent Canada vs USA

Affiliation to Religious Groups

USA vs Canada

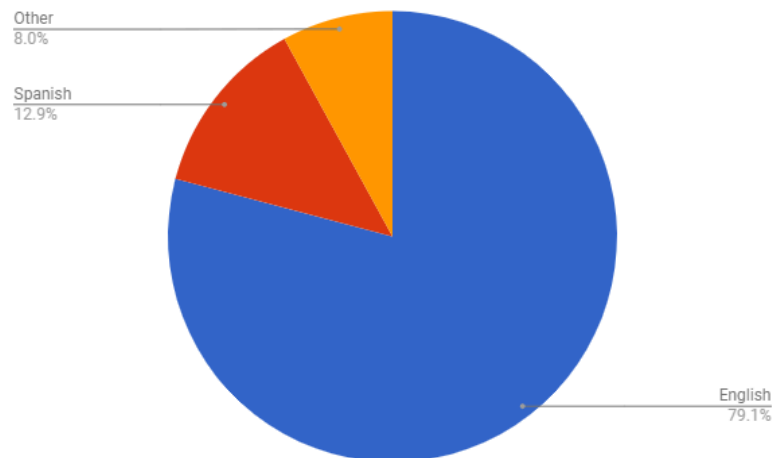


Linguistic diversity among Canadians (used at home)



The vast majority of people living in Canada speak the two national languages; French and English

Linguistic Diversity among Americans (used at home)



Spanish and English dominate the main languages spoken in the USA. The 'other' column also is not as large as Canada's.

Economic

The United States has a very strong economy and is one of the world's largest producers/trading partners. According to the IMF, World Bank and CIA the USA has a GDP (PPP) per capita of just over 57,000 which puts them around 11th highest in the world. The inflation rate in the USA over the past year was 2.1% as of December 2017 which is not very high but slightly higher than the 1.4% inflation that Canada had around the same time that year.

The US unemployment rate has been steadily declining as they had a rate of about 10% mid 2009 but at the end of 2017 they had a rate of 4.1%. The United States uses the USD which is currently worth 1.24 Canadian dollars. The USD was equal to the CAD in 2013 but since then rose and has stayed about 20-30 cents above. Although not the worst in the world, the income distribution in the US is fairly unequal as more of the country's money is distributed among the rich while the poorer don't get nearly as much. The Top three import and export countries with the US are the same just in different orders. For import China is in first, then Mexico and Canada comes in third. For export Canada is first, then Mexico and China in third. Overall, over the past five years the United States have made a large comeback from their market crash in 2008 and they have kept it stable since getting it back up.

Government

The United States are currently run by a republican government under President Trump. He was elected as the 45th president in November 8th, 2016. The next national election is the United States presidential election of 2020, scheduled for Tuesday, November 3, 2020. The United States is among the top three global importers and exporters. They are in free trade agreements with 20 countries, one of which is with Canada as part of the North American Free Trade Agreement (NAFTA). Therefore there are no tariffs for importing products from Canada. They are also part of the World Trade Organization. However, there is an obstacle since President Trump isn't very supportive about free trade and believes that foreign powers have been "cheating America and stealing jobs." He believes this is an issue that exists due to free foreign trade.

Political Issues:

In the United States there is a polarizing political situation with the Trump administration. Moreover, there have been claims of corruption within the white house and anyone connected directly to the president, therefore it is a very tense time for our fellow neighbours the Americans. In addition, the U.S has always remained the country with the strongest military because it's always well funded with the people's tax dollar. However, with tensions rising not only in the country but also with North-Korea there might be a very real threat of possible long distance nuclear war. Since new legislation affecting possible trade negotiations in the future if the administration continues down this path Chapman's may run into difficulties in launching a Canadian product on U.S soil.

Human Rights

Recently, U.S has been able to crack down on human rights abuses, but unfortunately some still remain today. Even in the last year we had multiple police brutalities, and indigenous

territory violations such as the Dakota pipeline. However, the U.S does not have any child labour issues with no current sweatshops but as for their trade partners where they import from that is not the case. The U.S is part of the problem by supporting countries who have child labour issues in sweatshops who they import from. There is a fluent gender system in the U.S where anyone can identify as what they feel most comfortable with. However, this has become quite problematic in the eyes of some because it becomes a challenge to identify genders of strangers.

Legal Issues

Chapman's is not a company that has a reputation of corruptness, poor working conditions, or illegality, whatsoever. In fact, they are known to give back to the community and try their best to care for their employees¹. Not only does this keep those who are working for the company happy, it also helps them create an image of good-hearted Canadians. With this in mind, it is important that the values they apply to their business model in Canada are upheld during the move to the USA. Any business moving across national borders must recognize that there may be new or different laws relating to corporate operations. The following is a run down of specific points Chapman's must consider relating to legal issues.

Bribery²: the act of trading something of value for favours from other businesses, politicians, or legal firms. There are two classifications; bribes and grafts.

- A graft is the illegal acquisition of public money from politicians or public organizations. The punishment for obtaining a graft is a fine, no more than three times the monetary value of the graft, and/ or imprisonment up to 15 years.
- A bribe can be considered as any of the following;
- Any public official influencing the performance of any official act in violation of official duty
- A person bribing a public official with the intent to influence his/her testimony under oath or affirmation before any court, or any committee
- A person demanding bribery in return for being influenced in testimony under oath or affirmation as a witness in a trial or proceeding or in return for his/her absence from such appearance
- Any person offering bribery for the performance of a public duty
- Any person giving anything of value personally for testimony under oath to be given by such person as a witness upon any trial

¹

https://www.thestar.com/opinion/letters_to_the_editors/2017/04/10/chapmans-is-a-great-corporate-citizen.html

² <https://bribery.uslegal.com/federal-laws-on-bribery/>

In general, a person or company is not able to offer money or a service in exchange for political support or legal immunity, or any manipulation of another business, person, or political group for personal or corporate gain.

Copyright Infringement³: The violation of an individual's or organization's preexisting copyright. A copyright infringement made purely for commercial gain is punishable up to \$20,000 for every copyright violated. This could include using a patent, song, graphic design, or slogan without permission from the creator.

Labour Standards: The USA, like Canada, has a strict set of rules regarding safety, pay, and benefits for workers.

- Wages⁴: \$7.25/h is the average minimum wage in the USA. Although it changes depending on the state, some are as high as \$11.25/h. There are some states including Mississippi, Tennessee, Alabama, and Louisiana, that do not have any laws regarding a minimum hourly wage.
- Working conditions: The American Working Conditions Survey (AWCS) has made findings relating to the kind of working conditions that many American workers are exposed to on the job. These findings include;
 - $\frac{3}{4}$ of Americans perform repetitive physical exertion while at work
 - Over $\frac{1}{2}$ of Americans report being exposed to potentially hazardous materials
 - $\frac{2}{3}$ report feeling like they do not have enough time to finish their tasks
 - Many workers put value on the importance of allowing workers to share their ideas
 - Only 38% feel that their job has the opportunity for advancement

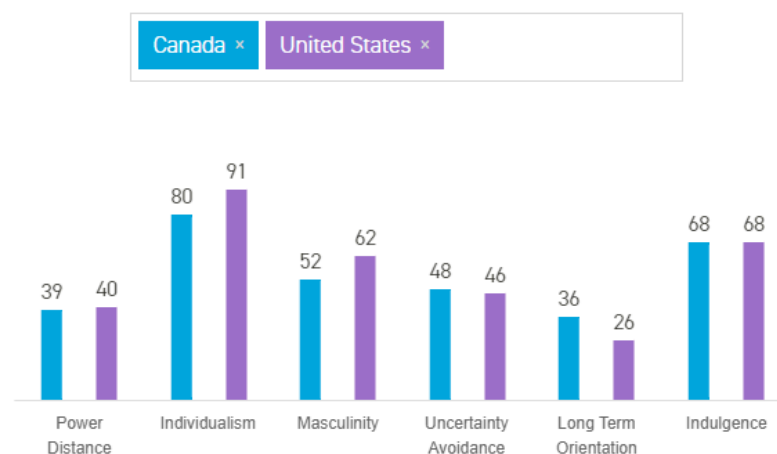
In order to be successful in the USA, Chapman's should invest in the improvement of these statistics. By catering to the average American worker, Chapman's will likely be very productive, rather than trying to get away with the bare minimum working conditions. Also, making employees feel as though they are cared for will attract more people to the company and allow Chapman's to only hire the most promising and motivated workers.

³ <https://www.lib.sfu.ca/help/academic-integrity/copyright/infringement>

⁴ <https://www.statista.com/statistics/238997/minimum-wage-by-us-state/>

Culture

Luckily, the culture of the United States is very similar to Canadian culture. Language is not an issue because even though Spanish is one of their official languages just about all business is done in English if it's done within their borders. Acceptable topics of conversation are almost identical to Canadian business conversations although it would be best not to take an opinion on certain political divides in the country (like gun control). North American verbal culture is all very similar so worrying about physical cues is not an issue. Nodding your head means the same thing as well as hand shaking and offensive non-verbal types of communication as well. Use of humour in a meeting should always be on a person to person basis and not whether you think the general population would like it. Even though Canada and the United States have similar types of humour it would be best to get a feel for the person's sense of humour to avoid anything that could be perceived as offensive. Business etiquette should be the exact same as you would treat a Canadian business, you should show up a few minutes early, shake hands with people who you just meet and dress nicely. Gift giving is not expected although it can be welcome. Although the United States is trying to make men and women equal in the workplace it is still mostly men who own and make decisions for large businesses. This however does not mean the men get treated with more respect, you will just see more of them when conducting business. At home it is similar as they are still slowly pushing out the practices from a few decades ago to make men and women more equal. When conducting business it is important to remain confident and know what you want but it is also important to not become aggressive with your business tactics as that can drive people away. Chapman's will not be a known brand in the United States but the United States is the country that consumes the most ice cream every year worldwide so introducing them to the concept of our product will not be difficult at all. Overall, business in the United States is very similar to Canadian business and for the most part you should not act any differently than you usually would.



(Hofstede Index used to show cultural similarities between the neighboring countries)

Chapman's Overview

Chapmans headquarters is located in Markdale, Ontario at 100 Chapman's Crescent. The owners are Penny and David Chapman who are listed as key people and not ceo's on their website. Although no specific number is provided the Chapman's website claims to have hundreds of people employed. Chapmans has several different lines of ice cream which include frozen ice treats, ice cream and ice cream bars. They have some export experience but not very much as their products are rarely found out of Ontario, they are proud of the fact that they are very local. Chapmans is a very successful company domestically as they have remained in business since opening in the 70's and have successfully come back from their entire factory being burned to the ground because their products sell well.

Strengths

- Strong Canadian image
- Uses only Canadian dairy for most products
- Well known locally as a good family run business

Weaknesses

- Not well known outside of Ontario

Opportunities

- Spread the word of their products through sponsoring local events

Threats

- Many larger name brands can afford to sell their ice cream at cheaper prices

Current Marketing Mix:

Our version of Chapman's ice cream in the United States will be released in two different flavours initially, based on the patriotism of the United States. These flavours will be advertised the most, but the regular flavours with the most demand will also be released. The pricing of all the products will be the same or similar to the price of our competitors since consumers we'll be attracted to the advertised product and flavour instead. They'll be sold in grocery stores around the United States, focusing on the Pacific, Eastern and Central regions. Most likely driven by freezer trucks or transported by cargo ships.

Products:

Since we are expanding to the U.S there is already a significant market for ice cream with a whole host of big companies. However, the uniqueness of Chapman's Ice cream will be able to corner the market in a new way because Americans are always up to trying something new and especially when it comes to dessert options. Therefore, Chapmans will be launching consumer favorite flavours such as:(premium french vanilla, premium vanilla fudge, chocolate ripple, etc.), as well as adding new flavours with a American spinned theme on top. It is crucial that the flavours encapsulate the pride and freedom that Americans hold dear, along with offering new flavours that haven't been seen in the ice cream market. The concerning flavours will be: American freedom a ice cream with the classic red white and blue with chunks of white chocolate fudge thrown in as a special surprise; the second concerning flavour will be Eagle's pride a base vanilla and chocolate mixture with caramel and caramel fudge thrown in following a eagle's respective colours. Our product will appeal not only to the young patriotic souls that cling onto their mother's arms while shopping, but older ice cream connoisseurs that want to show true American pride in a unique way. The concerning target market is the household shoppers for the family so flavours will connect with parents first but once taken home kids will be able to fall in love with the flavour and that will transition into a regular weekly grocery purchase of the household. Unlike their friendly frozen neighbours to the North the United States is home to a more warmer temperature climate raising the length or popularity of the ice cream season. Moreover the United States has a if not better infrastructure than Canada so a product expansion would not be too difficult to a already secure grocery infrastructure. In the United States ice cream does not conflict with any traditions or beliefs of the concerning customers furthermore, it actually ecapulates the entirety of the traditional American culture. Our product remains unique in the United States ice cream market due to the fact of the foreign new canadian taste and the creative patriotic spin on the new taste. However, the competition in the American markets are high because of well-known brands like Ben & Jerry's , and Baskin-Robbins. Therefore, there are many competitive disadvantages such as competing against brands who are well-known in the market. However, there remains a competitive advantage Americans are always seeking something new that Chapman's can offer. Unfortunately there is a risk of new trade barriers with the Trump presidency wanting to "tear up NAFTA", to combat this risk Chapman's will have to open up American based manufacturer warehouses. In the United States there is very similar labelling standards so any drastic changes will not be necessary.

Pricing:

Most consumers in the United States will be able to afford our product, as United States is one of the countries that consumes the most ice cream. The factors that we'll need to consider for pricing in the United States is GDP, average salary and analysing competition. Our product sales are sensitive to significant price changes but not minor price changes because consumers will notice if our product becomes more expensive. Pricing is a minor issue if we

keep the price of our product similar to our competition, since the sales will come from the actual flavor and quality of the ice cream. Currently there aren't many costs to bring our product to the United States from Canada because of the North American Free Trade Agreement which allows us to import our products without paying tariffs. Starts in Canada in the warehouse in Markdale, goes to warehouse owned by different grocery chains, then dispersed at different grocery stores.

Promotional Strategy

We will be able to use the entire library of current Chapmans advertisements as we would like to keep the Canadian image and the culture and language in the United States is so similar to Canada that they will likely work well. We would likely create a few new ads for the new American focused products we will launch to help our brand get started in the States. It is unlikely we would use radio to advertise our products as it's hard to get an idea on whether or not you want a food product without seeing what it looks like. Our main media platforms for advertising would be TV as well as magazines and flyers. These also work well because the United States citizens consume large amount of television compared to other countries. Cultural concerns in the States shouldn't be an issue for us because the language and beliefs are largely the same but our political views are different. This won't be an issue because we won't be advertising our political views in our ads.

Examples:





Place

We will initially use a centralized strategy to distribute our product. This is because the USA is a very large country and there is already a market of major ice-cream brands. The first step to moving into the US will be to set up in areas that are closest to Ontario. These include the Northeast states and Midwest. Eventually, as sales increase and the reputation of Chapman's is created the brand will expand to further areas of the country, such as out West and to the South. When this happens there will need to be more efficient and numerous distribution centres located throughout the states. Chapman's will start out in a small area of the US, close to Ontario, to minimize initial costs and to ensure that the brand will be well received among Americans.

In order to maximize profits and ease into the market, Chapman's will use preexisting stores to sell our product. Superstores, such as Wal Mart, will be used to get our products on the market. By using a store that is already very popular, this eliminates the need of building Chapman's stores and trying to get people into them. These stores are also beneficial to this plan because they already operate nation-wide, so expanding across the country only requires new concerns regarding shipping and distribution logistics, which is explained in the next point.

Logistics is an important component of any international business plan. Luckily for Chapman's, the US is a highly developed country with effective infrastructure and many large cities spread throughout the land. This allows our products to be shipped by road to their destinations. The goal of our distribution plan is to have little involvement with the movement of our product, but rather allow our sellers to take care of it. Although this may add extra expense, these companies will ensure that shipping standards are met and the product makes it to their stores on time. Since Chapman's is a foreign company to the US, it may be troublesome to change our policies on shipping in the United States.

Fortunately, the United States has a similar culture to that of Canada. Most people in the US tend to enjoy the same flavours that we do here; chocolate, vanilla, caramel etc. This allows us to change our products so that they appeal to the American consumer more, but without having to create an unorthodox product. By doing so, the ingredients that we currently use in

our ice-cream will not have to change greatly, but rather the names and packaging. We will continue to use our current Canadian producers of our ingredients, however, when this become less economical, Chapman's will likely have to look into American suppliers. Moving to American suppliers raises some concerns. For one, American farmers do not have the same standards and rules to follow as Canadians, especially regarding hormone use in livestock. Also, Chapman's image of Canadian produced will not longer apply. Lastly, buying from American producers does not help Canadian farmers, and helping Canadians is something that Chapman's always prides itself on.

Sources: (Chewbacca)

(n.d.). Retrieved from <http://www.ccsd.ca/factsheets/demographics/>

(2015, December 22). Retrieved from <http://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-314-x/2011001/tbl/tbl4-eng.cfm>

Canada, G. O. (2017, February 14). 2011 National Household Survey: Data tables – Religion (108), Immigrant Status and Period of Immigration (11), Age Groups (10) and Sex (3) for the Population in Private Households of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2011 National Household Survey. Retrieved from <http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/dt-td/Rp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=105399&PRID=0&PTYPE=105277&S=0&SHOWALL=0&SUB=0&Temporal=2013&THEME=95&VID=0&VNAMEF=&VNAMEF=>

Canada, G. O. (2012, May 31). Archived - Life expectancy at birth, by sex, by province. Retrieved from <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/health26-eng.htm>

Contact CIA. (n.d.). Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/fields/2002.html>

Population. (n.d.). Retrieved from https://www.google.ca/publicdata/explore?ds=d5bncppjof8f9_&met_y=sp_pop_totl&hl=en&dl=en#lctype=l&strail=false&bcs=d&nselm=h&met_y=sp_pop_totl&scale_y=lin&ind_y=false&rdim=country&idim=country:CAN:USA&ifdim=country&hl=en_US&dl=en&ind=false

QuickFacts. (n.d.). Retrieved from <https://www.census.gov/quickfacts/fact/table/US/PST045216>

QuickFacts. (n.d.). Retrieved from <https://www.census.gov/quickfacts/fact/table/US/PST045216>

USA Life Expectancy Male. (n.d.). Retrieved from <http://www.worldlifeexpectancy.com/usa/life-expectancy-male>

The World Factbook: UNITED STATES. (2018, January 03). Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>