



# Canada Briefing

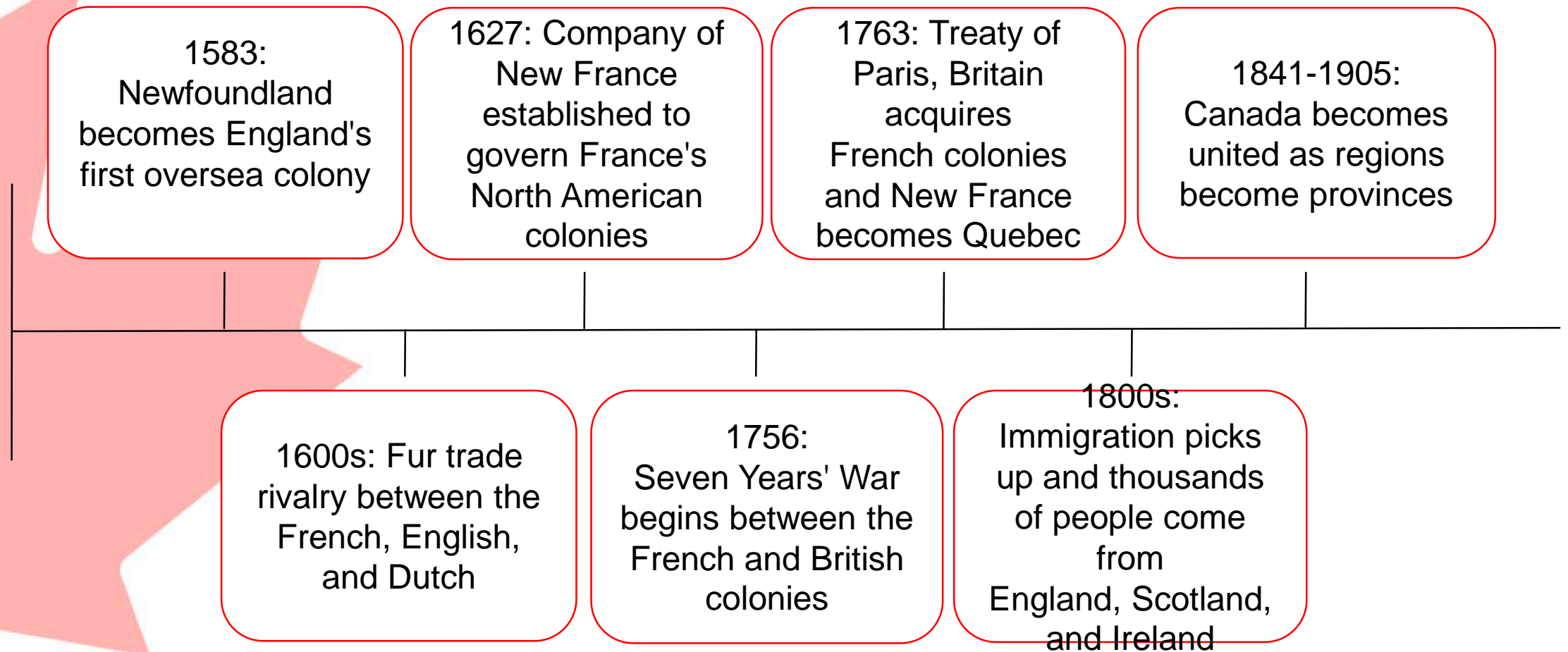
Jenine Black & Álvaro de Palacio Fraguas



**BACKGROUND**



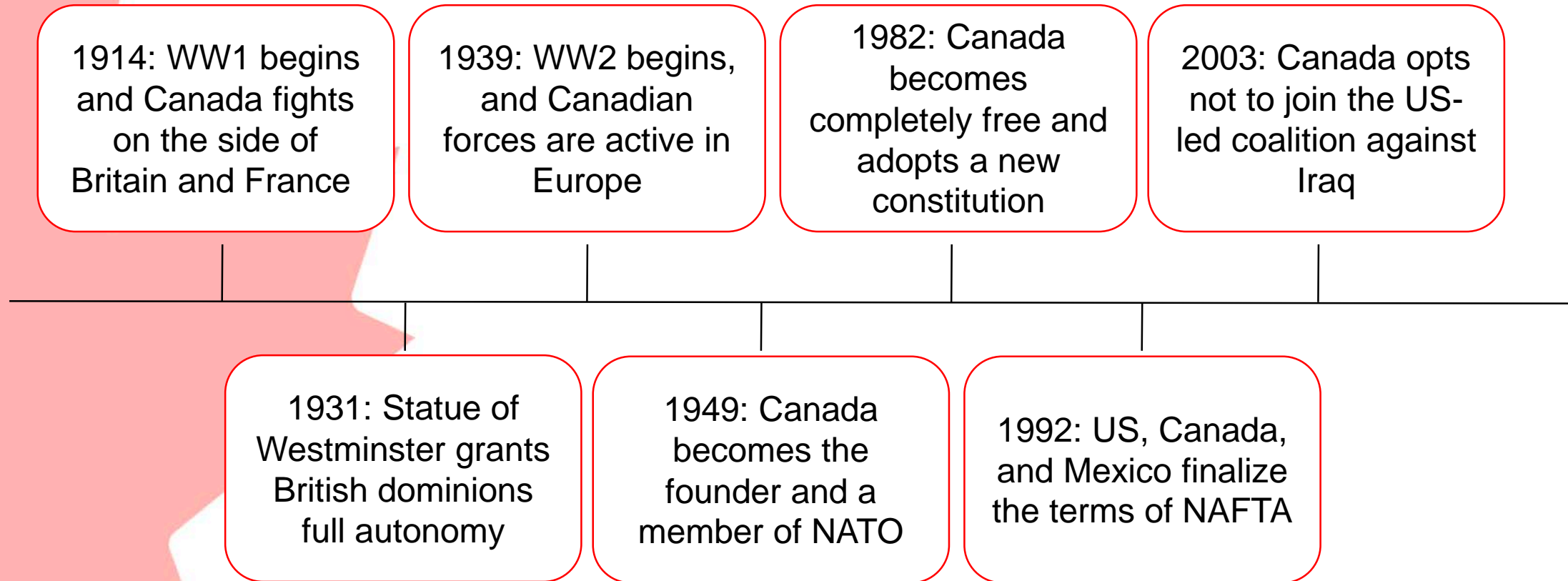
# Canada was a colony before becoming a nation



[http://news.bbc.co.uk/2/hi/americas/country\\_profiles/1203358.stm](http://news.bbc.co.uk/2/hi/americas/country_profiles/1203358.stm)



# Canada begins to make its own political decisions



[http://news.bbc.co.uk/2/hi/americas/country\\_profiles/1203358.stm](http://news.bbc.co.uk/2/hi/americas/country_profiles/1203358.stm)

Background

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Conclusions



# Indigenous Person's Population is growing



<https://hugoproductionspanama.wordpress.com/2015/10/22/the-inuit-and-their-adaption-to-the-canadian-artic/>

## Inuit

Primarily in the northern regions



[http://firstpeoplesofcanada.com/fp\\_metis/fp\\_metis1.html](http://firstpeoplesofcanada.com/fp_metis/fp_metis1.html)

## Métis

Mixed European and Indigenous ancestry



<https://www.sbs.com.au/nitv/article/2017/06/21/6-things-you-need-know-about-national-aboriginal-day-canada>

## First Nations

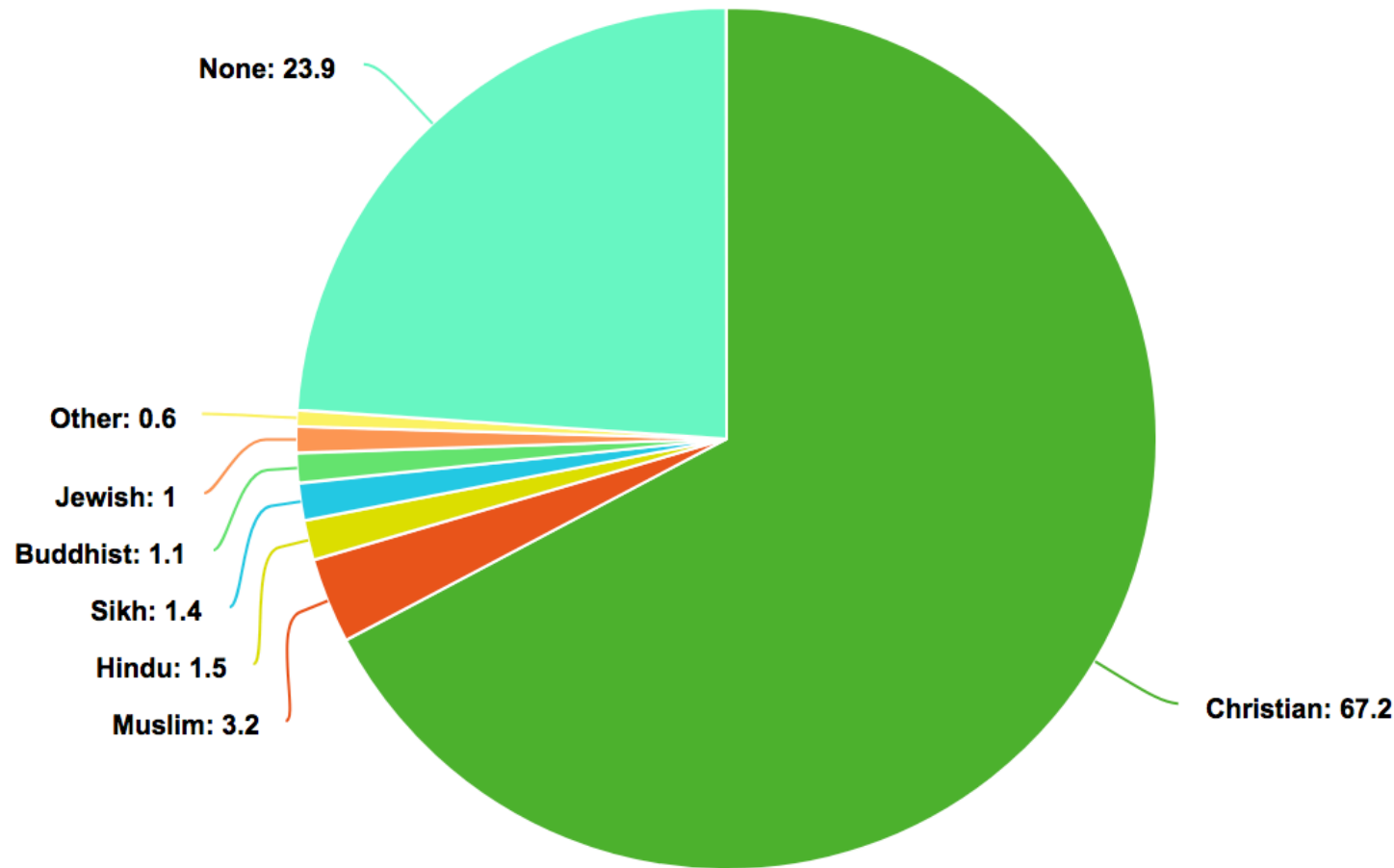
Primarily in the regions south of the artic

In 2016 4.9% of the national population (1.6 million people) identified as Indigenous. The population is growing steadily, and it is predicted to reach over 2.5 million in the next 20 years.

<https://www.thecanadianencyclopedia.ca/en/article/aboriginal-people>



# Canada is mostly Christians and Atheists



In the most recent census in 2011, Christians and Atheists made up most of the Canadian population.

Christian Muslim Hindu Sikh Buddhist Jewish Other None

<https://www.statista.com/statistics/271212/religions-in-canada/>

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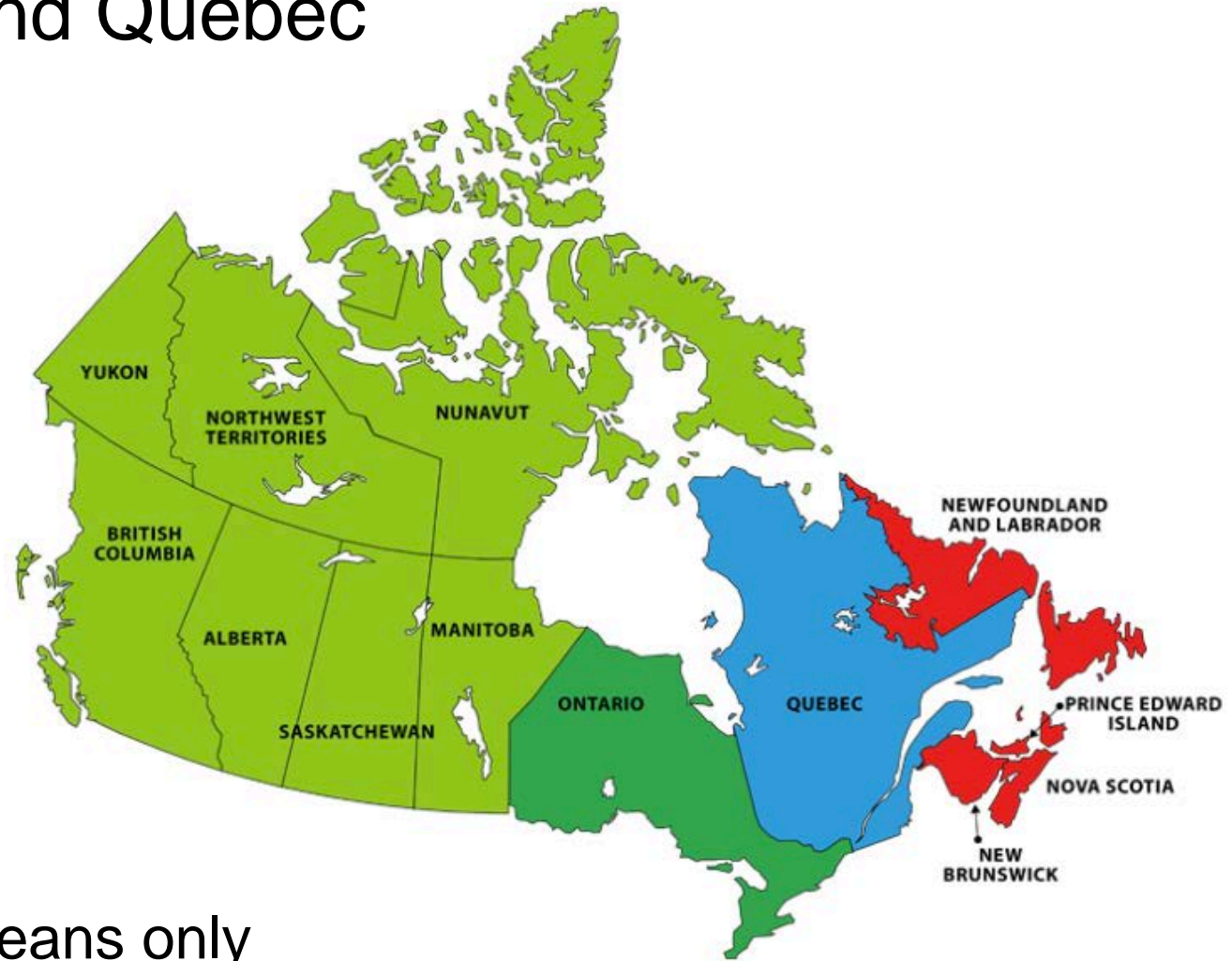
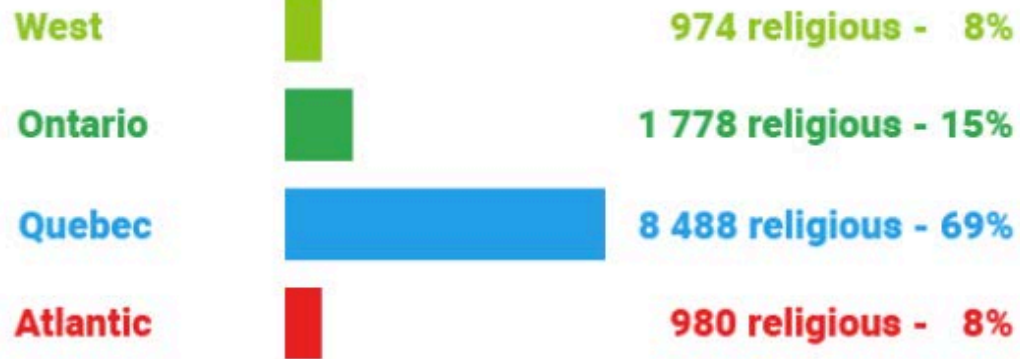
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# Most Christians are around Quebec



12 220 religious in Canada (2018)



In this situation, religious means only Christian

<https://www.crc-canada.org/en/who-are-we/statistics/>

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# Canada has economic power, but it isn't growing at a quick rate



Currency rate:

1 US Dollar = 1.31 Canadian Dollars

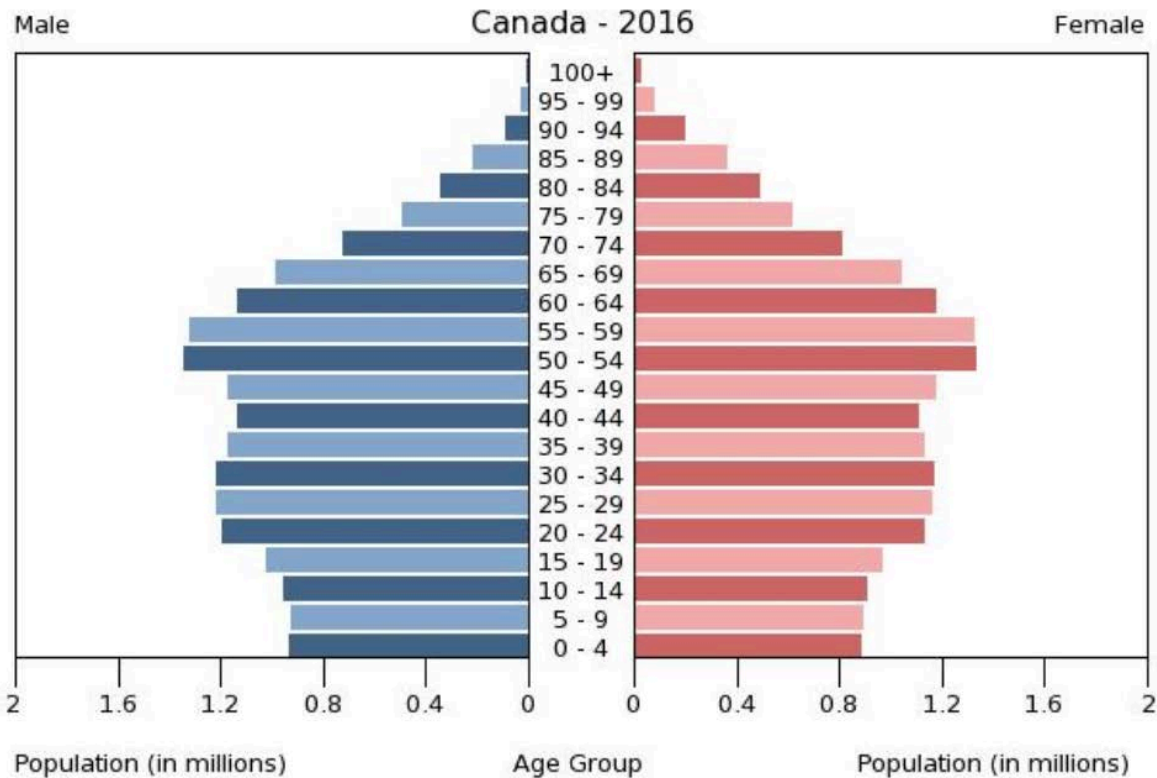
- GDP: \$1.774 trillion - ranked 17th
- GDP growth rate: 2.9% - ranked 121st
- GDP per capita: \$48,400 - ranked 34th
- Purchasing power parity: \$1.769 billion – ranked 17th
- Unemployment rate: 6.3% - ranked 94th
- Ranked 8th in economic freedom
- Ranked 7th on the World Happiness Index
- Big Mac Index: the Canadian dollar is 9% undervalued against the US dollar

<https://www.ceifx.com/news/508/Why-Bank-of-Canada-Wants-to-Remove-Old-Banknotes-and-Create-New-Currency>  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html>

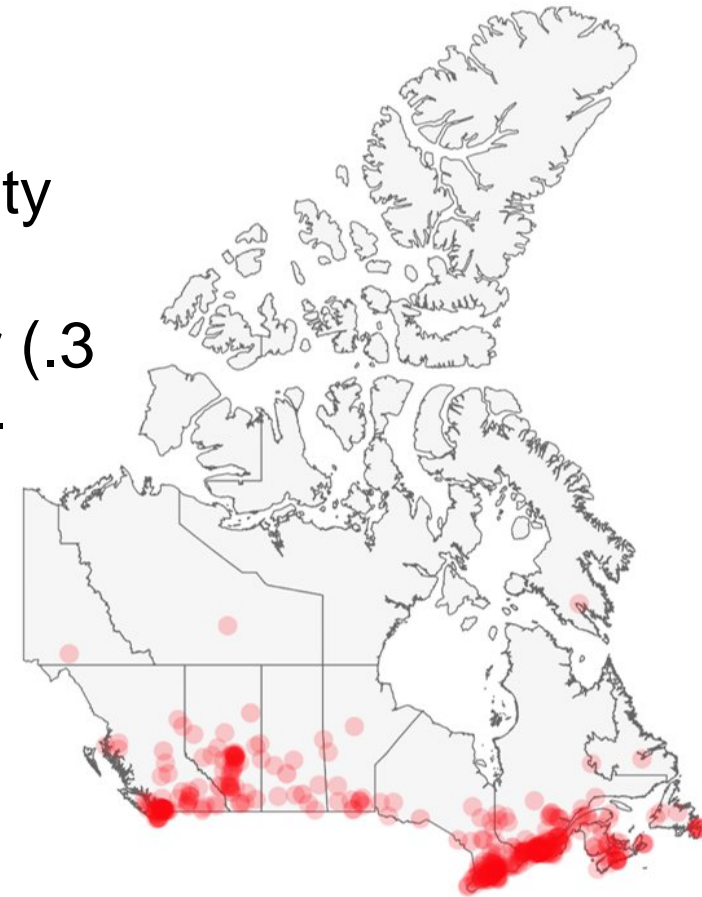




# The population is aging and concentrated at the southern border



Population density of 4 people per square kilometer (.38 square miles) - ranked 228th

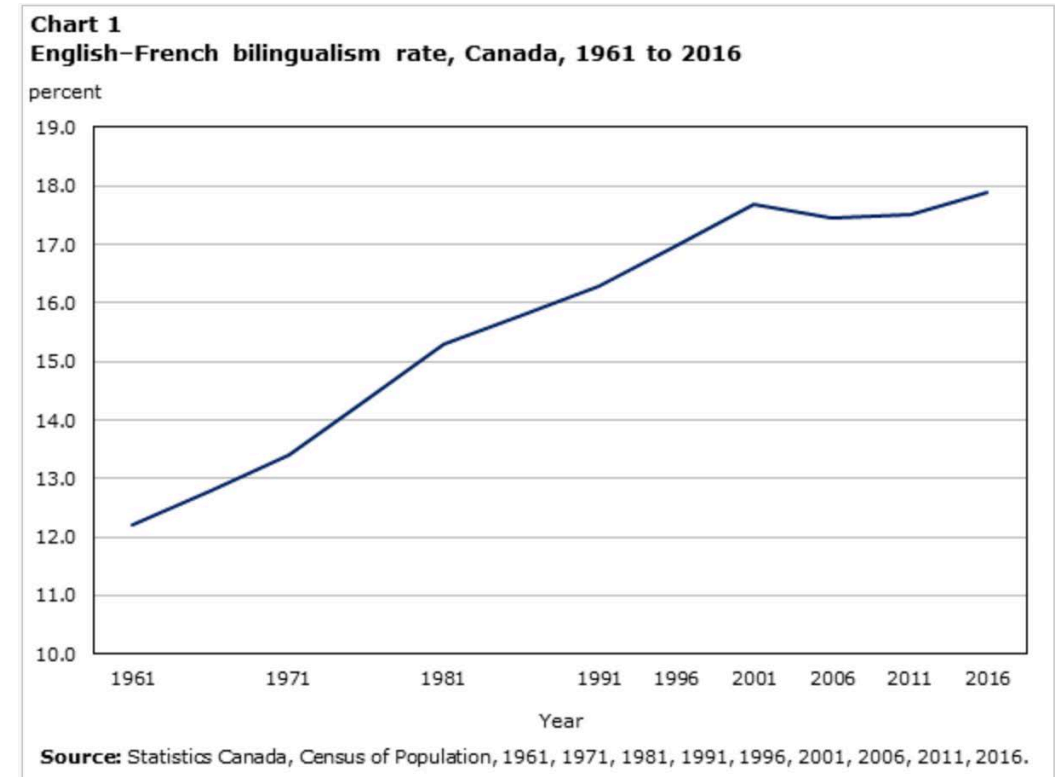
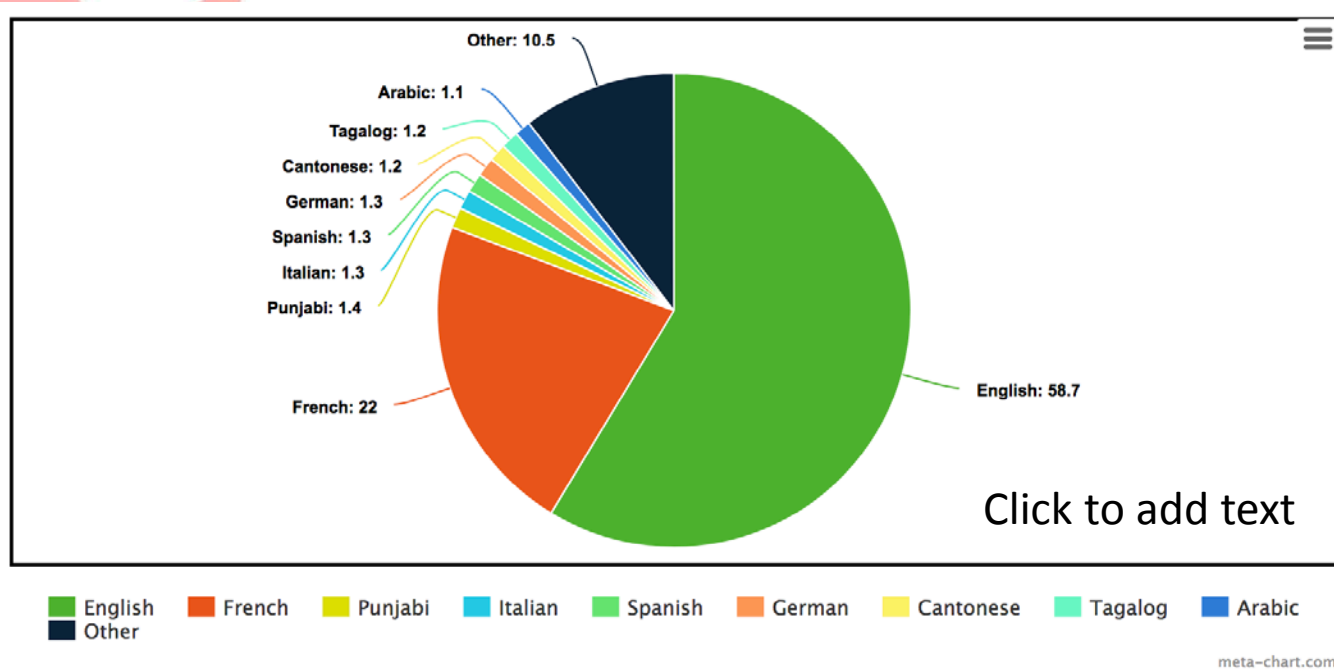


Population of 37.28 million - ranked 38th

<http://worldpopulationreview.com/countries/canada-population/>  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html>



# The number of bilingual people is increasing



Most people in Canada speak English or French, but in 2016 only about 18% were bilingual, however this number is increasing).

<https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016009/98-200-x2016009-eng.cfm>  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html>



# Canada was the fourth country to legalize same-sex marriage

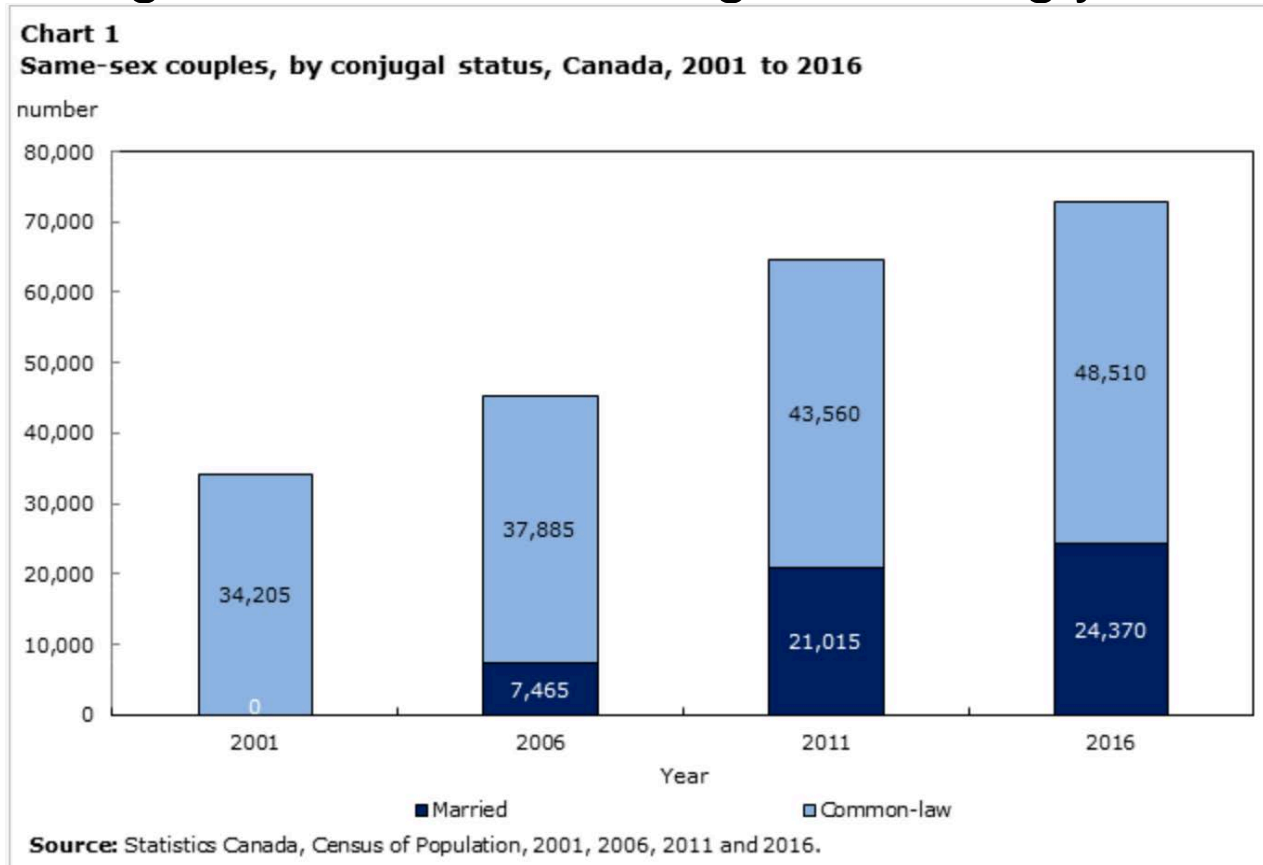
Canada was the first country not in Europe to legalize same-sex marriage, and it is becoming increasingly accepted as

December 2000  
The Netherlands

January 2003  
Belgium

July 2005  
Spain

July 2005  
Canada



<https://www.usnews.com/news/best-countries/articles/2017-11-15/where-same-sex-marriage-has-been-legalized-around-the-world>

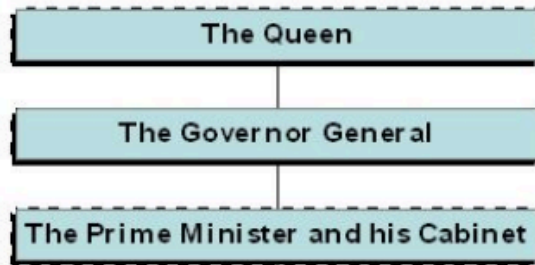


# The Prime Minister is the head of the government

## Structure of the Canadian Federal Government

### Legislative Branch:

Queen, Governor General  
Prime Minister and his Cabinet  
House of Commons and the  
Senate



### Executive Branch:

Queen, Governor General,  
Prime Minister and his  
Cabinet

### Judicial Branch:

The Supreme Court,  
The Federal Court and  
the Provincial Courts



The Governor General's duties are primarily ceremonial and acts as the representative of the Queen. Justin Trudeau has served as the Prime Minister since 2015 and is the leader of the Liberal Party.

<https://slideplayer.com/slide/8342994/> <https://www.worldatlas.com/articles/what-is-the-salary-of-the-prime-minister-of-canada.html>





# **BUSINESS ENVIRONMENT**

# Canada's economy is the 8th freest in the world in 2019

- Canada's economic freedom score is 77.7, making its economy the 8th freest in the 2019 Index

| REGULATORY EFFICIENCY  |                     |
|------------------------|---------------------|
| Business Freedom       | 81.9 <span>▲</span> |
| Labor Freedom          | 73.7 <span>▲</span> |
| Monetary Freedom       | 77.2 <span>▼</span> |
| GOVERNMENT SIZE        |                     |
| Government Spending    | 51.3 <span>▼</span> |
| Tax Burden             | 76.8 <span>▲</span> |
| Fiscal Health          | 83.1 <span>▲</span> |
| RULE OF LAW            |                     |
| Property Rights        | 87.0 <span>▼</span> |
| Government Integrity   | 84.6 <span>▲</span> |
| Judicial Effectiveness | 69.4 <span>▼</span> |
| OPEN MARKETS           |                     |
| Trade Freedom          | 86.8 <span>▼</span> |
| Investment Freedom     | 80.0 <span>—</span> |
| Financial Freedom      | 80.0 <span>—</span> |

- Canada is ranked 1st among 32 countries in the Americas region, and its overall score is well above the regional and world averages















| Regional Ranking |               |          |                     |
|------------------|---------------|----------|---------------------|
|                  | OV% RALL      | C% A% G% |                     |
| 1                | Canada        | 77.7     | 0.0 <span>—</span>  |
| 2                | United States | 76.8     | 1.1 <span>▲</span>  |
| 3                | Chile         | 75.4     | 0.2 <span>▲</span>  |
| 4                | Saint Lucia   | 68.7     | 1.1 <span>▲</span>  |
| 5                | Jamaica       | 68.6     | -0.5 <span>▼</span> |

<https://learning.aperianglobal.com/web/gap/profile.cfm>



# It is the 4th best country to do business in

## BER rankings

|   | Score 2009-13 <sup>a</sup> | Global ranking 2009-13 | Score 2014-18 <sup>b</sup> | Global ranking 2014-18 |
|---|----------------------------|------------------------|----------------------------|------------------------|
|  Singapore     | 8.56                       | 1                      | 8.65                       | 1                      |
|  Switzerland   | 8.41                       | 2                      | 8.52                       | 2                      |
|  Hong Kong     | 8.34                       | 3                      | 8.39                       | 3                      |
|  Canada        | 8.15                       | 7                      | 8.30                       | 4                      |
|  Australia     | 8.18                       | 5                      | 8.29                       | 5                      |
|  Sweden        | 8.20                       | 4                      | 8.26                       | 6                      |
|  USA           | 8.02                       | 8                      | 8.25                       | 7                      |
|  New Zealand   | 7.99                       | 11                     | 8.18                       | 8                      |
|  Finland       | 8.16                       | 6                      | 8.18                       | 9                      |
|  Denmark       | 8.01                       | 9                      | 8.16                       | 10                     |
|  Norway        | 7.89                       | 13                     | 8.01                       | 11                     |
|  Germany       | 7.99                       | 10                     | 7.98                       | 12                     |
|  Chile         | 7.81                       | 14                     | 7.89                       | 13                     |
|  Taiwan        | 7.68                       | 16                     | 7.85                       | 14                     |
|  Ireland      | 7.30                       | 20                     | 7.79                       | 15                     |
|  Netherlands | 7.94                       | 12                     | 7.78                       | 16                     |
|  Belgium     | 7.69                       | 15                     | 7.69                       | 17                     |
|  Austria     | 7.61                       | 17                     | 7.62                       | 18                     |
|  Malaysia    | 7.15                       | 24                     | 7.56                       | 19                     |
|  Israel      | 7.17                       | 23                     | 7.50                       | 20                     |

Improves three places between 2009-13 and 2014-18



• Strong market opportunities due to:

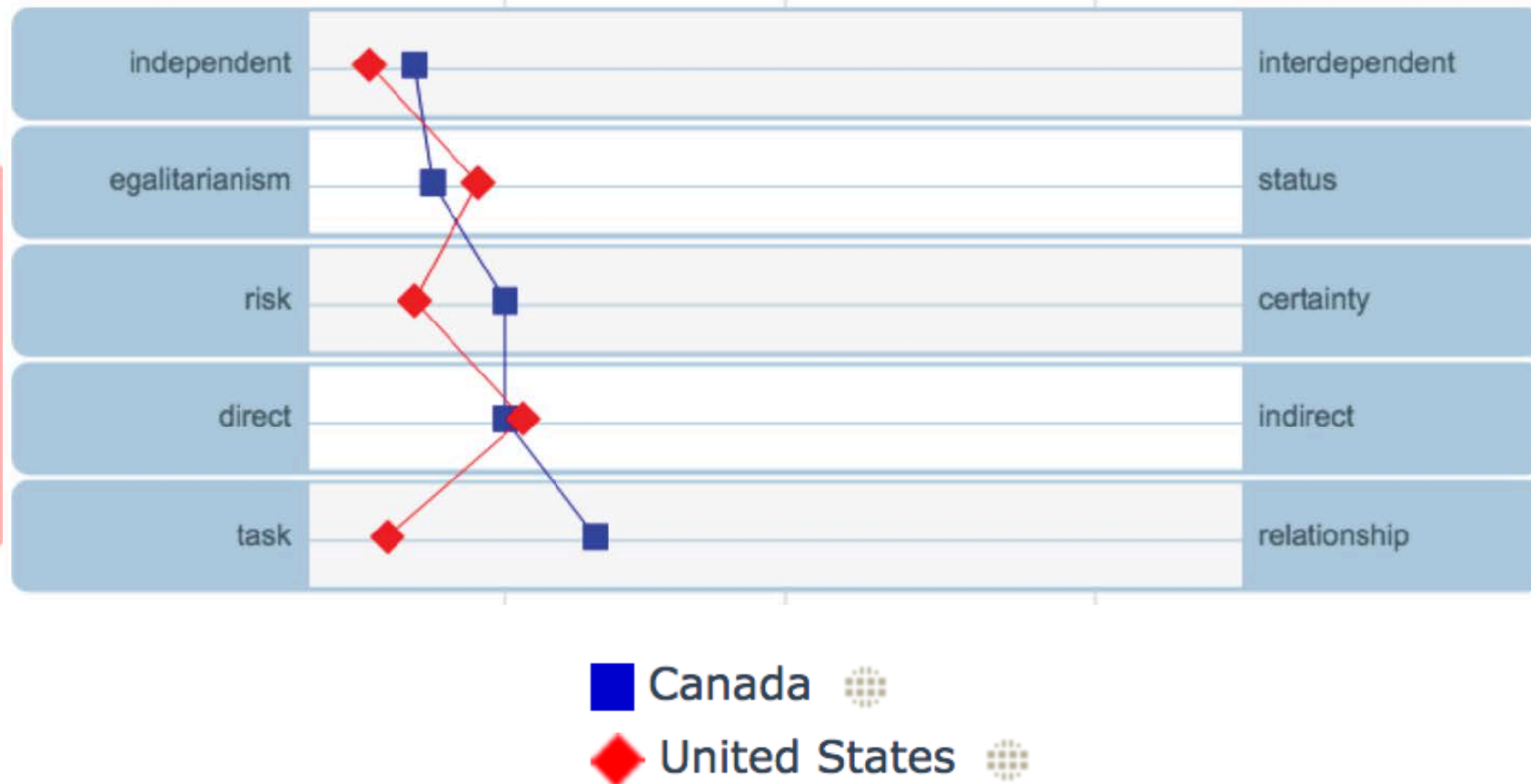
- High GDP per capita
- Strong trade flows
- Wealthy natural resources



- Protectionism in some sectors
- Cautious lending policies
- Complex taxation system

<https://www.nordeatrade.com/fi/explore-new-market/canada/economical-context>

# Canadians are more risk-averse and a little less task-oriented than Americans



<https://learning.aperianglobal.com/web/gap/profile.cfm>





# Business communications are direct and respectful



Communication is quite straight-forward



Emails and calls should be direct and succinct



It is very important to respect everyone's opinion



Decisions are made when all the facts are at hand



Mornings are the preferred time for appointments



# Business meetings are formal, and taken very seriously



Do not be late: Punctuality is extremely important



Men should wear suits and ties



Women should wear dark-coloured conservative dresses or suits



Address by the professional title or Mr/Mrs/Miss/Ms



Meetings often have pre-set agendas and schedules



# The handshake and eye-contact are key

- A handshake is the appropriate greeting
- Must be accompanied by strong eye-contact
- Business cards are usually exchanged (bilingual, if possible)
- Canadians will begin a meeting with very little small talk



**Gifts are not expected**

And if so,  
small things  
such as wine,  
chocolate or  
flowers



# Follow these tips...

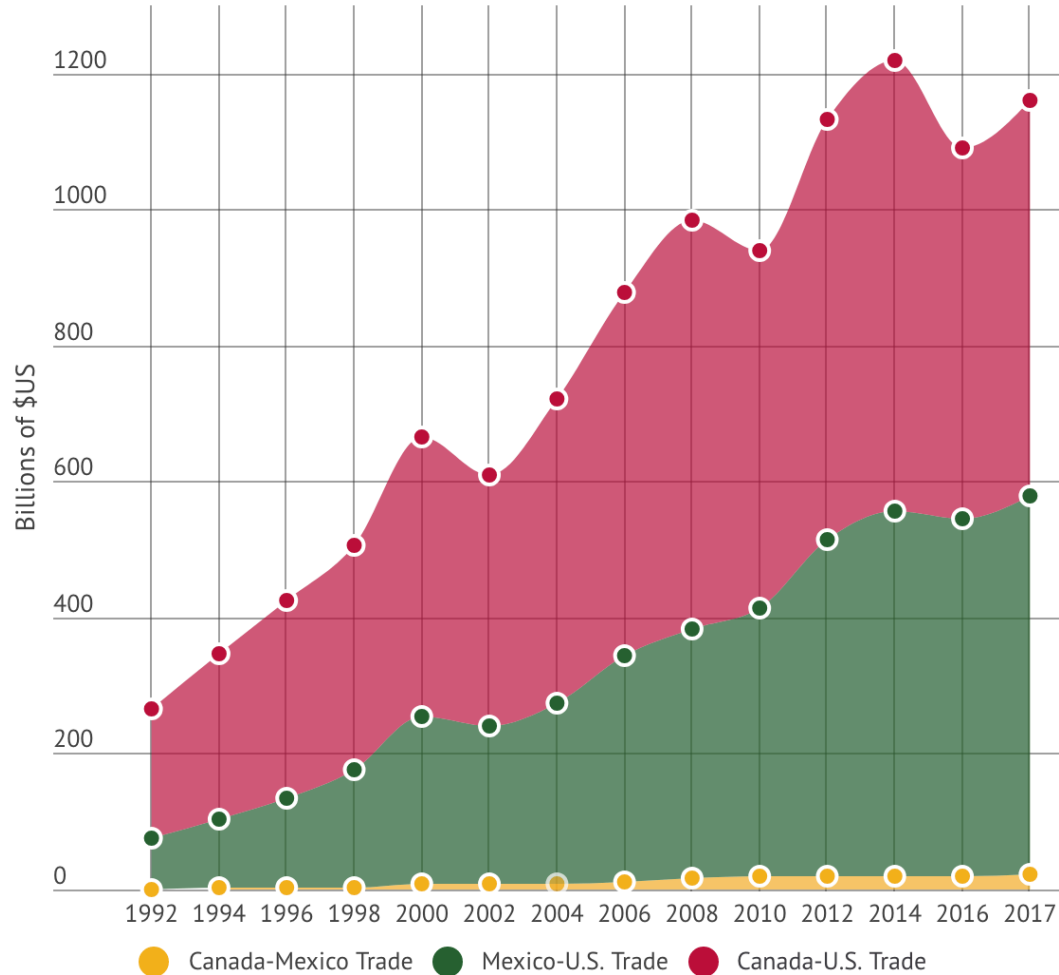
- 💡 Maintain a certain amount of personal space
- 💡 Be careful not to point someone with your index finger
- 💡 Avoid to using the "V" sign –it represents a serious offense
- 💡 Recognize that important regional differences exist in Canada and prepare to adapt
- 💡 Do not take sides in debates about contentious national issues (like the status of Quebec, the place of the French and English languages in Canadian society, etc.)
- ⚠️ Warning: Some Canadians may be wary about the intentions of American businesses





# CURRENT TRENDS & ISSUES

# Debate over NAFTA and the TPP create tension



The North American Free Trade Agreement (NAFTA), is a trade pact signed in 1992 with the goal of eliminating tariffs a trade barriers between the US, Mexico, and Canada.

Trans-Pacific Partnership (TPP) was signed in 2015 and constituted a large expansion of NAFTA

In 2017, Donald Trump pulled the US out of the TPP and wanted to renegotiate NAFTA. In April 2018, the US announced the introduction of import tariffs on Canadian steel and aluminum. This action threatened to start a trade war and it was condemned by Justin Trudeau.

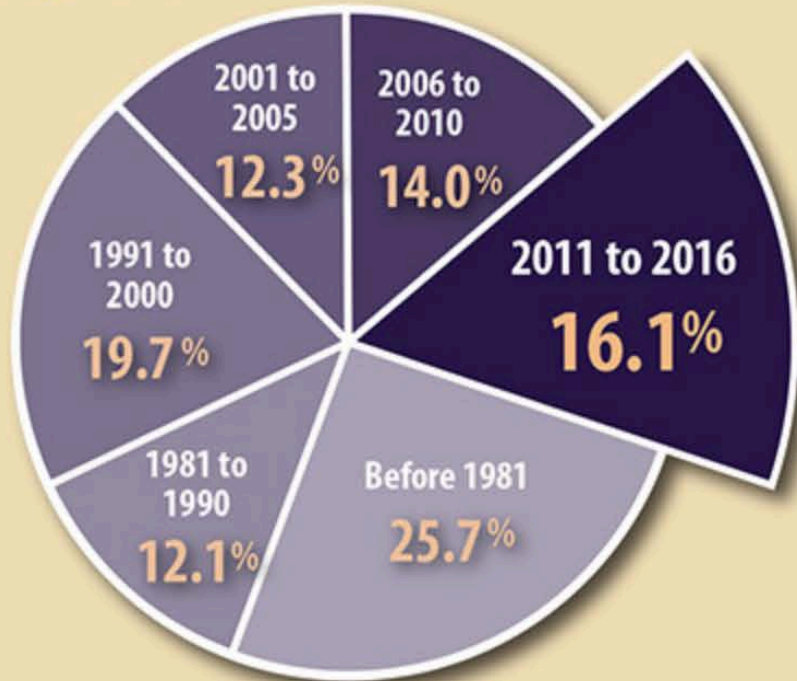
United States-Mexico-Canada Agreement (USMCA) is set to go into effect in 2020.

<https://www.as-coa.org/articles/chart-nafta-numbers-2017>



# Immigration has increased in recent years

Percentage of immigrants to Canada by period of immigration



Approximately  
**1.2**  
million  
are recent  
immigrants

Top 10 countries of birth of recent immigrants

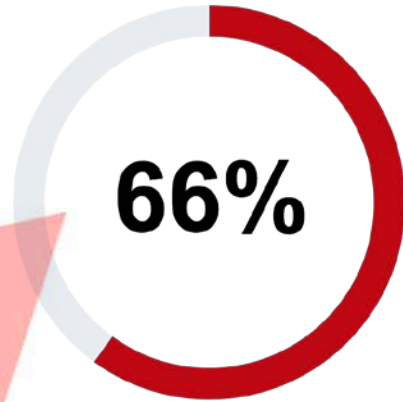


From 2011 to 2016 about 1.2 million people in Canada were classified as recent immigrants. Under the Multi Years Level Immigration plan Canada plans on nearly 1 million immigrants from 2018 to 2020.

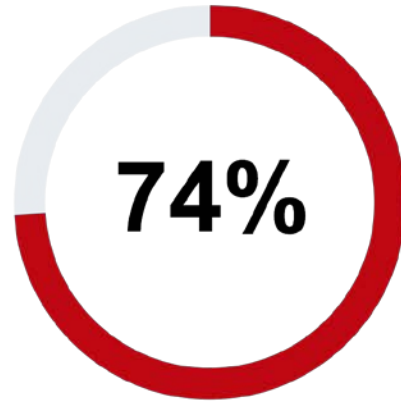
<https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2017028-eng.htm>



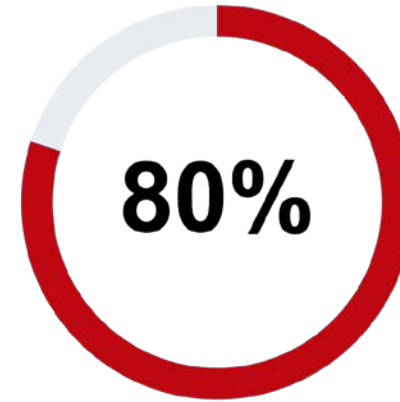
# The Service Industry is thriving, but not for foreign companies



Of Canada's economy



of the workforce employed



of Canada's skilled workers employed

Canada's highly developed infrastructure has supported the expansion of the services industry. Some examples are state-of-the-art telecommunications, utilities, and transportation.

Tourism and retail are the largest in the Southeast and the West. Financial services are vital to the economy in Central Canada.

To protect domestic businesses, there are several restrictions that limit foreign ownership of companies in the service industry.

<https://www.nationsencyclopedia.com/economies/Americas/Canada-ECONOMIC-SECTORS.html>

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# A good price trumps brand loyalty



A study from early 2018 showed that Canadians valued prices over brand loyalty. They are more likely to buy store brands when the price is right, but few spend time before shopping trips to get the best deal in the store.

Important for retailers to get attention with well placed promotional signs or technology that tells the consumer about a sale when they are at the physical location of the purchase.

<http://strategyonline.ca/2018/01/31/canadians-more-price-conscious-than-brand-loyal/>  
<https://www.cbsnews.com/news/generic-vs-brand-name-is-there-really-a-difference/>

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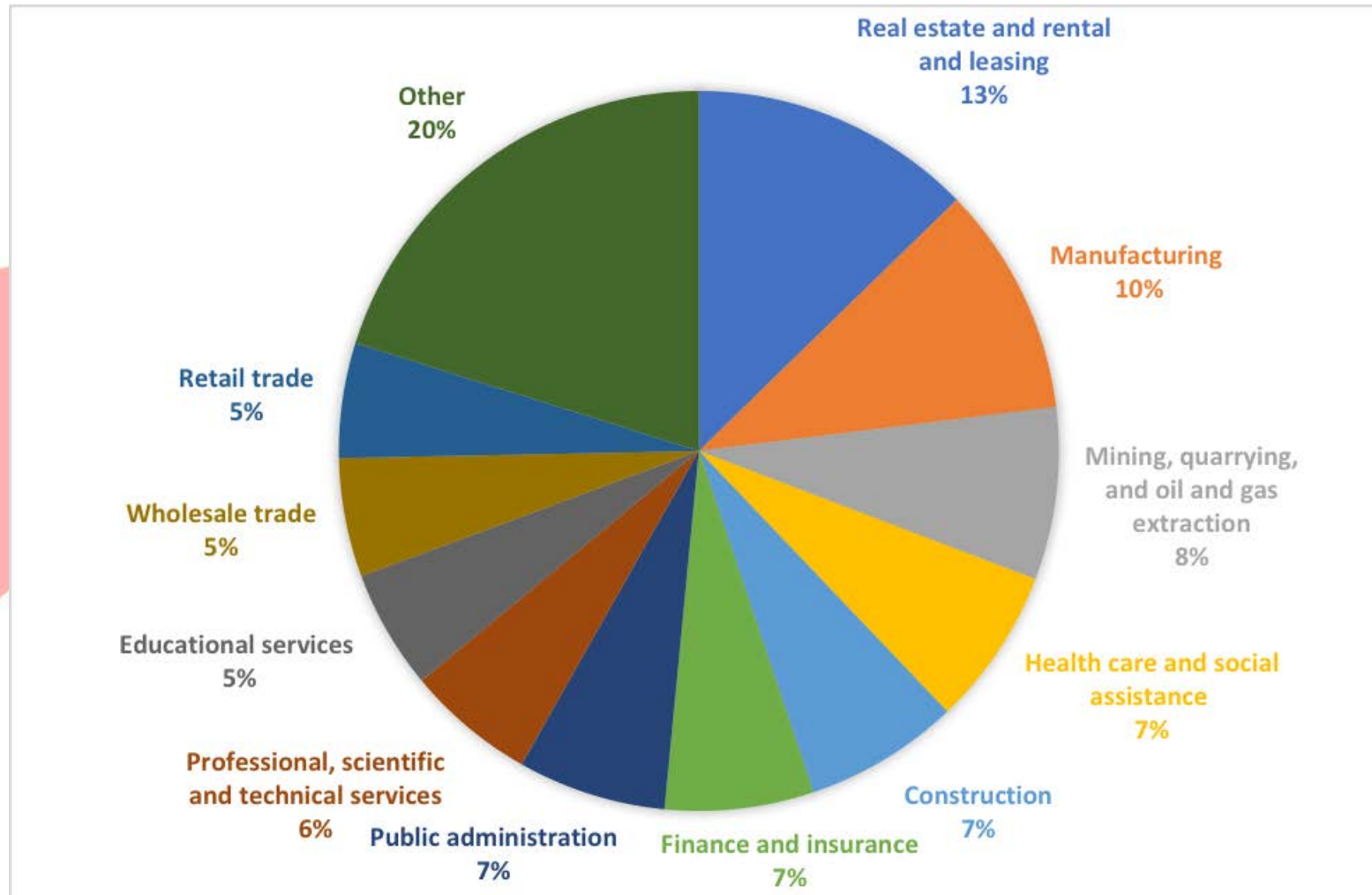




**OPPORTUNITIES**



# One of the most diverse G7 economies...



Created with data from: <https://www.statista.com/statistics/594293/gross-domestic-product-of-canada-by-industry-monthly/>

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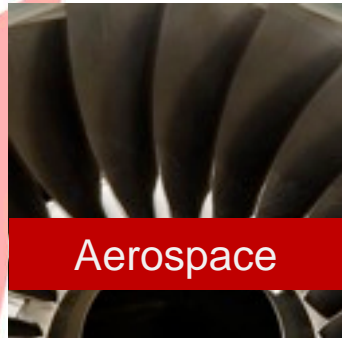
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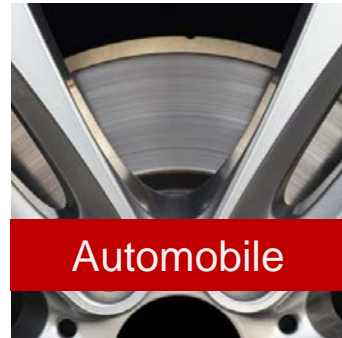
# With many thriving industries



Aerospace



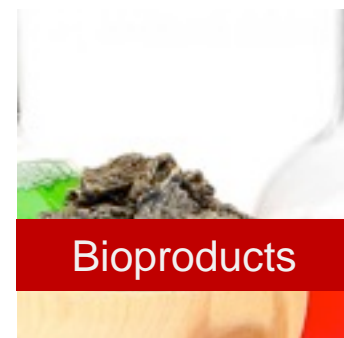
Agri-food



Automobile



Biopharma



Bioproducts



Business services



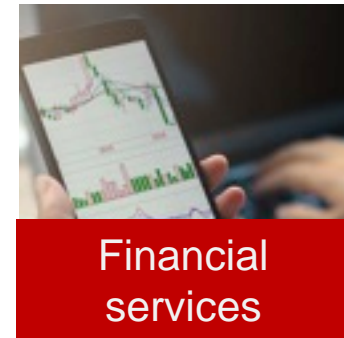
Chemicals and plastics



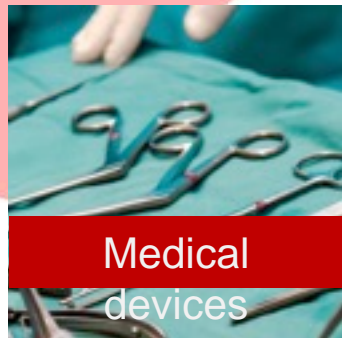
Data and communication



Digital media



Financial services



Medical devices



Mining



Oil and gas



Renewables



Software

<https://www.investcanada.ca/industries>

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# Canada offers a promising investment landscape



## Global investors are recognizing Canada is in the best position to tackle the challenges of the 21st century economy

- Diverse and inclusive economy
- Skilled and talented workforce
- Accessible programs to enhance and boost innovation
- Expansive infrastructure
- Stable, predictable political and economic landscape
- Open access to the world

"With a sound financial system, a vibrant and innovative economy, and a proactive approach to long-term fiscal policy, we view Canada as a compelling investment opportunity."

<https://www.investcanada.ca/resources>

<https://www.investcanada.ca/why-invest>

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**BlackRock**



# Canada offers top talent

"A key reason why Amazon continues to invest in Canada is because of the diverse and exceptionally talented workforce that exists here."

- Alendre Gagnon, Vice President, Amazon Canada-

Not only is Canada already home to the most educated workforce in the OECD and several of the world's top artificial intelligence pioneers, it is aggressively attracting top talent. New immigration programs offer rapid processing of visas for highly-skilled workers.



**51% of Canadian  
s are post-  
secondar  
y**



**Canada's  
universitie  
s conduct  
\$1bn. in  
research  
for**



**Work  
permits  
issued  
in just  
2 weeks**

<https://www.investcanada.ca/resources>

<https://www.investcanada.ca/why-invest>

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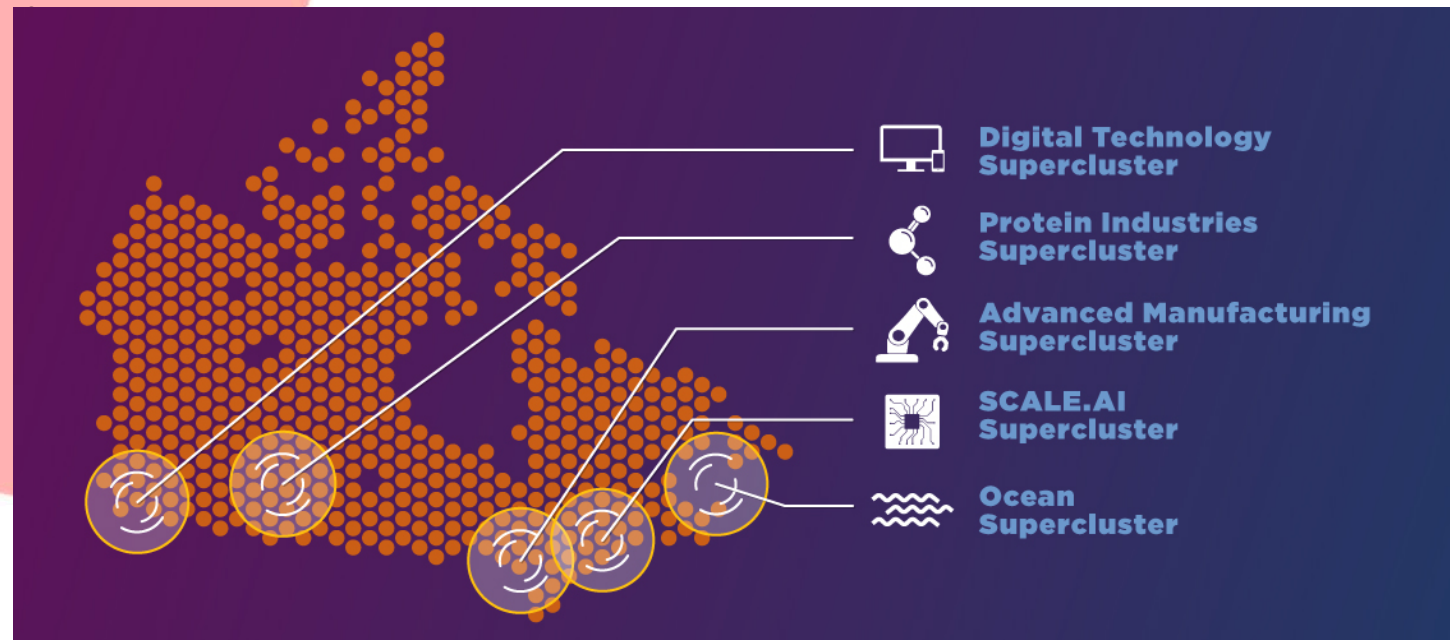
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# Canada is becoming the world's incubator

Canada is investing in an innovative, clean and inclusive economy. The ***Innovation Superclusters Initiative*** brings together industry, academia, government and not-for-profits to invest and grow expertise in the



+120 startup incubators and accelerators supporting dynamic ecosystems

42 business incubators affiliated with 96 Canadian universities

First country in the world to develop an AI strategy (\$125M)

Canadian cities among the 20 most high-tech cities in the world:

- Toronto #9
- Vancouver #14
- Montreal #18

<https://www.investcanada.ca/resources>

<https://www.investcanada.ca/why-invest>

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# Canada offers access to global markets

Canada gives investors preferential market access through:

- 14 trade agreements to 51 countries
- Nearly 1.5 billion consumers
- A combined GDP of US\$49.3 trillion



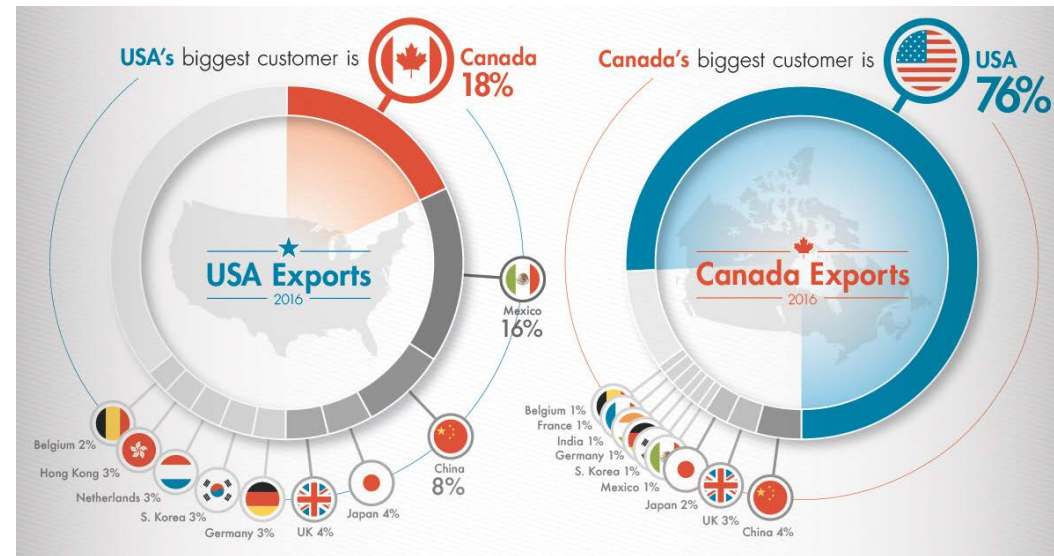
**14 Major Border Crossings to USA**



**15 Major Sea Ports**



**22 International Airports**



<https://www.investcanada.ca/resources>

<https://www.investcanada.ca/why-invest>

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# Economic and social stability ensured

Canada has created an **environment to encourage business success**, which is why it holds the distinction of being the easiest location in the G20 to start a business. They continue to lead the G7 nations in economic growth and have four of the top 10 financial centers in North America.

Moreover, it is a **great place to live**. Canada offers a quality of life that is hard to match, ranking number one in the world based on affordability, job market, family friendliness, income equality, political stability, safety and our well-developed public health and education systems.

## **+\$3bn. in tax incentives**

for eligible companies to conduct business research and development in Canada

## **Funding of \$1.26B**

over 5 for large-scale contribution requests (\$10M+) for industrial and technology projects

## **1st in the G7 and 5th among the OECD countries**

in terms of overall living conditions and quality of life





# MARKETING MANAGEMENT

# ICT and Pharma are the fastest growing markets

@

## ICT (Information & Communications Technology)

It is the fastest growing economic sector:

- Contributed \$83.6 billion to Canada's GDP in 2017
- 85.8K more ICT jobs created between 2016 and 2017 for total of 1.45M
- +66K total companies in the ICT sector

**Subsectors:** AI, Big Data and Analytics, Cybersecurity, Cloud and Blockchain

<https://www.investcanada.ca/resources> <https://www.investcanada.ca/industries/biopharmaceuticals>

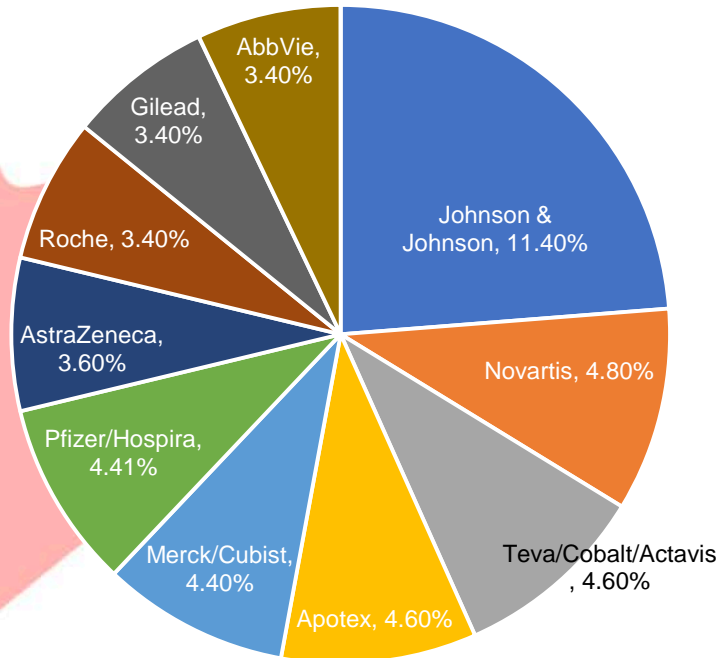
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## Pharma

- Between 2001 and 2015, the value of its exports increased by 345%
- The country's aging population is contributing to the demand for drugs domestically
- The global market is expected to reach \$1.8 trillion by 2020
- Least expensive R&D services for clinical trial administration and for biomedical research, and the lowest business costs for the establishment and operation of manufacturing facilities for both medical devices and pharmaceuticals, among G7 countries



# Very even competitive landscape for the **pharma sector**



| Rank | Leading Companies   | Total Sales (\$bn) |
|------|---------------------|--------------------|
| 1    | Johnson & Johnson   | 2.93               |
| 2    | Novartis            | 1.24               |
| 3    | Teva/Cobalt/Actavis | 1.19               |
| 4    | Apotex              | 1.19               |
| 5    | Merck/Cubist        | 1.14               |
| 6    | Pfizer/Hospira      | 1.06               |
| 7    | AstraZeneca         | 0.93               |
| 8    | Roche               | 0.88               |
| 9    | Gilead              | 0.88               |
| 10   | AbbVie              | 0.86               |

Except for Johnson & Johnson, who has 11.40% of the market, the rest of the players have very similar market shares



# Product: Top-sellers are targeted to older people

**The top ten pharmaceutical products sold in Canada account for 15% of 2016 industry sales**

The therapeutic subclasses of the most sold products are mainly aimed to older people

From 2001 to 2016, total pharmaceutical sales (including non-patented over the counter medicines) in Canada have doubled to \$25.5 billion

| Rank | Leading Products | Therapeutic Subclass | Total Sales (\$bn) |
|------|------------------|----------------------|--------------------|
| 1    | Remicade         | Anti-arthritis       | 1,037              |
| 2    | Humira           | Anti-arthritis       | 669                |
| 3    | Harvoni          | Liver health         | 417                |
| 4    | Lucentis         | Ophthalmology        | 348                |
| 5    | Enbrel           | Anti-arthritis       | 347                |
| 6    | Rituxan          | Autoimmune           | 248                |
| 7    | Eylea            | Ophthalmology        | 246                |
| 8    | Coversyl         | Blood pressure       | 234                |
| 9    | Symbicort        | Bronchodilators      | 211                |
| 10   | Stelara          | Autoimmune           | 196                |



# Placement: Short marketing channels in 5 distinct markets

For the most part, Canada utilizes relatively short marketing channels, therefore most of the time products move directly from producer to consumer.

**Industrial Products:** Example of very short marketing channels, as over 90% of customers for these products are in or near 3 major cities.

**Consumer Products:** More widely dispersed than the industrial market. It can be divided into 5 regional markets.



<https://www.export.gov/article?id=Canada-Distribution--Sales-Channels>  
<https://www.thecanadianencyclopedia.ca/en/article/regional-economics>



**Placement:** Different types of agents can be used for both consumer and B2B products

### Business to Business

- Wholesalers
- Exclusive distributors
- Manufacturers sales subsidiaries.

Historically, US firms have employed manufacturer's agents to develop the market and contact potential

### Consumer

- Canadian wholesalers
- Department stores
- Mail-order houses
- Chain stores
- Purchasing cooperatives
- Single-line retailers
- Manufacturers agents



# Pricing: Exchange rates have a heavy influence

## 10-YEAR CANADIAN DOLLAR

DAILY CLOSE IN U.S. CENTS



SOURCE: BANK OF CANADA

THE CANADIAN PRESS

The prices of US products and services in Canada are closely related to the exchange rates between the US Dollar and the Canadian Dollar.

Canadian's are price sensitive, so competitors pricing should be researched, and companies need to be prepared to negotiate on price to win contracts.

List prices need to be published in Canadian dollars.

[https://www.google.com/search?q=graph+of+the+us+dollar+to+canadian+dollar+overtime&source=lnms&tbn=isch&sa=X&ved=0ahUKEwixiJrwiYLhAhWKGt8KHevFAkQQ\\_AUIDygC&biw=1283&bih=661&dpr=2#imgdii=WyPEVPfTg47qKM:&imgsrc=scMt1p1RcGBwJM:](https://www.google.com/search?q=graph+of+the+us+dollar+to+canadian+dollar+overtime&source=lnms&tbn=isch&sa=X&ved=0ahUKEwixiJrwiYLhAhWKGt8KHevFAkQQ_AUIDygC&biw=1283&bih=661&dpr=2#imgdii=WyPEVPfTg47qKM:&imgsrc=scMt1p1RcGBwJM:)  
<https://www.export.gov/article?id=Canada-Pricing>

Background

Business Environment

Current Issues & Trends

Opportunities

Marketing Management

Conclusions





# Promotion: In the Pharmaceutical industry direct marketing to consumers is not allowed



Health  
Canada

Health Canada approves prescription products and oversees promotion. The Pharmaceutical Advertising Advisory Board (PAAB) monitors advertising and makes sure it is up to code.



Direct to consumer advertising of prescription drugs is not legal in Canada, but ads can be run naming drugs if they don't say what the drugs are used for. They can also run "disease awareness ads" that mention a condition and then suggest viewers to ask their doctor about treatments.

Over the counter products that are relatively safe can be marketed directly to consumers.

<https://www.paab.ca/healthcare-professional.htm>  
<https://www.policymed.com/2018/06/health-canada-takes-on-opioid-transparency.html>

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# CONCLUSIONS



# Despite being similar to the U.S., there are some very big differences

- Those differences need to be taken into account and careful research must be done
- A good example of ignoring all this was Target and its extremely unsuccessful entry to the Canadian market
- If interested, we recommend taking a look at the following:

<https://hbr.org/2015/01/why-targets-canadian-expansion-failed>

<https://slate.com/business/2015/01/target-closing-in-canada-these-pictures-show-why-it-failed.html>

<http://fortune.com/2015/01/15/target-canada-fail/>

<https://medium.com/@mariga0099/case-study-targets-failure-in-canada-c37a1d25b0ed>



# Best G7 country to do business in

- Canada is very strong country in terms of natural resources and high-end products/services (specially technology related)



**#1 in the G7**

for the fewest days to establish a new business



**#1 in the G7**

for the lowest total effective taxes



**#1**

Most reputable among G7 countries



**#1 in the G7**

For living conditions and quality of life



**#1 in the OCDE**

For the most highly educated workforce

# THANK YOU! ANY QUESTIONS?

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