



NEWS

CARVEL POINTMAN TARGETS VIETNAM

By

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Why would a real estate entrepreneur with a comfortable life in West Hartford drop everything to sell ice cream — in Hanoi?

John B. Deans has a long list of reasons. He will arrive in Vietnam's capital city this week to start putting them into action with a franchise for Carvel stores.

"I've always loved to travel," Deans said. "It's been a lifelong ambition to be involved in international business."

Southeast Asia has held a special allure for Deans since he visited in 1965, when he had one of the last Vietnam tourist visas before the war kicked into high gear.

And, having entered the real estate business in the mid-80s, Deans has had his share of business grief. "I want to look for some new horizons, new opportunities away from this depression," he said.

Ice cream, in any culture, is a good-time product.

"It travels well," said Gregory Demadis, vice president for business development and retail operations at Carvel, which is based in Farmington.

The opportunity is new, and not just for Deans. When he and his partners in Hanoi open their first Carvel store in a couple of months, they expect to have the first American ready-to-eat food outlet in Vietnam. There is no Kentucky Fried Chicken — or even McDonald's.

Fast-food and other Western restaurants may soon follow. But so far, the rush of American business that started when the U.S. opened trade and diplomatic relations with Vietnam this year has been mostly corporate, not at the storefront level.

Deans now knows first-hand why that is so. Despite market reforms, the Communist government remains loath to grant retail permits for outsiders. Besides, Deans said, Carvel represents a cross between a restaurant and a manufacturer — something the Vietnamese government has not yet categorized.

As a result, the agreement that Deans is taking to Hanoi is as complex as a child's smiling, ice-cream-smeared face is simple. His background as a lawyer — he worked at Heublein Inc. until 1984 — may have been necessary to help him sort the deal out.

To summarize, Deans has formed a company, the Indochina British Virgin Islands Ice Cream Corp., which attracted about a dozen investors from as far away as Nepal. Indochina bought the Vietnam licensing rights to Carvel for \$200,000.

Indochina then reached a sub-license agreement with Valley Dairy Products, a part-American, part-Vietnamese joint venture in Vietnam. Valley then hired a third company to operate the stores. Valley also hired Deans as a consultant to oversee the operation.

Deans found Valley Dairy while looking for a dairy company to supply products. Carvel ships flavoring and stabilizers only, not milk and other ingredients. Valley Dairy, it turned out, was trying to come up with its own line of ice cream.

"We brought them the cachet of an established American brand of ice cream and they brought us the ability to carry out this project," Deans said.

Deans plans to open the Hanoi store by Tet — the country's New Year, in February — and another store within the year, in Ho Chi Minh City, formerly Saigon. Then, he said, he hopes to double the number of stores every year.

Hug-Me Bear, Fudgie the Whale and the rest of Carvel's line will sell at a premium price in Vietnam, well above the local competition. But, Deans said, "It can be a luxury product that people can afford."

Carvel, which is privately owned, has 480 stores in the United States, including 22 in Connecticut. It has a licensing agreement in only one other overseas country, China, where it has 28 stores.

Deans and his son, Nicholas, left Friday to spend a few days at Carvel's Beijing operation.

John Deans said he is not sure how long he will stay in Vietnam. "I might be back soon, or later, depending on how comfortable I feel with the operation," he said,

Nicholas Deans, who graduated from Yale University in May, has committed to at least a year in Vietnam. He turned down some job offers from New York banks for the chance to join his father in Vietnam.

"I want to get some business experience and this is the best way," Nicholas Deans said.

Didi Deans, John Deans' wife, and their daughter, Johanna, will visit soon for a couple of weeks. Didi Deans was born in the Philippines, but has never been to Vietnam.

John Deans made his 1965 trip to Vietnam after spending several months studying music in India. He returned last year to visit a classmate from Yale Law School, and decided to form a business there.

Back home, he called on a former Heublein colleague, Steve Fellingham, who is now the chief executive of Carvel – originally to ask Fellingham how he had opened the first KFC outlet in China.

Deans said his disillusionment with some aspects of American business served as yet another motivation for this mid-career switch.

"I really hate these superstores, and how every business has lost the human touch," Deans said.



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