Introduction

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This volume focuses on the challenges brewery companies face as they operate in globalized markets. We intend to discuss various international business themes and to present new data on the developments in this industry. We offer new insights into relevant market developments, both globally and in specific markets. In addition, we analyse some of the major players in the industry through longitudinal studies. Finally, on the basis of conceptualizations in the international business literature, we discuss various reasons for these developments.

The brewery industry has specific characteristics that make it worthy of a detailed analysis. It is an industry that: (a) has adopted similar technologies globally, (b) offers a homogeneous product (although differentiated by brand), (c) is dominated by a few large multinational corporations (MNCs) and (d) is highly internationalized. This ‘alignment’ across nations and firms makes the brewery industry a fruitful context for the analysis of economic, organizational and strategic effects. However, the industry also encompasses substantial cross-country differences, especially institutional differences with regard to sector-specific regulations and subsidy levels (or tax concessions) on the one hand, and societal concerns about alcohol abuse on the other. Furthermore, formerly important West European markets show a pattern of decreasing consumption, whereas emerging markets are experiencing the opposite. In addition, MNCs from what can be characterized as small- or medium-sized countries, such as Heineken (Netherlands), Carlsberg (Denmark), Interbrew (Belgium; now known as AB InBev) and SAB (South Africa, now known as SABMiller), have adopted successful merger and acquisition (M&A) strategies, whereas important players from large countries, such as Anheuser-Busch and Miller in the US and Scottish & Newcastle in the UK, have become takeover targets.

Another interesting feature of the brewery industry is the specific internationalization path taken by its major players. The industry has a long history of internationalization, with Heineken and Carlsberg being pioneers. However, the activities of many other brewers were typically
local and, therefore, internationally fragmented until the 1960s, with most 
focused on expansion within domestic markets. In the 1980s, the industry 
entered a transitional period, as firms learned to deal with more diverse 
economic, political, institutional and cultural environments. It was only in 
the 1990s that the industry became highly concentrated and truly global. 
Consequently, instead of focusing on small takeover targets, which have 
already been acquired by the big players in many markets, the focus since 
the beginning of this century has been on the acquisition of large MNCs. 

This shift, in turn, reflects a change in entry mode decisions. In the 
early and transitional stages of the internationalization process, brewer-
ies concentrated on less risky export strategies, and they often liaised 
with local agents and distributors. International joint ventures with 
local breweries also began to play a significant role in the transitional 
period. In the past decade, however, international acquisitions and the 
number of large, wholly owned subsidiaries in the brewery industry have 
increased significantly. Given the need for a greater commitment and 
the amount of resources involved, the establishment of a wholly owned 
subsidiary through an acquisition carries a higher risk – both financially 
and politically – than other entry modes. However, these risks seem to 
pay off, at least for some players. M&As offer MNCs quick access to 
new markets and, more importantly, to the brands owned by target firms. 
Simultaneously, they enhance the possibility for global brand utilization.

The aim of this book is to shed more light on some of these processes 
and to discuss different international business themes in relation to this 
particular industry. The various market developments and the strategic 
decisions made by brewery companies in global markets are analysed in 
the context of the MNC. To frame and introduce the different chapters in 
this volume, this introductory chapter first provides a historical overview 
of the industry, and then looks at contemporary industry characteristics, 
market trends and internationalization patterns. It concludes with a 
presentation of the main findings of the individual chapters.

HISTORICAL OVERVIEW

Most brewing historians agree that the brewing of beer started in the 
ancient urban civilization of Mesopotamia, most likely around 6000 BC, 
although brewing may have originated in an ancient civilization in China 
even earlier (Hornsby 2003; Poelmans and Swinnen 2011). Beer was later 
brewed in the outer areas of the Roman Empire, where wine was scarce. In 
general, the Romans usually drank only wine and considered beer drinkers 
to be ‘barbarians’ (Poelmans and Swinnen 2011).
In the Middle Ages, brewing beer gradually became a commercial activity as brewers moved from a focus on family-related self-supply to brewing as a craft. At that time, beer was produced in monasteries. Beer was used as a supplement for water, which often was polluted, and it was also utilized for spiritual, medicinal and nutritional purposes. German monks began adding extracts of the hop plant for preservation and taste purposes. However, over time, monasteries lost their market dominance because of the Reformation and, later, the French Revolution. Furthermore, local policy makers supported private breweries, which could be taxed (Poelmans and Swinnen 2011). Simultaneously, demand in Europe was increasing, partly because water was polluted in many city areas. In Denmark, for example, adults consumed an average of four to six litres of beer per day (Kjersgaard 1976).

The nineteenth century was an important epoch for the brewery industry, as a number of radical product innovations took place, while external developments also significantly affected the sector. The diffusion of innovations that stabilized beer’s production process – such as the thermometer, the hydrometer and Pasteur’s discovery of the role of yeast in fermentation – paved the way for the industrialization of beer production (Cornell 2003). Furthermore, the development of trains and steamboats facilitated export opportunities. Simultaneously, the glass bottle (and, later, the metal can) and new methods of sealing bottles were invented (Poelmans and Swinnen 2011). Notably, many of today’s large players entered the scene during this century: Denmark’s Carlsberg was founded in 1847, Heineken of Amsterdam was established in 1864, Anheuser-Busch from the US was established in 1860 and South African Breweries was founded in 1895.

The post-World War II history of the brewery industry is, to a large extent, a story of the growing impact of the companies just mentioned, initially on their own national markets, then on selected foreign markets and, recently, on a global basis. Until the 1960s, the production and sale of beer was mainly a local business for several reasons, including the product’s short storage life and the difficulty of transporting it over greater distances (Benson-Armer et al. 1999). From the 1960s onwards, technological innovations, such as the more effective (and, later, computer-aided) control of the brewing process, allowed for the production of longer-life beers. Moreover, faster process throughput, improved packaging (mainly in terms of bottling and canning) and the availability of more sophisticated road infrastructure facilitated the mass production and nationwide distribution of beer.

In the wake of these changes, national brewery industries experienced remarkable horizontal and vertical integration from the 1970s onwards,
which in turn led to a highly concentrated industry (Gourvish 1998). By the end of the 1990s, most national beer markets (with the notable exceptions of China and Germany) were dominated by two or three players, most of which were national champions, who shared more than 80 per cent of the market (Benson-Armer et al. 1999). This dominance, combined with the high costs associated with trading beer over long distances and the persistence of national differences in consumer preferences, beer types, drinking habits, taxation and regulation allowed for only limited integration across national markets. This was reflected in the low concentration of global beer production around the turn of the millennium. In 1998, for example, the five largest breweries in the world only accounted for 25 per cent of global beer output.

However, recent years have brought a dramatic catch-up process in terms of the global concentration and internationalization of the brewery industry, with the top five players in the global beer market accounting for almost half of global beer production in 2010 (Euromonitor International 2010). As a result, the brewery industry, once an archetype of a ‘multi-national industry’ with significant pressure for local manufacturing and products adapted to local tastes, has gradually become a ‘global industry’ (Bartlett and Ghoshal 1998) in which companies seek to realize cross-border standardization advantages, mainly by introducing global brands and by capitalizing on synergies in marketing and distribution.

INDUSTRY CHARACTERISTICS AND MARKET TRENDS

Beer is ‘an alcoholic beverage usually made from malted cereal grain (as barley), flavoured with hops, and brewed by slow fermentation’ (Merriam-Webster 2011). Today, there are about 150 different styles of beer sold in the world, most of which originate from Germany, the UK, Ireland, France, Belgium and North America (Brewers Association 2011). All styles of beer can be grouped into three broad categories: ale, lager and hybrid/mixed. Ales and lagers have distinct production processes and use specific types of yeast. They have different tastes – lager is typically characterized as ‘smoother, crisper, and more subtle in taste and aroma’ and should be drunk cold, whereas ale is known as ‘strong, assertive, and more robust in taste’ and is typically drunk at cellar temperature (Dietz 2007). Pale lager (such as pilsner) is by far the most commonly produced and consumed type of beer in the world, with all of the industry’s top players focusing on this type of beer. Hybrid/mixed beers do not fit into either the ale or the lager category. The difference lies in the unique way in which
Introduction

these beers are brewed. For example, ale and lager production techniques are often combined, or special ingredients are added in the production process, such as fruit, rice, vegetables or spices (Eddings 2011).

As with many other consumer goods, beer is increasingly facing price-based market segmentation. Consumption of both low-price beers and premium beers is growing at above-average rates in most regions of the world. In particular, the trend towards ‘premiumization’ has been picked up and advanced by the major brewers. Given their command of distribution channels and their marketing expertise, these brewers are particularly well suited to capitalize on the fact that production costs for premium beer are only slightly higher than the production costs for discount beer (Madsen et al. 2011).

The general trend towards decreasing on-premise and increasing off-premise consumption of beer is also a challenge for breweries. On-premise consumption of beer refers to consumption at the site of sale, typically in restaurants, cafes, pubs and bars. Off-premise consumption takes place at home to a large extent. In such cases, the beer is typically bought in supermarkets, petrol stations or alcohol stores (WHO 2004). Currently, about 75 per cent of all beer consumed in Europe and the US is consumed off-premise (Brewers of Europe 2011; Goldammer 2008). This trend towards off-premise consumption has three important implications. First, breweries have less control over their distribution channels, as they must deal with the strong bargaining power typically held by the highly concentrated retail sector (Economist 2011). Second, the purchase of beer from retail outlets leads to significant changes in the brands chosen. Third, the increased off-premise consumption of beer not only results in higher packaging expenses but also requires a strong emphasis on brand packaging, which plays a critical role in consumers’ purchasing decisions (Datamonitor 2011).

Marketing and its various components, such as branding, are of vital importance in the brewery industry (Lopez 2007), especially because the comparatively few technological achievements in the industry in the last century have either been of a non-proprietary nature or did not have long-term effects on the competitiveness of first-movers. In addition, real product differences among particular styles of beer are minimal (Madsen et al. 2011). In fact, older studies using blind taste tests indicate that most people have no (Allison and Uhl 1964; McConnell 1968), or only a very limited, ability to distinguish among beers of the same style in terms of aroma or taste (Jacoby et al. 1971). Consequently, competitiveness depends on brand values and efficient, distinctive marketing strategies. In general, marketing and sales expenses are high at the large breweries, with the leading breweries investing as much as 11 per cent to 13 per cent of
The global brewery industry

their annual turnover in marketing and sales (SABMiller 2010; Heineken 2010; AB InBev 2010). This ratio is expected to increase to 15 per cent in the near future, which would put it at a level similar to those seen among global consumer goods companies, such as Unilever and Procter & Gamble (Economist 2011).

MNC breweries are also challenged by global market developments. Sales have been affected by the stagnation in almost all traditional high-volume markets in the developed world (Colen and Swinnen 2011), with beer consumption declining recently in many of these markets (for example, in Germany, the UK and Japan; Credit Suisse 2010). Notable growth in demand is evident in emerging economies, such as China, Russia and Brazil (Colen and Swinnen 2011), but profit margins are considerably lower in these countries. Global breweries need to invest heavily in order to access distribution channels and to make their brands known in these regions, while average purchasing power (measured in gross domestic product (GDP) per capita) remains relatively low. Market forecasts corroborate these trends. Canadean, a leading business intelligence firm focused on the beverage industry, expects an overwhelming majority of all growth in beer consumption between 2010 and 2016 to occur in Asia, Latin America, Eastern Europe and Africa. The US market, which has experienced modest growth over the last 30 years, is expected to remain stable, while a significant downturn in the West European markets is likely (Canadean 2011).

Other challenges lie in the dramatic changes that are underway in the brewery industry’s institutional environment. One example is the opening up of Eastern Europe, where the hops and malting industry was strongly regulated and monopolized during the communist era. When these countries became independent, producers were freed from state control. However, production fell as the inefficiently run businesses were unable to handle the transition. This enabled foreign breweries to enter the market, where they either made direct investments in the value chain to secure the supply and ensure the quality of hops and malt, or they built close relationships with local suppliers by offering technical assistance and credit. Later, another institutional change – the ‘EU-nization’ of the market – improved conditions for independent producers through, for example, subsidies. As a result, the foreign breweries decreased their commitment to these suppliers (Swinnen and Van Herck 2011).

Another well-known example of an institutional change is the German purity law, which was introduced in 1516 and remained in place until 1987, when the European Community forced its repeal. The law obliged breweries to only use barley, malt, hops, yeast and water when brewing beer. This law affected intra-regional trade within Germany and it restricted imports,
thereby preventing the development of large breweries that could become MNCs. Even today, the German brewery industry is characterized by the presence of many (approximately 1300) small breweries, and most local customers still prefer local varieties (Tongeren 2011). Moreover, German beer is still primarily sold in bottles, which again attests to the low level of integration and the lack of focus on exports (George 2011).

Yet another example of a strong institutional impact in the brewery industry is found in the US. The nationwide prohibition of alcohol from 1919–33, in combination with the economic crisis of 1929, resulted in the closure of half of the breweries in the US (Poelmans and Swinnen 2011). After the repeal of Prohibition, a three-tier system of distribution was introduced, such that brewers could not distribute their products directly to customers, on-trade businesses or retailers (Adams 2006). In addition, the Twenty-First Amendment to the United States Constitution, which was imposed by the federal government when legalizing the production and consumption of beer in 1933, turned complete control of the industry over to the individual states. Today, the diffusion of control is reflected in the different regulations across the states. In the state of Delaware, for instance, persons under the age of 21 are not allowed to enter premises selling or serving alcohol, whereas in Wisconsin one can drink at the age of 18 (Division of Alcohol and Tobacco Enforcement 2012; Kamstrup et al. 2012).

A final example of institutional impact is evident in the tight regulation of the Indian brewery industry, which was a strong deterrent to foreign direct investment (FDI) throughout the 1990s. However, the recent loosening of the restrictions immediately led many foreign breweries to invest (Arora et al. 2011; Hoenen and Hansen, Chapter 6, this volume).

INTERNATIONALIZATION

Internationalization processes in the brewery industry can be traced back to medieval times. Hopped beer was shipped from the Netherlands to England as early as the year 1300 (Unger 2004). Furthermore, some of today’s major players – especially those from small home countries – internationalized their businesses soon after their foundation. Heineken, for instance, was founded in 1863 and almost immediately began to export beer to neighbouring European countries (especially France) and to the Dutch East Indies (now Indonesia). The same is true for Carlsberg, which was founded in 1847. By 1868, the company was exporting beer to Scotland.

Despite this early international trade, the overall trade of beer has never
reached the levels evident among many other finished goods. Today, only about 5 per cent of global beer production is traded across national borders. This is because beer is a voluminous product that mostly consists of water, which makes its transport over large distances costly (Colen and Swinnen 2011). However, the low tradability of beer has been offset by licensing agreements and, increasingly, FDI. Over the last three decades, the number of breweries operated by the top players in the industry has increased dramatically. Currently, Heineken operates 140 breweries throughout the world, while AB InBev has 121, SABMiller has 96, and Carlsberg has 80 (Heineken 2010; AB InBev 2010; Carlsberg 2010; SABMiller 2010).

What motivated brewery groups to build up and acquire an increasing number of breweries abroad given the limited benefits associated with the cross-border integration of production? First, internationalizing companies aimed to gain footholds in those regions of the world where beer consumption was rising fast. While the 1990s and early 2000s brought significant investments in Central and Eastern Europe, the years since the new millennium have been characterized by huge investments in the Chinese market and in larger Latin American markets, such as Mexico and Brazil. Second, large brewery groups aimed to increase their initial positions in foreign markets to become dominant players in order to reap the maximum benefits of integrating nationally confined activities, such as management, distribution and production. Finally, with more globally minded consumer groups on the rise in many countries, large brewery groups aimed to benefit from the application of globally uniform marketing campaigns, which were developed at headquarters, across a larger number of local markets. Examples of such global marketing campaigns and associated slogans are ‘That calls for a Carlsberg’, ‘This Bud is for you’ (AB InBev) and ‘Heineken refreshes the parts other beers cannot reach’ (Economist 2011). Such global marketing campaigns are particularly lucrative, as expenses for brands are fixed costs that are generally independent of sales volumes (Madsen et al. 2011, p. 11). However, the centrally branded beers (such as Heineken, Budweiser, Stella Artois and Carlsberg) are produced locally, often at the expense of locally branded beers (Dieng et al. 2009).

As previously mentioned, most international growth in the industry has been driven by M&A activity. As in many industries (Wortmann 2008; UNCTAD 2010), organic growth through greenfield investments, which played a role in the early days of the industry’s internationalization, is of no or very little importance today. Strikingly, however, one type of firm seems to be particularly successful in the brewery industry’s acquisition merry-go-round. A comparative study by Geppert et al. (forthcoming)
Introduction shows that family-owned firms from small, coordinated market economies (such as Heineken from the Netherlands, Carlsberg of Denmark and Interbrew of Belgium), which are backed by comparatively long traditions of international activities, show less risky and more sustainable international growth than publicly-owned firms from large home markets. The latter firms, which by nature of their large home markets often lack international experience, have engaged in precipitous catch-up internationalization strategies in response to pressure from the stock markets (as Taplin et al. (Chapter 10) and Dörrenbächer and Zaby (Chapter 8) demonstrate for Anheuser-Busch and Scottish & Newcastle, this volume).

Furthermore, the brewery industry has experienced numerous small- and medium-sized cross-border acquisitions in recent decades (Ebneth and Theuvsen 2007). Heineken, the most active company in this respect (Madsen et al. 2011), acquired no fewer than 35 smaller breweries around the world between 1990 and 2008 (Dieng et al. 2009; for more information, see Dörrenbächer and Zaby, Chapter 8, this volume). Often, these acquisitions involve partial shareholdings. Partial shareholdings offer the MNC a ‘foot in the door’ in areas where a ‘big bang’ market entry is not feasible due to market and ownership structures. Alternatively, such shareholdings may enable the MNC to enlarge its influence in a given country by gaining access to more firms in the local market (Meyer and Tran 2006). Dominant motives for acquisitions in the brewery industry include the desire to capitalize on synergy effects gained through upgrades of plant technology and management, cost efficiencies through layoffs and rationalization, and control over value chains and distribution channels (Dörrenbächer and Zaby (Chapter 8); Gammelgaard and Hobdari (Chapter 7), this volume).

Furthermore, M&A in the brewery industry is often a consequence of multi-point competition (Chen 1996). In this regard, a foreign brewery’s market entrance can result in counter-attacks from other international players, as this volume documents for India (Hoenen and Hansen, Chapter 6, this volume) and Estonia (Larimo et al., Chapter 5, this volume). This trend has also been evident elsewhere, such as in China (Bai et al. 2011) and Russia (Deconinck and Swinnen 2011). In some contexts, these attacks are not restricted to the host countries but are extended to the main competitors’ home countries. One example is Heineken, which, via its ownership of Alken-Mae, holds around 14 per cent of the Belgium market, home to its archrival AB Interbrew (Persyn et al. 2011).

As these insights indicate, MNC breweries operate in a global market that is consolidated and highly competitive. The overall aims of this book, therefore, are to analyse the dynamics of these markets and to illustrate how brewery firms act strategically in this environment.
AIM, OUTLINE AND CONTRIBUTIONS OF THIS BOOK

The short introduction above points to international business as a relevant discipline when studying the brewery industry and its main players. Most books on international business choose a specific theme, such as entry mode or headquarters–subsidiary relationships, and then survey that theme in different contexts. This book approaches its subject from the other direction – it starts with a particular industry and then looks for relevant international business themes. A careful reading of the individual contributions of this volume highlights six overarching themes: (1) international market developments and firm performance, (2) host country institutional effects, (3) multi-point competition and rivalries, (4) cross-border M&A integration and subsidiary development, (5) leadership and internationalization, and (6) boundless customer interfaces through such elements as social media and tourism. These themes serve as the structure for this volume.

Part 1, ‘International market developments and firm performance’, consists of a chapter by Pedersen, Madsen and Lund-Thomsen, which investigates how M&As have led to restructurings in the international brewery industry. It is followed by Jakobsen’s more detailed survey of East European markets.

Pedersen et al. find that the top four breweries (AB InBev, SABMiller, Heineken and Carlsberg) have not performed better than a control group of 200 large breweries. This puts the rationale for the substantial numbers of M&As evident in the contemporary brewery industry into question, as the authors find no proof that efficiency gains or improved market power enhance performance. This is a key finding in relation to the international business literature, which the authors suggest only guides us in how to handle internationalization (for example, it provides advice on when to engage in FDI), but fails to tell us whether a decision was the best strategy in retrospect.

Jakobsen, who follows up on these issues in Chapter 2, concludes that the large international players have started to withdraw from Eastern Europe, and that those who stay face declining markets due to unfavourable changes in demographics. Furthermore, brewing companies are challenged by increasing regulation in this region. Despite these negative developments, Jakobsen suggests that foreign breweries are gaining from their FDI into this region. However, their success depends on first-mover advantages and/or the achievement of a leading position in the market.

In Part 2, ‘Host country institutional effects’, Hollinshead and Maclean (Chapter 3), as well as Andersson and Kokko (Chapter 4) investigate
institutional effects in countries that are rarely studied, that is, Serbia and Lao PDR. Together, the studies illustrate that an MNC that wishes to operate in either country would face significant institutional challenges, which would require a differentiated approach to such activities such as the development of an entry strategy and subsidiary management.

Hollinshead and Maclean provide an overview of the political changes that have taken place in Serbia following the civil war, and they connect those changes with privatization and FDI. They study institutional effects through a case study of a Turkish brewery that has acquired a Serbian brewery. In focusing on micro-political issues and, especially, on the conflicts between the expatriated foreign management and the local workforce, the chapter illustrates the discrepancies arising from the differences of a Turkish headquarters following West European standards, and the logic of internationalization in the brewery industry, which is based on rationalization on the one hand and a shared ethos based on worker solidarity and principles of self-management on the other. The authors also investigate the destiny of the subsidiary, which was eventually closed. In contrast, most surveys in international business analyse only successful ‘centre of excellence’ subsidiaries.

Andersson and Kokko take a look into the brewery industry in Lao PDR. Previously, sector regulations ensured that only one type of beer was offered. Furthermore, all beer was produced at a single location but offered across the country. Lao PDR therefore offers a perfect setup for an investigation of price determination. The chapter adds yet another element that seems to be neglected in most international business surveys – the impact of transportation-related costs and infrastructure. As Lao PDR is a developing country, the transportation of beer by lorry was impossible in some cases, leading to higher prices. Subsequent improvements in the infrastructure, however, led to substantial price reductions.

Part 3 investigates ‘Multi-point competition and rivalries’. In this regard, Larimo, Kuusik and Varblane (Chapter 5) investigate the strategic attacks and counter-attacks of foreign breweries in the Estonian market. Hoenen and Hansen (Chapter 6) analyse ‘follow-the-leader’ market entrances in the Indian brewery industry.

Larimo et al. study the three leading Estonian breweries, all of which were acquired by Nordic breweries after the fall of the Iron Curtain. For an extended period of time, Saku was the market leader, but the second largest Estonian brewery, A.LeCoq, has managed to challenge this position by increasing its market share from 10 per cent to 30 per cent over the span of a few years. Interestingly, the market appears to be settled in an almost collusive agreement. When questioned, neither of the two leading market players indicate that they intend to acquire the third largest player,
Viru. Instead, the companies compete through product launches and TV commercials.

Like the Estonian market, the Indian beer market has an oligopolistic structure. Hoenen and Hansen claim that international business studies have apparently forgotten Hymer’s (1976) seminal notion on FDI in relation to competitive industry structure dynamics, where FDI is a consequence of the imperfections of such markets and where firms can utilize their firm-specific advantages. In their investigation, Hoenen and Hansen look at ‘follow-the-leader’ behaviour. India, an emerging country, is a market with a very low average consumption of beer per inhabitant. Therefore, this market is highly competitive and FDI is likely to lead to overcapacity. In such markets, it is of the utmost importance to become the market leader or to capture first-mover advantages (see Jakobsen, Chapter 2, this volume). On the basis of Carlsberg’s activities in the country, Hoenen and Hansen demonstrate that massive follow-the-leader investments in the Indian brewery markets were unleashed after Heineken’s initial investment. Only 14 months after Heineken’s initial move, the other four breweries among the global top five had entered the market. Carlsberg was basically forced into this game, given its small size relative to the other actors.

In Part 4, ‘Cross-border M&A integration and subsidiary development’, the focus is on the ‘destiny’ of acquired breweries. Gammelgaard and Hobdari (Chapter 7) investigate six of Carlsberg’s subsidiaries and their development over the years, while Dörrenbächer and Zaby (Chapter 8) examine Heineken’s two largest takeovers: Scottish & Newcastle and FEMSA.

Gammelgaard and Hobdari show that Carlsberg’s takeovers typically led to a modernization process that involved rationalization and investment in technology at the newly acquired subsidiaries. Therefore, the development of these subsidiaries in terms of strategic mandates and autonomy is highly ambiguous. Apparently, these subsidiaries win and lose mandates simultaneously. This trajectory fits Carlsberg’s newly implemented GloCal strategy, which seeks to balance global integration with local responsiveness. This chapter offers an alternative view to that offered in much of the headquarters–subsidiary relationship literature, which suggests either a positive or a negative development.

Dörrenbächer and Zaby investigate the integration of newly acquired subsidiaries from the viewpoint of headquarters. Referring to a previous study on Heineken’s small- and medium-sized acquisitions (Dieng et al. 2009), which found that target firms are generally absorbed by Heineken (referred to as ‘Heinekenization’), Dörrenbächer and Zaby investigate the likelihood of best practices being transferred from large acquisition
targets to Heineken as the acquiring firm. The study finds little evidence of such transfers, even though the targets are resource rich, and even though Heineken has substantial experience in internationalization processes and acquisition integration.

While Parts 1 through 3 provide analyses on the market level and Part 4 offers investigations at the company level, Part 5, ‘Leadership and internationalization’, moves our focus to the level of individual actors by investigating managerial decision-making and its effects on internationalization. Williams, Takeshita, Gilles, Ruhe, Smith and Troll (Chapter 9) investigate the case of Japan’s Asahi Breweries. Taplin, Gammelgaard, Dörrenbächer and Geppert (Chapter 10) examine the US-American brewer Anheuser-Busch. In both cases, leadership is found to have a huge impact on the company’s internationalization, with Asahi’s internationalization a success and the internationalization of Anheuser-Busch ending in a fiasco. The latter contributed to the company being taken over by Belgian Inbev in 2008 in the largest acquisition in brewery history up to that point.

Williams et al. investigate the strategic decisions underlying Asahi’s internationalization. By focusing on the impact of leadership succession on internationalization, they address an issue previously neglected in the international business literature. On the basis of their in-depth case study, Williams et al. show that although some leaders ‘prepared’ their organization for internationalization through their strategizing, a successor chief executive officer (CEO) was needed for the internationalization to be successful. They also demonstrate that these various phases go hand-in-hand with different leadership styles. In the preparation and start-up phases a transformational leadership style is required, while the actual move abroad demands a transactional leadership style in which leaders set clear performance standards.

The impact of leadership on internationalization is also the topic of the chapter by Taplin et al. In their study of the internationalization of Anheuser-Busch, they address a different kind of case. The CEO, overly concerned with increasing competition on the US home market, failed to initiate sound preparations for a move abroad. As a result, the company undertook a number of high-risk foreign investments within a short period of time, which finally resulted in a loss of independence. In contrast to more experienced players in the industry, such as Heineken or Carlsberg (see Dörrenbächer and Zaby, Chapter 8, this volume), Anheuser-Busch and its CEO encountered serious problems related to liabilities of foreignness and liabilities of outsidership (see also Johanson and Vahlne 2009).

Finally, in Part 6, ‘Boundless customer interfaces: social media and tourism’, we take the customer perspective on board. Pogrebnyakov (Chapter 11) analyses the role of social media (especially Facebook) in the
US microbrewing industry, whereas Munar (Chapter 12) looks at tourism and tourists’ drinking behaviour at a particular location in Majorca.

Pogrebnyakov’s empirical study finds that US microbreweries typically have Facebook pages that are strongly localized to the sites in which their beers are consumed. They are therefore able to engage local customers in discussions related to the brewery and its products, and on issues such as social events like sporting tournaments. Given the fact that, as Pogrebnyakov points out, location strongly matters in social media, large MNC brewery companies wishing to follow this trend would need to tailor their social media profiles to fit individual countries or even individual locations. Language specificity is one reason for doing so and the establishment of a link to local cultural events might be another.

On-site consumption of beer at a particular location is the concern of Munar’s chapter. She investigates how the German beer culture produces extreme and novel forms of consumption on the ‘Bierstrasse’ (Beer Road) on the Spanish island of Majorca. German tourists travel to Bierstrasse to engage in outrageous behaviour based on heavy beer drinking. The restaurants on the Bierstrasse deliberately attract German tourists by imitating German restaurant styles and by advertising their focus on partying. Referring to Kostova and Zaheer’s (1999) framework on the legitimacy problems faced by MNCs, Munar reflects on the negative spillovers that this particular consumption pattern might have on the reputation of those German breweries supplying beer to the Bierstrasse.

In summary, this edited volume on the brewery industry and its operations in the global market offers readers an opportunity to investigate various aspects of company strategies, market developments and rivalries. In addition, it offers empirical inroads into different international business themes. Many major MNC breweries are investigated in detail, including Carlsberg, Heineken, Anheuser-Busch and SABMiller, and medium-sized players are also analysed, such as Scottish & Newcastle, Asahi, FEMSA, Baltika, Tetley and Kronenbourg. Furthermore, small players are considered, such as Okocim, Holsten, Feldschlösschen, Pancevo, Saku, A.LeCoq, Carib Beer, Brooklyn Brewery, Sprecher Brewery, Krombacher, Veltins and Oberbayern. Likewise, a number of markets are covered, including the US, China, India, Serbia, Japan, Estonia, Lao PDR and Spain, whereas other chapters investigate entire regions (such as Europe) or the global market. Finally, a wide variety of core international business themes is touched upon, including internationalization strategies, foreign entry modes, cross-border M&A activities, multi-point competition, liabilities of foreignness, headquarters–subsidiary relationships and international marketing.

We hope you will enjoy the manifold aspects of this book, which are
based on new data and findings, and we hope it will offer you new insights into the global brewery industry.

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