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## Heineken's International Expansion

Asserting his lifelong motto "I don't sell beer, I sell warmth", Alfred 'Freddy' Heineken passed away on 3 January 2002, aged 78. Known for his flamboyant lifestyle and fiery personality, Freddy was also the driving force in growing Heineken into an international brand. Heineken had the largest global presence of all international brewers, with more than 115 breweries in 65 countries. A testament to his legacy, the company's two international brands, Heineken and Amstel, could be found in almost every corner of the world; the company's shares were even called 'Freddies'. On his death, Freddy Heineken left behind one of Europe's largest family-controlled empires. But how did a family-owned company selling a Dutch brew turn into a highly profitable multinational, selling the best-known beer brand in the world?

### Once upon a time in Amsterdam...

In 1863 Gerard Adriaan Heineken purchased an old brewery in Amsterdam and launched Heineken and Co. the following year. Producing a lager of superior quality, sales started flourishing and Heineken rapidly grew from a modest brewery to a large-scale operation. In 1914 Gerard Adriaan's son, Henry Pierre, joined the Executive Board of Heineken. In 1921 Heineken celebrated its 50<sup>th</sup> anniversary by becoming the undisputed market leader in the Netherlands. Heineken solidified its grip on the Dutch market through a series of acquisitions and investments, yet Henry Pierre had greater ambitions for the tasty brew. Believing reputation transcends geographical limitations, in 1927 he completed his first foreign acquisition with the purchase of Leopold Breweries in Brussels. This set the trend for the company's next 60 years of international expansion.

### The rise of Alfred H. Heineken

As the son of Henry Pierre, Freddy's career at Heineken began in 1946 with a two-year apprenticeship in the United States, where he began to tackle the challenging prospect of selling a relatively expensive and unknown beer brand to American customers. At the end of his apprenticeship, he returned to the Netherlands with a new wife, an extensive knowledge of selling beer, an appreciation of marketing and an understanding of the value of branding.

On his return Freddy realised with some alarm that his father was compromising his majority interest in the Heineken company by selling his shares in order to satisfy financial obligations. In order to preserve his heritage, Freddy bluffed his way into the banks and the pension funds, thereby enabling him to obtain the necessary funds to regain a controlling share in the company.

Eventually Freddy's financial control over the brewery was assured through a clever, indirect ownership structure. L'Arche Holding S.A., a Swiss investment company owned by the

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