

LEARNING FROM DISAPPOINTMENTS: THE EXPANSION OF ARTOIS-PIEDBOEUF INTO FRANCE (1950-1988)

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The territory of contemporary Belgium, an ancient area of brewing activity, has spawned thousands of beer producing organisations since the early middle ages.¹ The vast majority of them were small-scale production units, ran by individuals mingling private family life with company accounts, if they even existed. During the 19th century, these habits stood firm even if a few companies adopted modern industrial techniques and started to grow in size. The geographical horizon of breweries started to grow out of their locality, to the regional or even national level. During the 20th century, the process of corporatisation, touching so many former craft activities in the developed world, also transformed the brewing world. Under the influence of technological, financial and market-related factors, industrial production became dominant and a movement of national concentration rapidly reduced the number of production units while increasing their scale. A couple of decades after WWII the largest part of the very small competitors had been wiped out and the surviving companies, in order to continue to grow, started to set their eyes further, away from the boundaries of their national market.

I. Introduction

During the first decades following WWII, Artois Breweries from Leuven, a company competing for dominance and at the forefront of the field's organisational and technological evolution since the late 19th century, quickly became the country's largest industrial player. The company's name changed several times, but its national leadership position remains intact to this day. During the 1990s, its descendent company Interbrew became a global competitor thanks to its skill in acquiring the right companies at the right place. In 2004 the company was merged with a Brazilian firm, making it less Belgian and more cosmopolite. From 2008 onwards, with the acquisition of the US' largest brewer, Anheuser-Busch, it became the uncontested world leader.²

This story of rapid growth and globalisation of a brewing company from Belgium raises several questions. What does it tell us about the internationalisation process of the beer industry? How favourable was Belgium as a home turf for an internationalising company? How did the company gain the skills which allowed it to steam ahead of the competition? In other words, what role did the infancy of the internationalisation process play in the company's acquisition of resources for future expansion (if it played a role at all)? From a resource-based perspective, the experience of early internationalisation can be studied as the enabler of useful and actionable knowledge inside the organisations where it was put into practice.

In order to answer those questions, this article will focus on the internationalisation process of

Artois and its sister company Piedboeuf in France after WWII, up to their merger as Interbrew in 1988. Relying on the tried and tested comparative method of case studies, it will try to highlight why and how the companies invested across the southern border of their home market, the challenges they faced, how they responded to them and the results they achieved. Taking a step back, a second aim will be to spot how this experience contributed to the development of organisational knowledge and influenced later actions. Finally, a look will be given at how this example fits into today's theoretical frameworks on business internationalisation.

Internationalisation has been the topic of abundant scholarly writing. A wide strain of organisation-focused literature has focused on the reasons of the very existence of multinational firms, including the factors which allowed these entities to take an important role in the global and national economies. The attention has alternately been put on the exportation of domestically built competitive advantages and knowledge, the reduction of transaction costs in cross-border trade, the exploitation of entrepreneurial ability or a combination of several of the aforementioned advantages surpassing the *liability of foreignness* or, in a more recent and broader inception, the *liability of outsidership*.³ One of the better known and most comprehensive models emerging from this strain of literature is Dunning's Ownership-Location-Internalisation (OLI) model, which states that a firm will consider operating abroad if its managers believe it has an ownership advantage in a particular market which it would rather exploit itself and locally instead of exporting the product.⁴ This strain of scholarship provides rational strategic drivers underpinning

1. ELINE POELMANS & JOHAN SWINNEN, "From monasteries to multinationals (and back): A historical review of the beer economy", *Journal of Wine Economics*, 6/2, 2011, 196-216.

2. KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer: Artois, Piedboeuf, and Interbrew (1880-2000)*, Oxford, 2019.

3. GEOFFREY JONES, *Multinationals and global capitalism: From the nineteenth to the twenty first century*, Oxford, 2005; SRILATA ZAHEER, "Overcoming the liability of foreignness", *Academy of Management journal*, 38/2, 1995, 341-363; JAN JOHANSON & JAN-ERIK VAHLNE, "From internationalization to evolution: The Uppsala model at 40 years", *Journal of International Business Studies*, 48/9, 2017, 1087-1102.

4. JOHN DUNNING, "The eclectic paradigm of international production: a restatement and some possible extensions", in JOHN CANTWELL (ed.), *The Eclectic Paradigm: A Framework for Synthesizing and Comparing Theories of International Business from Different Disciplines or Perspectives*, 2015, New York, 50-84.

companies' investments into internationalisation and the countries which they will aim for.

Another set of scholars sought to develop an understanding of the actions of the actors taking the companies they lead from local or national to cross-border operations. What was the influence of competitors and the intellectual environment in which executives navigated in pointing to specific paths for growth? Why, for example, was internationalisation chosen above other paths, such as product diversification?⁵ And how did this process start and gained traction inside the firm? Johanson and Vahlne have generated a credible and widely-used model of incrementally gaining a foothold abroad through minor investments in psychologically close countries.⁶ One implicit discovery of this model was also to show how internationalisation could be the product of an explicit strategy as much as the involuntary result of contingency and short-term by-decisions. As pointed out by the authors themselves, "the internationalisation process, once it has started, will tend to proceed regardless of whether strategic decisions in that direction are made or not".⁷ Johanson and Vahlne have showed that the mindset of the entrepreneur, the way he compares his company with its peers and his approach to risk-taking are fundamental in understanding if, how and where the initial thrust of foreign expansion takes place.

These concepts, focused on the rational analysis of benefits to be extracted from internationalisation, the mindset of entrepreneurs and the environment in which they operate, offer paths for the understanding of the mechanisms underpinning the initiation and process of internationalisation at the company-level.

II. Belgian and brewing multinationals and the shock of 1968-71

As will probably become obvious from the articles in this special edition, Belgian companies were both natural and unlikely actors of international growth. On the one hand, Belgium's limited market size pushed Belgian entrepreneurs in approaching foreign markets to meet their desires for growth. The country enjoyed certain advantages: it wasn't perceived as a geopolitical threat, limiting political risks once abroad, and was a central member of the European integration project. Its industry, though sometimes old-fashioned and smallish, was still amongst the important actors of this world. On the other hand, the small size of the market had limited its' companies' growth. For Belgian companies, investing in the much larger neighbouring markets of France, Germany or the UK often meant taking on an important financial risk while taking on larger competitors. Furthermore, according to Herman Daems, Belgian companies had developed a continental version of Britain's personal capitalism, whose organisational weakness made international operations difficult to run and monitor.⁸ Furthermore, the conservatism and cautiousness which are associated with this variant of capitalism have often been associated with a certain reluctance to take the risk of internationalisation.⁹

As for the beer industry, it remained a very local one up the end of the 1970s, and a very national one up to the late 1990s. Beer, indeed, is a stubbornly local product: heavy (and thus expensive) to transport, relatively fragile, embedded in local traditions of taste and consumption and easily linked with located identities.¹⁰ Internationalisa-

5. BERNARD WOLF, "Industrial diversification and internationalization: Some empirical evidence", *The Journal of Industrial Economics*, 26/2, 1977, 177-191; JULIEN DEL MARMOL, *Strategy and ownership in times of industrial concentration. A comparative history of brewing companies Artois, Piedboeuf and Labatt, 1967-95*, PhD dissertation, ULB, 2021.

6. JAN JOHANSON & JAN-ERIK VAHLNE, "From internationalization to evolution: The Uppsala model at 40 years", *Journal of International Business Studies*, 48/9, 2017, 1087-1102.

7. JAN JOHANSON & JAN-ERIK VAHLNE, "The mechanism of internationalisation", *International Marketing Review*, 7/4, 1990, 12.

8. HENDRIK DAEMS, *De paradox van het Belgische kapitalisme*, Tielt, 1998.

9. ANDREA COLLI, *The history of family business, 1850-2000*, Cambridge, 2003.

10. WES FLACK, "American microbreweries and neolocalism: 'Ale-ing' for a sense of place", *Journal of cultural geography*, 16/2, 1997, 37-53.

tion, nevertheless, steadily made progress during the 20th century. Two trends were, however, progressively enlarged the product's geographical perspectives: the progress of multinationals, actively brewing in several countries, and the emergence of national champions.

First, international brewing remained an exception until the late 1960s. The first truly international beer producer was Heineken of the Netherlands, which already brewed more beer abroad than in the Netherlands from the early 1950s onwards (especially in Africa and Asia).¹¹ In Belgium, Heineken didn't represent a threat, as it remained mostly absent, especially after the sale of its smallish Belgian subsidiary Léopold to Artois in 1964.¹² Of more immediate concern for Artois and Piedboeuf was the brutal but expansionary drive descending on Belgium from the British Isles in the late 1960s. Perhaps jolted by the end of the offensive they had suffered from E.P. Taylor's Canadian Breweries between 1952 and 1967 and the industrial concentration it had unleashed¹³, Albion's brewers went on a shopping spree across the Channel, starting in 1969 with Whatney Mann's acquisition of Belgium's second (Vandenheuvel) and fifth (Maes) largest breweries. One year later Bass bought the country's sixth-largest producer (Lamot).¹⁴ This was in addition to Whitbread's presence since 1904 through a bottling plant.¹⁵ The sudden influx of capital and competition generated concentration reflexes throughout the Belgian brewing industry.

Second, large national brewers, emerging from mergers and acquisitions, became more common in Europe during the late 1960s-early 1970s, forming the groups whose urge for growth would soon push outside of national borders. In the Netherlands, the leader, Heineken, acquired its challenger Amstel in 1968, Carlsberg and Tuborg of Denmark merged in 1970, the same year as Boussois-Souchon-Neuvesel bought two of France's leading breweries, Kronenbourg and Kanterbrau. In 1971 this series was concluded by Artois' secret association with Belgium's second-largest brewer, Piedboeuf. These evolutions didn't come solely out of the sheer concentration of financial firepower in a diminishing number of hands. They were the result of powerful forces pushing for national concentration, some of them for many decades. The rising popularity of lager and bottled beer since the late 19th century required heavy investments in production, refrigeration and pasteurisation facilities inaccessible to small brewers. The emergence of the self-service supermarket and national media since the interwar limited the amount of mediatic attention and shelf space available to brewers, lifting the costs of marketing as well as its impact.¹⁶ It was only logical that the large enterprises which had emerged victorious from the struggle for survival unleashed by technological and market change were now setting their eyes on foreign markets, once their position at home had been secured and home expansion was becoming ever more difficult and expensive to pull off.¹⁷

11. KEETIE SLUYTERMAN & BRAM BOUWENS, *Brewery, brand, and family: 150 years of Heineken*, Amsterdam, 2014, 277-278.

12. KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer: Artois, Piedboeuf, and Interbrew (1880-2000)*, Oxford, 2019, 128; interview Georges Soenen.

13. TERENCE GOURVISH & RICHARD GOURVISH, *The British brewing industry 1830-1980*, Cambridge, 1994.

14. COLIN OWEN, *The Greatest Brewery in the World: A History of Bass*, Chesterfield, 1992, 173-90; KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer: Artois, Piedboeuf, and Interbrew (1880-2000)*, Oxford, 2020, 150.

15. NICHOLAS REDMAN, *The Story of Whitbread PLC: 1742-1990*, LMA, 1990, 57; BARRY RITCHIE, *An Uncommon Brewer: The Story of Whitbread, 1742-1992*, London, 1992, 81.

16. NICOLAS COUPAIN, SERGE JAUMAIN, GINETTE KURGAN & FRANCOISE THYS-CLÉMENT, *La distribution en Belgique: 30 ans de mutation*, Bruxelles, 2005; PETER VAN DER HALLEN, *Industrial Dynamics in the Food Industry (1890-1940) in an era of technological transition*, PhD dissertation, KU Leuven, 2011; LISA GEORGE, "The growth of television and the decline of local beer", in JOHAN SWINNEN (Ed.), *The economics of beer*, Oxford, 2011, 213-226.

17. PHILIP HOWARD, "Too big to ale? Globalization and consolidation in the beer industry", in MARK PATTERSON & NANCY HOALST-PULLEN (eds.), *The geography of beer: Regions, environment, and societies*, New York, 2014, 155-165.

The post-war era was thus a time of change in the European beer industry. The outburst of concentration and internationalisation between 1968 and 1971 was a watershed in the North-West European industry's evolution. It pointed to a future where large multinational corporations, aided by scale effects in production and marketing, would soon dominate a market from where the still numerous local, regional and national players would slowly disappear.

III. After WWII: a growth trilemma

While the aforementioned and scale-inducing market forces of taste (for lager) and distribution (favouring big spending in marketing) took off in most developed economies before 1914, they hit Belgium somewhat later, and not in full strength. The growth of supermarkets was impeded by the so-called "Padlock Law", which, in practice, prohibited the construction of supermarkets from 1947 to 1960, while lager had to fight against a persisting popularity for local ales. Furthermore, consumption was still predominantly happening in the horeca sector¹⁸, predominantly owned or controlled by local and regional brewers, a national tradition closely resembling Britain's tied houses. These tie contracts allowed small brewers to secure steady volumes of consumption for their beer. As a result, the market remained very fragmented: in 1945 there were still 767 brewers in activity and the market leader, Artois, barely controlled 6% of the market.¹⁹

After WWII, this situation, changed fast. Most importantly, Artois grew at breakneck speed and quickly left behind all competition to become the unequivocal leader of Belgium's beer market. From a position of challenger in 1939 it was able

to produce more than double the volumes of its nearest competitor two decades later. By 1964 about 25% of the market was in its hands. During the 1960s, not only had it become the largest competitor, it also had the highest growth rate of the industry.²⁰ The company continuously pushed forward its position in Belgium through the development of its café network, aiming at the most prestigious establishments to raise *Stella Artois*'s status. But the key of the company's success was its dominant position in supermarkets, whose share of household expenditures exploded after the end of the Padlock law. During the 1960s it became evident that Artois' train towards hegemony had become near-unstoppable.²¹ The company's leaders, never short of ambition, therefore started to set their eyes beyond their traditional market to search for new paths for growth.

Three broad paths for growth were explored. The first one was to gain an even larger share of the Belgian market by pushing a second main brand. Artois' growth was almost exclusively coming from *Stella Artois*, creating a risky dependence towards a single brand. Raymond Boon, the company's CEO and a skilled diplomat, well-versed in the art of convincing brewery shareholders to sell their shares, set out to find an acquirable brewer with a brand which could do the trick. A first step was to break with the tradition of converting the brands of newly acquired breweries into the home brand. *Chevalier Marin* in 1954 was the first take-over whose brand was continued instead of being "stellatised". Others followed suit but none generated the expected hit until, in 1971, a deal was struck with the Piedboeuf brewery of Liège, owner of the fast-growing *Jupiler* brand. The two companies jointly bought a faltering brewery in the Mons region with the Belgian state's backing, while associating for good. In order to avoid attracting

18. Contraction of "hotel, café & restaurant", the standard on-premise consumption places often tied to a brewer through an exclusivity contract. See KOEN DECONINCK & JOHAN SWINNEN, "Tied houses: why they are so common and why breweries charge them high prices for their beer", in IGNACIO CABRAS, DAVID HIGGINS & DAVID PREECE (Eds.), *Brewing, Beer and Pubs*, 2016, London, 231-246; PETER HEYRMAN, "Unlocking the padlock: Retail and public policy in Belgium (1930-1961)", *Business History*, 60/7, 2018, 1049-1081.

19. KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer*, 107.

20. Idem, 130-146.

21. Idem, 104-136.

attention on the near-dominant position resulting from the merger, the agreement was structured as a share swap, enabling a merger in shareholding but none in organisation. The two companies were left to compete on the Belgian market freely and, apart from the company top, no one knew Belgium's two largest brewing companies in fact belonged to the same people.²²

The second path was that of product diversification. Apart from a rich variety in beer types, Belgian had been venturing in other kinds of beverages since the interwar, betting on synergies in bottling and distribution based on technology (bottling, pasteurisation, fermentation, refrigeration), logistics (filling café delivery trucks) and sales organisation (through multi-product tie contracts). Artois entered the soft-drink market slightly by accident through the gradual acquisition of *Van Tilt Soeurs*, in 1944-52, a company selling lemonades and water under the *La Sirène* brand. In 1969 Artois took the more decided step of taking a minority share of 26% in the Spa Monopole group in exchange for the distribution of Spa products in Artois' café network.²³ Boon secretly held the ambition to rise Artois' stake to a controlling part and create a Belgian beverage giant. However, Boon was never able to build a solid alliance: the agreement with Spa Monopole rapidly frayed over resale price disputes and Spa's CEO, Guy du Bois, chafed at the constant "gnawing" of Artois through the not-so-covert acquisition of small batches of shares.²⁴ Other diversified assets appeared in the Artois group later, notably a Dutch spirits dealer and a French wine brand, always with the idea of maximising the potential of tie contracts, but the investments remained as limited as their success and were sold in the 1990s.²⁵

The third path for growth was to stay in the beer business, but abroad: internationalisation. The asso-

ciation with Piedboeuf was also partly made in order to secure a stable basis in Belgium, thereby allowing Artois a relatively free hand in investing abroad.²⁶ Comparatively to foreign competitors, Artois had the advantage of having a relatively large, profitable and well-controlled home market, and was persuaded it had a winning flagship brand. As explained earlier, only a few brewing companies were internationally active, and the leap might otherwise have seemed too risky. Furthermore, the pioneer in that matter, Heineken, was coming from a neighbouring land, its shareholders knew Artois', the Dutch company was considered a role-model by several influential Artois board members and the latter had a tremendous ambition and confidence in their flagship brand. If Heineken could conquer the world with a rather standard-tasting lager, then Stella Artois, whose taste was considered superior by its owners, should do even better!

These three paths, aiming at a near-monopoly in Belgium, widening the product scope and investing in brewing abroad, were all tried. Of those paths only one, diversification, was abandoned. It happened when it became evident that the du Bois family would never sell its controlling stake, that margins in distribution were too slim and that the real money to be made was in (international) beer. Coming to that conclusion was the result of a long and difficult learning process.

IV. 1950-66: first steps abroad

Neatly following the Uppsala model of prudent and gradual internationalisation, Artois started its venturing abroad in the early 1950 in geographically and culturally close regions: France (Paris and the North) and the catholic southern Netherlands, with the least risky method, exportation.

22. PAUL GODAERT, *Les présidents des brasseries Artois: Léon Verhelst, Henry van den Schrieck, Werner de Spoelberch, Raymond Boon*, Bruxelles, 1993; KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer*, 147-245.

23. Note, 28.7.1971 (PARB, 14); Boon and André de Spoelberch to Guy du Bois, 24.12.1971 (PARB, 14).

24. Attitude..., 3.6.1977 (PARB, 14); du Bois to Boon, 23.5.1977 (PARB, 14).

25. Spadel (ABIL, Marketing, 7); Interviews Philippe de Spoelberch, Arnoud de Pret, Johnny Thijs, Patrice Thys, and Ignace Van Doorselaere.

26. Boon to Philippe de Spoelberch, 6.1.1969 (PARB 10); Philippe de Spoelberch to Boon, 15.1.1969 (PARB, 10).

Later in the decade Artois started to acquire cafés in those same regions, much as it was doing in Belgium. A trade agreement was also signed with Whitbread of London in 1952 to cross-sell Stella Artois in Whitbread pubs and Whitbread's in Artois pubs. A notable exception to this story was the investment in Côte d'Ivoire, where a new brewery was inaugurated in 1960.

By 1958 Artois' exports amounted to a meagre 0.6% of total sales, but one year later, when Artois reached one million of yearly hectolitres sold, the board decided to increase the pace of investment. By 1962, more than 800 establishments had been tied in France, the Netherlands and Germany. The method had the advantage of delivering stable flows of captive consumption and fixed advertisement spots. The ambition was to lure the customer to well-placed, prestigious cafés, cultivating an image of "elegance" for *Stella Artois*, get the public hooked to the brand and get him to ask for the product later at the shop.²⁷ In 1962, about 7% of Artois' production was exported. By 1969, this proportion had reached 10%, more than half of it sold in France.²⁸

This strategy was slow and expensive, however, and would later prove to having been slightly ill-timed. Cafés needed to be acquired one by one, entailing a lot of work per acquired sales spot. Costs were high in terms of real estate (especially the prestigious locations craved by Artois), and in personnel required for the management, control and expansion of such a vast network of selling spots.²⁹ Finally, café consumption started to decline across Europe during the 1970s, from 60% of total consumption in 1971 to 50% one

decade later, hurting cafés' profitability and their appeal in terms of promotion.³⁰ As a consequence, café networks' returns on investment were relatively low. In the 1980s, Artois estimated that it only produced a 6% yearly return on investment, compared with 15,9% for sales in shops.³¹

Artois had thus begun building bridgeheads in neighbouring countries, but with a prudent and crawling strategy carrying many unsustainable disadvantages. Running expanding café networks from Leuven was becoming increasingly difficult and required a restructuring of the company's foreign investments.

V. 1967-74: a decisive push with a defined strategy

1967-74 marked a shift from pure exportation to direct investment, with the acquisition of two small northern French breweries, *Deboes* in Dunkirk and *La Lorraine* in Metz. In 1969, three other breweries were added in the latter area (*Brasserie de Vézelize*, *Union Lorraine de Brasseries* in Saint-Nicolas-de-Port, and *Grande Brasserie Ardennaise* in Sedan), reaching a still modest total of 200.000 hectolitres. The big push ahead happened one year later with the acquisition of *Motte-Cordonnier* and its 800.000 hectolitres, located in Armentières, close to the northern metropolis of Lille.³² Through *Motte-Cordonnier*, Artois also acquired a 50% stake in MOCAF, the family's subsidiary in the Central African Republic, and *Mocovins*, a wine company whose main brand, *Chavaillon*, was soon sold via Artois' and Piedboeuf brewery contracts in France and Belgium.³³

27. Raymond Boon to Philippe de Spoelberch, 6.1.1969 (PARB 10).

28. KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer*, 131-133.

29. Idem, 131-133.

30. *LPJB*, 1975 178-179; Note (ABIC, Marketing, 1); Chambre des représentants, "Projet de loi sur la patente... Rapport...", 571-11, 12.10.1983; Chambre des représentants, "Projet de loi sur la patente... Rapport...", 581-2, 14.12.1983), 7;

Information agencies, 1972 (ABIJ, DG, 26).

31. Information agencies, 1972 (ABIJ, DG, 26); interviews Moens & van der Kelen; Déterminer..., 2.3.1984 (ABIJ, DG, 7).

32. Discours de Raymond Boon à l'association des employés, 1971 (PARB, 2).

33. Compte-rendu de la réunion de concertation Brassico n°50, 26.5.1978 (PA, DG, 2); This was despite the fact that *Chavaillon* was, to put it mildly, not very appreciated by customers. André de Spoelberch, vice-president of Artois, once likened it to "coyote urine". An Artois manager also once complained that his parish priest had been unable to finish his mass due to *Chavaillon's* foul taste. Interviews Beni Roos & Bertrand Motte.

With these acquisitions lumped together Artois captured about 6% of the French market in the early 1970s. But France wasn't the only target. In the Netherlands, three breweries were acquired between 1969 and 1974.³⁴ In 1969 a license agreement was signed with Whitbread of London to sell Stella Artois in Great Britain.³⁵ A few cafés were also bought by both Piedboeuf and Artois in Germany, to test the market's waters.³⁶ Slightly further away, Italy also became a target for Artois, though only as an exportation country. Plans for an acquisition had been made, but no match could yet be found.³⁷

What was the idea behind this flurry of acquisitions? Raymond Boon explained Artois' vision in the magazine *Enterprise* in 1973. To him, as to many European businessmen, the American market reflected the future of global business. What characterised the American beer market was, first and foremost, its extremely concentrated nature. The market share held by local/regional brewers was rapidly declining in favour of a handful of large national competitors. The microbrewery revolution was still embryonic and the future could be seen as safely in the hands of the sorts of Anheuser-Busch, Miller and Coors. To Boon, this meant that the ongoing process of industrial concentration in European countries would evolve into a continental one. Due to Europe's fragmented cultures and states, he didn't think the same level of concentration would be achieved as in the US, where he estimated that the market would end up being carved by no more than four or five industrialists, but about seven continent-wide actors seemed a plausible outcome.³⁸

This perception was, of course, also influenced by the ongoing European integration, a powerful stimulus to concentration and internationalism for companies, whose horizons quickly broadened, as well as for states, which started favouring the creation of "national champions".

In Boon's mind, the process of concentration wasn't however limited to industrial actors. To him, the same process applied to brands, of whom only a few international ones were expected to survive and thrive, again, based on the American experience. This thought was remarkably ahead of its time and would be formulated by Theodore Levitt only fifteen years later.³⁹ Some evident flaws existed in the parallel between Europe and the US when it came to brand concentration, however. Indeed, the American experience had been aided by factors not necessarily replicable in the old world. The US had a more unified mediatic landscape, a relatively homogeneous culture served by a common language, few internal barriers to trade and post-prohibition legislation which, by artificially separating distribution from production, created a power struggle inside the industry's supply chain pushing towards more consolidation still.⁴⁰

To Artois' board, the conclusion to be made from this vision was evident: if only a few industrial actors with a single flagship brand could survive, Artois and its Stella should be amongst them. The confidence of these businessmen in their brand is hard to overstate. In the words of Micky de Pret, an influential board member, Stella Artois had a "European vocation". It had been such a

34. Assemblée Générale, 9.2.1973 (PARB, 1); BOD, 5.7.1974 (ABIL, PdS, 11); Procès-Verbal Conseil D'administration, 5.7.1974 (PAPdS, 11).

35. Policy meeting minutes, 18.5.1971 (LMA, WA, A-8-3).

36. Procès-Verbal Conseil D'administration, 8.11.1974 (PA, PdS-14); Assemblée Générale, 11.2.1977 (PARB, 1); Assemblée Générale, 21.3.1980 (PARB 1); Discours, 1974 (PAJT); Interview Max Buret.

37. Ordre du Jour Conseil d'Administration, 26.4.1974 (PAPdS, 14); Ordre du Jour Conseil d'Administration, 10.5.1974 (PAPdS, 14); Ordre du Jour Conseil d'Administration, 22.4.1977 (PAPdS, 15).

38. Untitled Interview Raymond Boon, *Enterprise*, 19.1.1973, 906, 3.

39. THEODORE LEVITT, "The globalization of markets", *Harvard Business Review*, 5/6, 1983, 92-102.

40. WILLIAM ADAMS, "Determinants of the Concentration in Beer Markets in Germany and the United States: 1950-2005", in JOHAN SWINEN (ed.), *The Economics of Beer*, Oxford, 2011, 227-246; HARM SCHRÖTER, *Americanization of the European Economy: A compact survey of American economic influence in Europe since the 1800s*, New York, 2005; RANJIT DIGHE, "A taste for temperance: how American beer got to be so bland", *Business History*, 58/5, 2016, 752-784; VICTOR TREMBLAY & CAROL TREMBLAY, *The US brewing Industry: Data and Economic Analysis*, Cambridge, 2005.

success in Belgium that it became the centre-piece of their European strategy. «The final goal of foreign acquisitions will always have to remain the conversion of their sales into *Stella Artois*», wrote de Pret in 1969.⁴¹ Indeed, to them, industrial concentration was led by brand concentration and not the other way around. And as Stella Artois (a brand created as a special Christmas beer in 1926) was a product of the city of Leuven, famous for its beer production since the late Middle Ages, this identity had to be preserved and exploited as a marker of authenticity. She was “*une, indivisible et Louvaniste*” (one, indivisible and from Leuven).⁴²

The combination of this vision of continent-wide concentration, the ambition to be a concentrator, the centrality of the brand and the cautious approach favoured by Boon led him to devise a growth strategy based on what he called the “concentric circles”.⁴³ In this strategy, the short distances between *Motte Cordonnier*, Sedan and Dommelen to Leuven was no coincidence. They were designed to facilitate the transportation of the precious liquid brewed in Leuven in tanks to foreign breweries converted to mere bottling facilities, distribution centres and horeca network offices. A few plants kept a limited industrial capacity in place, especially for the production of premium brands such as *Motte Cordonnier’s Vega 2000*, but the standard brands had to leave the floor in favour of *Stella*, the rising star of European pilsners. This strategy generated tremendous needs in production and the Leuven plant grew at breakneck speed, becoming Western Europe’s largest brewery until the new Heineken plant in Zoeterwoude was inaugurated in 1974.⁴⁴

Vision, policy and implementation were thus well-aligned: an application *avant la lettre* of Richard

Rumelt’s strategic “kernel”.⁴⁵ The question was if it rested on correct assumptions. Would Stella Artois encounter similar success as in Belgium? Was the expansion through tied house networks replicable abroad, and the right way to promote a brand? Could these two weapons push forward small breweries which had struggled to survive against the competition of national champions such as Heineken and Kronenbourg?

VI. A French brewing landscape in full concentration

France, better-known for its wine culture, nevertheless had a significant beer market and industry, traditionally concentrated in the country’s predominantly beer-drinking North and North-East (Nord-Pas-de-Calais, Alsace & Lorraine), but also in other regions such as Nice, Marseille, Bordeaux and in the country’s colonies.⁴⁶ Bottom fermentation had become dominant in France during the first half of the 20th century for the same reasons as elsewhere in Europe (taste, aspect, conservation and reliability) but also due to the presence of a bridgehead of Germanic beer culture in Alsace and Lorraine.⁴⁷

France, due to its population size more than its enthusiasm for the beverage, was one of Europe’s main beer markets (see table 1). Overall intake reached a peak of 25,5 million hectolitres in 1976, or slightly over 48 litres per capita, and then gently declined to 20 million overall hl and 39 litres per capita in 1988. This placed the French on a third position in terms of total consumption volume in Europe, behind West Germany and the UK despite being only sixth in terms of consumption per capita.⁴⁸ Consumption wasn’t homoge-

41. MICHEL DE PRÉT, “Programme d’avenir d’Artois”, 14.11.1969 (PARB, 14).

42. “Untitled Interview of Raymond Boon”, *Entreprise*, 19.1.1973, 906, 3.

43. *Ibidem*.

44. KEETIE SLUYTERMAN & BRAM BOUWENS, *Brewery, brand, and family: 150 years of Heineken*, Amsterdam, 2014.

45. RICHARD RUMELT, *Good strategy/bad strategy: The difference and why it matters*, New York, 1992.

46. PHILIPPE VOLUER, “De céréales et d’eau. La brasserie française”, *Terrain. Anthropologie & sciences humaines*, 13, 1989, 125-129.

47. P. MARKOWSKI, “France”, in PETE BROWN (ed), *The Oxford Companion to Beer*, Oxford, 2012, 373-375.

48. La Division III - 1981-82, 9.2.1983 (JUP ABI, DG 2); https://www.lexpress.fr/actualite/societe/la-consommation-de-biere-repart-en-france_1776269.html; TERENCE GOURVISH, « Concentration, diversity and firm strategy in European brewing, 1945-90” in TERENCE GOURVISH & RICHARD WILSON, *The dynamics of the international brewing industry since 1800*, Cambridge, 1998, 80-92.

	France		Belgium		UK		Italy		West Germany	
	total (hl)	per cap(l)	total (hl)	per cap(l)	total (hl)	per cap(l)	total (hl)	per cap(l)	total (hl)	per cap(l)
1950	8	22	10	118	41	85	1	3	18	36
1960	17	35	10	112	43	85	2	5	54	91
1970	21	41	13	132	55	108	6	11	87	141
1973	23	44	15	144	61	112	9	16	92	147
1976	24	49	14	138	66	120	7	14	96	151
1980	22	44	14	131	65	118	9	17	92	146
1983	22	44	14	128	60	111	10	21	95	149
1988	20	39	14	120	60	111	11	22	93	144
1990	21	42	14	122	60	110	11	23	104	143

French, Belgian, British, Italian and West German beer consumption per capita (litres) and in total (hectolitres), 1950-90 Source: Terence Gourvish, "Concentration, diversity and firm strategy in European brewing, 1945-90", in Terence Gourvish & Richard Wilson, The dynamics of the international brewing industry since 1800, Cambridge, 1998, 84.

neously spread across the territory but tended to evolve towards less geographical diversity. Older, established markets such as the North, North-East and Paris were in slow retreat, while other areas, where wine or cider had long been dominant, saw increases in consumption, in line with global evolutions of convergence in alcoholic intake during the second half of the 20th century.⁴⁹

In terms of product characteristics, the French market had its peculiarities. Three product categories existed: light table beers (in fast retreat, just as in Belgium), standard lagers (also called "coeur de marché") and premium (stronger) lagers.⁵⁰ The latter appeared throughout France in the 1960s and were especially important in France as the authorised maximum price for brews over 5° allowed higher margins. Their volume, relative to the rest, increased steadily and gradually transformed what had been a niche product in brewers' main earners.⁵¹ In a more standard fashion, it was dominated,

and increasingly so, by bottled beer, especially of 25cl. Kegs were in retreat while cans made their apparition in the 1980s but regarded very limited volumes.⁵² These evolutions were caused by the rise of the supermarket which, like in Belgium, but faster and more thoroughly, had become the central place of retailing in France.⁵³

The French market, due to its size and because of the country's cultural and geographical proximity, was a logical choice for foreign expansion from a Belgian point of view. This attractiveness was enhanced by a few of French brewers' weaknesses which facilitated Belgian penetration.

First, French brewers focused their sales efforts on gaining shelf space in supermarkets and didn't bother to actively cover the horeca in rural areas. This strategy, while rationally aiming at the largest part of the market, left wide spaces vulnerable to Belgian brewers, well-honed in the trench

49. On the homogenisation of alcoholic beverage consumption: LIESBETH COLEN & JOHAN SWINNEN, "Beer-Drinking Nations: The Determinants of Global Beer Consumption" in JOHAN SWINNEN (2011) (ed). *The Economics of Beer*, Oxford, 2011; ELENA PIRON & ELINE POELMANS, "Beer, the Preferred Alcoholic Drink of All?: Changes in the Global and National Beer Consumption Since 1960 and Convergence and Trends Since the 1990s" in IGNAZIO CABRAS, DAVID HIGGINS, & DAVID PREECE (Eds.), *Beer, Brewing and Pubs: A Global Perspective*, London, 2016 205-227; ALEXANDER HOLMES & KYM ANDERSON, "Convergence in National Alcohol Consumption Patterns: New Global Indicators", *Journal of Wine Economics*, 12/2, 2017, 117-148.

50. Bertrand Motte, *Stratégie des marques. Problèmes du marché français*, 8.8.1986 (PA, DG, 2).

51. Interviews Max Buret & Philippe de Spoelberch; Jean Van Damme, *Synthèse Budgets Artois France 1985/86*, 27.9.1985 (PA, DG, 2).

52. R. Denis, *Examen des statistiques de l'Union Générale de la Brasserie Française*, 22.8.1984 (PA, DG, 17).

53. PETER HEYRMAN, "Unlocking the padlock: Retail and public policy in Belgium (1930-1961)", *Business History*, 60/7, 2018, 1049-1081.

warfare techniques of horeca-centred geographical expansion.

Second, French breweries were under roughly similar, but stronger financial pressures as their Belgian counterparts during the 1970 and 1980s, making its market dynamics eminently understandable for Belgian brewers and putting the latter at an advantage. Both had government-set maximum prices for beer which required frequent indexations in a context of rapid inflation. However, contrary to France, in Belgium, brewers had a rapid and easy access to the government, which easily conceded price raises, sometimes even accepting to validate retrospectively price hikes applied by brewers before official sanction. Brewers still represented a meaningful constituency and, as price increases were asked consensually, both by large and small brewers, the government didn't object.⁵⁴ This policy kept profitability levels for Belgian brewers at an acceptable level, especially in comparison with that of their French counterparts. Low maximum prices sentenced French brewers to thin margins and throughout the two decades starting 1970, only the market leader truly earned money.⁵⁵ All the others struggled around the break-even line and regularly tumbled under it. The explanation for this industrially destructive policy remains unknown, though a credible hypothesis would be that the unpopularity of price hikes probably combined with France's institutional centralism, disregard for the hoppy drink and tendency to assist national champions.

However, the French market was also a serious challenge of its own. First was the profitability problem, which hampered Belgian brewers as soon as they gained a foothold. Piedboeuf reckoned that the average French café only sold one fourth of his Belgian counterpart and its earnings

per hectolitre were almost 50% lower.⁵⁶ Second, even if French café networks were too sloppily supervised by their suppliers to effectively counter a Belgian offensive in the horeca sector, they represented only a limited, decreasing portion of the market had the disadvantage of functioning under a legal system which didn't allow strong tie contracts.⁵⁷ Finally, and most importantly, the French market was dominated by rather formidable foes.

In 1969, the situation still seemed manageable for a new entrant: the French market was dominated by two large players and two smaller ones and left sizeable space for growth. The leader, with 24% of the market, was the Société Européenne de Brasserie (SEB). SEB was a constellation of about twenty largely independent regional breweries and brands, the main ones being Chamigneulles, La Meuse and Kanterbrau. The company was dominant since its formation in 1966 by René Hinzelin but had inherited a scattered industrial infrastructure and brand portfolio it struggled to rationalise.⁵⁸

The market's second-largest industrialist was Kronenbourg. In 1969 it controlled only 16% of the French beer market but was steaming ahead thanks to a successful brand strategy focused on two names: *Kronenbourg* as a standard lager and *1664* as a premium. The company was owned by the Hatt family, a dynasty of brewers since the mid-1600s. Kronenbourg's post-war success had been helped by its early adoption of bottled beer backed by aggressive branding from the late 1940s onwards. This method had allowed the brewery to penetrate France's cafés, usually only tied in regard to their tapped beer, and put Kronenbourg in a position to reap the lion's share of the rapidly increasing home-consumption market in a way reminiscent of Artois' in Belgium. The paternity

54. Interview Michel Brichet & Philippe de Spoelberch.

55. Interview Bertrand Motte; Raymond Boon, Note sur la stratégie, 7.1984 (PARB, 5.2).

56. Département Gestion - Étude de rentabilité des sociétés du groupe Piedboeuf 1977.78, 20.6.1978, 39 (PA, DG, 13); Rapport de la réunion du 18.10.1973 (PA, DG, 26)

57. Interviews Max Bulet, Georges Soenen, Michel Naquet-Radiguet & Bertrand Motte; Raymond Boon, Note sur la stratégie, 7.1984 (PARB, 5.2); Alphonse Tilmant, Synthèse des conclusions du rapport sur les missions commerciales sur la division III, 10.9.1984 (PA, DG, 2); Max Bulet, Entretien de la clientèle en France, 22.8.1984 (PA, DG 17).

58. "Maître Kanter se fait mousser", *LPJB*, 3435/81, 1973, 189-190; NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt. Une dynastie de brasseurs strasbourgeois de 1664 aux années 1980*, Paris, 2018, 349-350.

of this successful move was claimed by Jérôme Hatt, Kronenbourg's managing director from 1954 to 1970, who later recalled having gotten the idea during a study trip in the USA in 1947, again showing the magnetic attraction the USA represented for ambitious European industrialists after WWII. The strategy worked wonders and allowed the previously regional brewer to become a national consolidator, with volumes growing by an annualised 16 % between 1945 and 1969.⁵⁹

The third and fourth brewery were Union de Brasseries and Albra, with respectively 10 and 7 % of the market. Albra was the result of the highly imperfect merger in 1969 of five companies running six breweries. One of its founding entities, L'Espérance, had survived the merger as a holding company with a majority stake in Albra.⁶⁰

Though the French market seemed to evolve towards an oligopoly and contained at least one modern and energetic industrial player, it still offered ample perspectives for both organic and acquisitive growth. However, in 1970, this world was hit by an unexpected shock with the arrival of a new player, Boussois-Souchon-Neuvesel (BSN). Originally a glass manufacturer, the company was the result of the 1966 merger of Glaces de Boussois and Souchon-Neuvesel under the impulse of a Souchon family member and soon-to-be giant of French industry, Antoine Riboud. Three years later the new company tried and failed to take over Saint-Gobain, France's most venerable glass producer, prompting a strategic reorientation in favour of vertical integration and conglomeration. In 1970 BSN, amongst other diversified acquisitions, bought and integrated the country's two larg-

est brewers, Kronenbourg and SEB⁶¹, creating an uncontested market leader with 8,5 million hectolitres produced per year, about 40 % of the French market.⁶² Antoine Riboud had been able to snatch a sale promise from René Hinzelin, then used it to get Jérôme Hatt on board with the promise that he would head the new French beer giant. It was the perfect alliance of a large producer lacking a powerful brand and a powerful brand eager to find space for expansion. In public, the move was justified as a way to promote a national champion in the face of European integration.⁶³

As if the creation of such a giant wasn't already problematic enough for Artois, another high-ranking competitor entered the market in 1972. Heineken then bought a majority of L'Espérance, itself controlling shareholder of Albra, through a public takeover bid. Competition became particularly heavy. Heineken tried to grow organically through a low-price strategy, but the approach was effectively countered by BSN with the forceful promotion of *Kanterbrau* as an alternative to *Kronenbourg*, mirroring Artois-Piedboeuf's strategy of double brand promotion on the domestic market.⁶⁴ The only remaining independent French industrial brewer was *Union de Brasseries* (UB), not an international group and the target of many desires for the following years.⁶⁵

Thus, while Artois' was quickly acquiring a position in France, the country's brewing landscape was thus concentrating with even greater speed. While the possibilities still seemed wide during the company's big push in 1969, one year later the market had become completely overshadowed by BSN, whose market share grew incrementally,

59. NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt*.

60. NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt*, 349-350.

61. In 1970 BSN acquired 27 % and assumed control over SEB. In 1972, SEB was formally absorbed within BSN. "B.S.N. va absorber totalement la Société européenne de brasserie", *Le Monde*, 1972.

62. MICHEL LAFERRERE, "L'industrie du verre dans la région Rhône-Alpes", *Revue de Géographie de Lyon*, 68/1, 1993, 47; DOMINIQUE JACQUET, "Trente années de politique financière de Danone au service de sa stratégie industrielle", *Annales des Mines*, 6/1998, 57-58.

63. NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt*, 256-259; ANTOINE RIBOUD, *Le Dernier de la Classe*, Paris, 1999, 122.

64. La Division III - 1981-82, 9.2.1983 (PA, DG, 2); Raymond Boon - Note sur la stratégie, 7.1984 (PARB, 5.2).

65. "Étude du marché français des boissons", *LPJB*, 3335/79, 1971; Absorption de la SEB par BSN, *LPJB*, 3421/80, 1972, 521; "Heineken lance une OPA sur le troisième groupe brassicole français", *LPJB*, 3405/80, 1972, 334-335; interview Bertrand Motte.

reaching 50% in 1988. For Artois, the question was if these changes had significantly altered its potential for expansion.

VII. 1974-88: Strategy and structure of Artois' French operations

The acquisitive spree of Artois in the late 1960s' had created a subsidiary of a certain size, but in a difficult situation, somewhere between that of national and regional brewer. Every aspect of the organisation was still in flux and reflected Artois' inexperience in managing a foreign subsidiary.

Control from Leuven was assured by dispatching *missi dominici* at the subsidiaries' boards: managers and family directors. Of particular importance was Philippe de Spoelberch, born in 1944, a young and promising member of the shareholder families, a brewing engineer by training with an MBA in marketing from Columbia University. Operational duties in Leuven were off-limits to him under an unwritten rule prohibiting shareholders and secretaries of the board to appear on the company's payroll. However, considering his obvious qualifications, he was awarded the possibility of working, officially as a consultant, for the international division from the early 1970s onwards.

The subsidiary was very fragmented and every component remained independent both by law and operationally. Local management tended to be, in traditional Artois fashion, the former owners of the acquired breweries. Motte-Cordonnier, Artois' only subsidiary of industrial significance, continued under its name and with its previous general and sales managers, Bertrand and Patrice Motte. This continuity had been an important reason for their choice of Artois as an acquisition partner. As Bertrand Motte had put it in his 1970 speech to family members, arguing in favour of Artois as an acquirer for their prized company:

"Only Artois is interested in the entirety of our operations: the industrial brewing and conditioning infrastructure, the brands, Mocovins, the commercial real estate and Mocaf. No dismantling of the company".⁶⁶ But keeping this kind of promises made the integration of its subsidiaries into a unified whole more difficult. It took Artois until 1981 to put all its French companies into one entity, dubbed Sébastien Artois, after the 18th century founder of the Artois dynasty. Bertrand Motte stayed at the helm of the company.

While the organisation struggled to integrate its operations, it didn't dither in applying its brand strategy. As part of Artois' "concentric circles" geographic and brand-centred strategy, the company imposed *Stella Artois* in replacement of local brands and positioned Artois as a standard lager. Problematically, this strategy of cannibalisation had at least three significant drawbacks.

First, the imposition of a foreign brand, however prestigious in Belgium, doesn't seem to have made much of an impression. *Stella Artois'* notoriety in France had to be built from scratch and couldn't count on sizeable cross-border effects.⁶⁷ Furthermore, the industrial aspects of the strategy harmed the company's image: replacing local brands also meant stopping local production and beefing up imports, as it still seemed impossible to the Artois men to brew *Stella Artois* out of Leuven (even though in 1976, the brand's success in the UK would push the company to swallow a British exception *avant la lettre*)⁶⁸. Hence, jobs in production were lost and production facilities were closed. Violent strikes erupted in 1979 against the closing of production in Sedan. The plant was occupied by personnel, management was held hostage, fire broke out and police forces intervened with tear gas to free the plant manager.⁶⁹

A second issue was distribution. The brands *Stella Artois* replaced were mainly sold in the horeca

66. Interview Bertrand Motte, citing a 1970 speech.

67. Raymond Boon, Discours à l'association des employés, 1974 (PARB, 2).

68. Procès-Verbal Conseil D'administration, 22.10.1976 (PA, PdS-15).

69. Ordre du Jour Conseil D'administration 9.2.1979 (ABIL, PdS, 15); Interview Bertrand Motte.

sector, but the company also wished to penetrate supermarkets, the core of French beer consumption.⁷⁰ Artois' deep pockets had been a reason for Bertrand Motte to plead in its favour in his 1970 takeover speech to shareholders: "the choice of a brand-based policy [...] requires massive advertisement, distributors who can count on our financial support and very heavy industrial investments".⁷¹ He argued that only an association with a larger brewer would give his brewery the means to invest in the heavy promotional efforts required to build a national brand.⁷² Artois, however, failed to deliver the expected investments. It had the smallest promotional budget amongst France's large brewers. As an example, in 1976, only FF 4,5 million were invested for *Stella Artois*' promotion against nearly 20 for million BSN's brands, 7,3 million for Union de Brasseries' and 6,5 million for Heineken's.⁷³ Bertrand Motte's hoped-for massive investments in promoting national brands using Motte Cordonnier's infrastructure and Artois' funds never materialised. Because of this, Artois was never able to compete on the national level and Artois had to fall back on the strategy of occupying rural areas' cafés while abandoning city supermarkets.⁷⁴

The 1970s were thus spent mainly developing a position in draft beer sold on-premise because shops sales seemed inaccessible.⁷⁵ The company invested in the modernisation of its keging lines in Armentières. It acquired more than 280 buildings with cafés or restaurants, amongst whom a few prestigious establishments in Paris offered *Stella Artois* some welcome visibility. The company also controlled many more cafés through

loans to publicans, a technique where Artois had shown a strong expertise. A non-negligible market share of 17% was progressively acquired in the horeca, which allowed Artois to punch above its weight in negotiations with competitors who didn't want their bottles to be kicked out of Artois cafés. But it was an expensive strategy aimed at a shrinking market, compounded by the weakness of brewery contracts under French law if compared with Belgium's and the UK's. The rental and subrental of premises, for example, was only possible in some regions, and most contracts didn't extend further than the amortisation or repayment of the initial assistance given by the brewery to the publican, usually about four to five years.⁷⁶ Furthermore, most publicans refused to be tied for their whole array of drinks, thus limiting the scope of their tie.⁷⁷

This didn't mean supermarkets were entirely put aside. Artois' French subsidiary twice got a budget for shop sales in the Northern and Paris regions in 1977 and in 1983. The 1977 campaign was centred on the Belgian origins of *Stella* and its hoppy character ("*Stella Artois*, the Belgian beer. More hops, more taste") and the 1983 one on *Stella Artois*' northern origins with a humoristic jab at the region's rain-soaked weather ("*Stella*, how sunny!" and "Flanders' sun").⁷⁸ In essence, Artois gambled that it could expand in self-service shops without a national coverage.⁷⁹ But the idea of selling an industrial brand only through regional networks proved to be difficult, especially in a structurally low-margin country for beer such as France. The campaigns provided disappointing results and, throughout the period, the company

70. Raymond Boon to Philippe de Spoelberch, 6.1.1969 (RB 10).

71. Interview Bertrand Motte, citing a 1970 speech.

72. AG 9.2.1973 (PARB, 1); Interview Bertrand Motte.

73. Investissements publicitaires – concurrence bières. Année 1976 (JUP ABI, DG, 26).

74. Procès-Verbal Comité Permanent, 16.9.1983 (PA, DG, 2); Interview Bertrand Motte.

75. Note stratégique, July 1984 (PARB 5.2).

76. Interviews Michel Naquet-Radiguet, Georges Soenen & Bertrand Motte; Raymond Boon, Note sur la stratégie, 7.1984 (PARB, 5.2); Alphonse Tilmant, Synthèse des conclusions du rapport sur les missions commerciales sur la division III, 10.9.1984 (PA, DG, 2); Max Bulet, Entretien de la clientèle en France, 22.8.1984 (PA, DG 17).

77. Max Bulet, Entretien de la clientèle en France, 22.8.1984 (PA, DG 17); Interviews Max Bulet & Georges Soenen.

78. *Stella News*, 17, 6.1977; PROCÈS-VERBAL COMITÉ PERMANENT, 16.9.1983 (PA, DG, 2).

79. Procès-Verbal Comité Permanent, 16/9/1983 (PA, DG 2); Note on strategy, July 1984 (PARB 5.2).

only earned money on beer sold in horeca while supermarket operations booked losses, even with high-margin products such as premium pilsners.⁸⁰

Third, even if the idea of penetration through horeca and regional distribution in shops had been valid (which seems it wasn't), there was a fatal flaw in its execution, namely the incoherence of *Stella Artois'* brand positioning. The importance of premium lagers over standard ones as breweries breadwinners has been pointed at earlier, as well as the insistence of Artois' leaders on their flagship brand's image. However, due to its introduction in France in the 1950s, before the arrival of high gravity premium pilsners, *Stella Artois* had been positioned as a standard lager. From the 1970s onwards this was a segment with declining volumes, image and profitability, the exact opposite of what *Stella Artois* was supposed to embody.⁸¹

In reaction, Artois' first counternarrative was a claim that the brand was a standard lager of superior quality. However, this message clashed with its pricing strategy, which put *Stella Artois* systematically 5% below *Kronenbourg*. Customers didn't buy the idea that a superior beer was sold at an inferior price, a marketing reality which Philippe de Spoelberch learned during the same period, selling *Stella Artois* with great success as an expensive premium product in Italy and the UK.⁸² Another international incoherence was that *Stella Artois'* domestic brand positioning was that of a standard lager, while *Loburg* was playing the role of a premium pilsner.⁸³ This peculiarity, combined with the brand's lack of notoriety, blocked its growth and, if during the first half of the 1970s,

Stella Artois' volumes did increase, they did so only at the expense of the company's cannibalised pre-existing French brands.⁸⁴ The company had failed to find a functioning marketing position for its main brand.

In reaction to *Stella Artois'* lacklustre numbers, the company tried to react by promoting alternative brands and line extensions. In 1981 the company's premium brands (at least three of them) were merged under the name *Club de Stella*, brewed in Armentières. Previous luxury brands had not been complete failures, especially *Vega 2000*, sold in green square bottles (a technical challenge for bottling lines) which had reached sales of about 250.000 hectolitres per year.⁸⁵ However, these results were not nearly good enough and the brand remained problematically connected with *Stella Artois'* lack of prestige. The new name was supposed to solve these issues and focus energies around a single brand, but its notoriety never really took off and the measure failed to generate extra volume.⁸⁶

Another strategy designed to push Artois ahead was the introduction of specialty products. In 1976, Artois launched *Leffe* in France. *Leffe* was a "faux-trappist", top-fermented "abbey-style" beer brand launched by a brewery from the Brussels periphery, *Lootvoet*, during the 1950s as a reaction against the dwindling sales of its pale ale and the surge in popularity of *Chimay* abbey beer. The brand's name came from an association with the Premonstratensian abbey of Leffe, near Dinant, in return for royalties, which persists to this day.⁸⁷ Artois asked its French subsidiary to distribute the

80. Raymond Boon, Discours pour la venue du ministre Tindemans, 16.12.1977 (PARB, 12.2); Synthèse des conclusions du rapport sur les missions commerciales sur la division III, 10.9.1984 (PA, DG, 2).

81. Bertrand Motte, Stratégie des marques. Problèmes du marché français, 8.8.1986 (PA, DG 2); Interview Bertrand Motte.

82. Interview Philippe de Spoelberch.

83. The brand was also briefly promoted in France, albeit unsuccessfully. Interview Christian Lootvoet; Jo Grade, Cave à bière en pack en France, 6/7/1983 (ABIJ, DG 25); Patrice Motte, « 'Cave à bières' en pack en France », 24/6/1983 (ABIJ, DG 25); Jean Brebart, Vieux Temps, 13/1/1984 (ABIJ, DG, 25).

84. Bertrand Motte, Stratégie des marques. Problèmes du marché français, 8.8.1986 (PA, DG 2); Interview Philippe de Spoelberch & Bertrand Motte.

85. Bertrand Motte, Stratégie des marques. Problèmes du marché français, 8.8.1986 (PA, DG 2); Interview Bertrand Motte.

86. Jean Van Damme, Synthèse Budgets Artois France 1985/86, 27.9.1985 (PA, DG, 2).

87. Interviews Christian & Jean-Paul Lootvoet; Albert Lootvoet, Histoire de la Leffe (PACL).

brand.⁸⁸ The original product was a brown beer considered out of touch with the French market by the Motte brothers. Albert Lootvoet, another manager Artois had kept at the helm of his brewery after a takeover, created a blonde version of *Leffe* for the French market, which would become an extremely popular beer both in France and Belgium.⁸⁹

In France, *Leffe* was launched without fanfare or promotion. Its success happened almost “by accident”. The first real campaign only came around 1980, when 4-packs were given to about 2000 “influencers” in Paris, backed by a short radio campaign aimed at young graduate professionals and managers. The sums involved remained small, rising from only FF400.000 in 1981 to FF600.000 in 1983, but then jumped to FF5 million in 1986. Volumes grew in parallel: slowly at first, from nothing in 1976 to around 50.000 hectolitres in 1982, then followed by a strong acceleration to about 600.000 hectolitres in 1986.⁹⁰

Witnessing *Leffe*'s success, Artois tried to push other specialty brands in France by creating a new sales concept around 1983, presenting specialty brands in special-purpose shelves called “caves à bière” (beer cellars), reminiscent of prestigious wine cellars. It allowed Artois to sell its whole array of specialty products, of which there was no equivalent in France: *Hoegaerden*, *Leffe*, *Bécasse* (kriek), *Whitbread* (associated with Artois on the old continent), *Cinder-Ale*, *Vieux-temps*, *Ketje* and *Loburg*.⁹¹ It also contributed to the growing popularity of Belgian brews since the publication of Michael Jackson's influential *The World Guide to Beer* (1977).⁹²

At the end the 1980s, Artois' French subsidiary had thus booked a few minor successes: it had

acquired a relatively strong position in the horeca, especially in the North, and had created the lucrative product segment of Belgian specialty brands. It had however failed in its main task: spreading the gospel of *Stella Artois*. The company seemed stuck. With around a 10% share of the French beer market, it had achieved a sizeable position, but was left with little room for growth. According to Artois' management, an industrial future entailed a market share of at least 20%, which seemed unattainable, even if the company decided to embark in years of financial efforts in organic growth. To safeguard some profitability, ambitions were curtailed to the promotion of the expensive brands, and after 1980 the company no longer tried to aim for full national coverage in the food sector.⁹³ Despite these setbacks, Artois continued to harbour ambitions for its French subsidiary. If these couldn't be met by running the company better than the competition, then the best way probably was to pair with it.

VIII. 1974-88: aiming for a meaningful position through M&A

Acquisitions were a part of Artois' growth strategy at least since the early 1900s. Though exportation had played a role in probing foreign markets, forceful entry always happened through acquisitions. It shouldn't come as a surprise if the approach was thus used by Artois to escape from the mid-sized trap it had fallen into in France. It materialised in two ways: the first one was to keep on acquiring small brewers and intermediaries. Throughout the 1970s and 1980s Artois bought at least nine wholesalers in the Paris region between 1969 and 1987.⁹⁴ The other was to aim for a larger,

88. Accounts differ whether this happened under the impulse of Raymond Boon or Philippe de Spoelberch. Interviews Philippe de Spoelberch & Christian Lootvoet.

89. Interviews Philippe de Spoelberch & Christian Lootvoet.

90. Christian Lootvoet, *Leffe* 1984, 16.10.1984 (PA, DG, 25); *Leffe*, 17.3.1992 (ABIL, Mkt, 4); Interview Bertrand Motte.

91. Interview Christian Lootvoet; Jo Grade, *Cave à bière en pack en France*, 6.7.1983 (PA, DG 25); Patrice Motte, « 'Cave à bières' en pack en France », 24/6/1983 (ABIJ, DG 25); Jean Brebart, *Vieux Temps*, 13.1.1984 (PA, DG, 25).

92. MICHAEL JACKSON, *The world guide to beer. The brewing styles, the brands, the countries*, Philadelphia, 1977.

93. Alphonse Tilmant, *Synthèse des conclusions du rapport sur les missions commerciales sur la division III*, 10.9.1984 (PA, DG, 2); Jean Van Damme, *Synthèse Budgets Artois France 1985/86*, 27.9.1985 (PA, DG, 2).

94. *Stella News*, 5, 1973; *Ordre du Jour Conseil d'Administration*, 9.2.1979 (PAPdS, 15); interview Bertrand Motte; *Ordre du Jour Conseil d'Administration Artois-Interbrew*, 20.2.1981 (PAPdS, 15).

industrial player. However, Artois wasn't the only hunting for this sort of game, and good deals were becoming increasingly scarce.

The most evident path to large scale, ambitious and potentially disruptive, was an association with BSN. Two attempts took place. In 1971 contacts were established through bank Paribas, an agent of which prepared a report stating that an association of both companies would produce a lot of synergies.⁹⁵ Raymond Boon encountered Antoine Riboud on several occasions to discuss the project. The original idea was to replace *Kanterbrau* by *Stella Artois*. However, the project encountered insurmountable strategic, personal, financial and ownership issues. First, Artois family representatives repeatedly said they were uninterested in the non-brewing parts of Riboud's conglomerate. Second, neither Riboud nor the Artois families were willing to abandon control over their company.⁹⁶ Third, the two groups were unwilling to spend cash on the other since both were on an acquisition spree.⁹⁷ A repeat of the discussions took place in 1974 due to the availability of UB for a joint takeover but they were on similar terms and, consequently, fared no better (see below).⁹⁸

This negotiation stalemate needed a situation change if talks were to progress, which materialised when BSN started to become a threat to Artois' home turf. In 1978, BSN bested Artois in acquiring two breweries, Anglo-Belge and especially Alken, though it failed in buying breweries Lamot and Wielemans-Ceuppens thanks to Boon's diplomatic skills. BSN thereby landed on a similar

position in Belgium as Artois' in France, with a market share of 8%.⁹⁹ Panicked by the perspective of having to face such a mighty competitor, Artois and Piedboeuf created a particularly aggressive anti-Kronenbourg committee to thwart the French advance at any cost. This new situation, combined with Heineken's acquisition of UB in 1984, pushed Riboud to reignite talks that had been abandoned ten years before. Artois called it "Operation Téhéran" (BSN's Parisian headquarters were located Rue de Téhéran) and Riboud "Opération Géranium" (he reputedly always used flowers as code names).¹⁰⁰ No less than seven meetings took place in Paris, at Riboud's southern country estate in Mandelieu and in Leuven.¹⁰¹

Several options were again considered. At first, Riboud tried the same approach as before, proposing to integrate Artois in exchange of BSN shares and clashing with Artois' family owners' persistent refusal at becoming minority shareholders in a conglomerate. In the winter of 1985, Riboud then proposed to swap SEB and its 4,5 million hectolitres in France for a combination of smallish Belgian breweries together worth 800.000 million (highly profitable) hectolitres. The deal probably was too unequal and Riboud decided to backtrack as soon as Boon showed interest.¹⁰² Boon countered with his own old proposal, the takeover of BSN's brewing activities against Artois shares and added a directorship for Riboud. He expected Riboud to accept because the latter had grown more interested in the other parts of the BSN empire, notably Danone, but to no avail.¹⁰³ Discussions were still ongoing in 1986, when Artois

95. Daniel Schmidt to Raymond Boon, 18.11.1971 (PARB, 13).

96. Raymond Boon - entretien à Paris, 27.3.1972 (PARB, 14).

97. NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt*, 260.

98. Procès-Verbal Conseil D'administration, 8.2.1974 (ABIL, PdS, 14).

99. Jos CELS, *De brouwers van Alken*, Hasselt, 1991, 116-119; Ordre du Jour Conseil d'Administration, 22.10.1976 (PAPdS, 15); PROCÈS-VERBAL COMITÉ PERMANENT, 19.11.1976 (PAPdS, 11); Interview Yannick Boes; Master, 19.6.1980 (PARB, 15.4); Discours..., 9.2.1979 (PARB, 1); Procès-Verbal Conseil d'administration, 10.10.1975 (PA, PdS); *Tendances*, 29.6.1984, 42-43; Procès-Verbal & Ordre du Jour Conseil d'Administration, 25.8.1978 (PA, PdS, 15).

100. Bertrand Motte to Raymond Boon, 14.03.1986 (PARB, 15.2).

101. Antoine Riboud to Raymond Boon, 29.6.1984 (PARB, 15.2).

102. Raymond Boon, Déjeuner avec Antoine Riboud, 21.1.1985 (PARB, 15.2); Raymond Boon, Déjeuner avec Antoine Riboud, 12.2.1985 (PARB, 15.2); Raymond Boon, Téhéran, 16.12.1985 (PARB, 15.2).

103. Raymond Boon, Artois et BSN, 1986? (PARB, 15.2); Raymond Boon, Téhéran, 16.12.1985 (PARB, 15.2)

entered a period of internal shareholder struggles, pushing Riboud to call off discussions.¹⁰⁴

Another plan was to acquire Union de Brasseries, “on sale” since 1974. It was owned by the French group Brasseries et Glacières Internationales (BGI), formerly Brasseries et Glacières d’Indochine, a brewing giant in the French colonial empire, from Indochina to Algeria, and across sub-Saharan Africa, including in Côte d’Ivoire, Cameroun and Senegal.¹⁰⁵ If its international operations flourished, its domestic ones deeply suffered. In France, BGI produced more than three million hectolitres of beer and 600.000 hectolitres of soft drinks in 1975 across seven plants. Its main brands were *Slavia*, *33* and *Phénix*. It suffered essentially from the same woes as SEB: too many plants and brands. Artois prudently analysed the situation and decided in 1979, after four years of hesitations, not to pursue the operation due to UB’s dire financial and commercial situation (to Philippe de Spoelberch’s great relief).¹⁰⁶

In 1980, BGI acquired the Brasserie du Pélican, best known for its *Pelforth* brand. This acquisition reignited Artois’ interest in the firm. Antoine Riboud tried to convince Raymond Boon to jointly acquire and split BGI. BSN would be taking the international operations and Artois the French ones. Boon would have rather had the opposite repartition, and charged a French company, Drouot, to furnish all available information on BGI. After having backtracked in 1979 Artois tried “multiple times” to acquire Union de Brasseries until, in 1983, Heineken got the upper hand. Jacques Bonduel, a member of the original founding family of Pélican tried to thwart the Dutch

acquisition by contacting Jacques Delors, then French minister of Economy, through his financial adviser Gérard Mestrallet and convince him to block Heineken. In what he dubbed “Opération Haussmann”, Bonduel intended to allow BGI to be sold to Pernod, BSN or Artois while he bought back his family brewery. The scheme “entirely flopped” and in 1984 UB was finally sold to the Dutch, albeit “at an extremely high price”.¹⁰⁷

Artois’ plans for scaling through M&A’s thus didn’t come to fruition. In the end, the acquisition of Motte-Cordonnier in 1970 became the Belgian brewer’s last meaningful acquisition in France. Neither Artois nor its shareholders saw a sufficiently appealing deal out of France’s available beer industrialists. This leaves us with a last element to be analysed: the achievements of Piedboeuf, Artois’ partner in Belgium until the official merger as Interbrew in 1988.

IX. Piedboeuf in France: small aims, small gains

Piedboeuf’s approach towards France closely resembled Artois’: it acquired a smallish Northern brewery in the early 1970s, replaced its standard pilsner brand with a Belgian one and relied on the horeca sector for growth. The main difference was one of scale, about one-tenth the one achieved by its larger partner.

In 1970, Piedboeuf thus acquired a brewery close to Lille, in Villeneuve d’Asq, a few kilometres away from Motte-Cordonnier and from Belgium.¹⁰⁸ The subsidiary was forced to adopt *Jupiler*

104. Raymond Boon, Interbrew. Recherche de partenaires, 1995? (PARB, 15.3); KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World’s Biggest Brewer*.

105. JEAN-FRANÇOIS KLEIN, “Du patronat colonial au patronat impérial: Un changement de paradigme”, *Vingtième Siècle. Revue d’histoire*, 114/2, 2012, 67-81.

106. Ordre du Jour Conseil d’Administration, 23.12.1975 (ABIL, PdS, 15); Ordre du Jour Comité Permanent, 23.4.1976 (ABIL, PdS, 14); Ordre du Jour Comité Permanent, 4.6.1976 (ABIL, PdS, 14); Philippe de Spoelberch even wrote, in large captions, a “OUF!” sigh of relief next to the final decision to close the file on his board meeting notes, showing personal unease about the project. Ordre du Jour Conseil d’Administration Artois-Interbrew, 20.4.1979 (ABIL, PdS, 15).

107. Raymond Boon - Artois et BSN, 1986? (PARB, 15.2); “A. Antoine to Raymond Boon, 17.11.1981 (PARB, 13); Assemblée Générale, 16.3.1984 (PARB, 1); Raymond Boon, Wagram & Haussmann, January 1984 (PARB, 13); ROBERT DUTIN, *Dictionnaire Historique de la Brasserie Française du 20e Siècle*, Paris, 2003, 12.

108. ROBERT DUTIN, *Dictionnaire Historique de la Brasserie Française du 20e Siècle*, Paris, 2003, 50.

as a standard pilsner but kept its original premium brand *Setz-Bräu*. The latter was a German brand brewed under a licence acquired thanks to a relation established between the former owners and a brewer in Munich during WWII.¹⁰⁹

The company's growth pattern closely resembled Artois' but also showed some singularities. As for Artois, the subsidiary lacked the financial commitment to stimulate its growth. This logic was, however, pushed much further and, due to Piedboeuf's focus on Belgium and Albert Van Damme's (Piedboeuf's former owner and CEO) stinginess, the mother company systematically refused to invest any further resources in its French division.¹¹⁰ Again, like Artois, the company relied on a tactic of conquest through horeca, honed in Belgium. However, Piedboeuf ran its operations in Belgium and abroad in a much tighter way than Artois'. In Belgium, Piedboeuf was systematically besting Artois with a combination of commercial professionalism, both in sales techniques and in the maintenance of tapping installations, and strong tie contracts. Especially the near-obsessive attention brought to the training of salespeople to tapping technicalities was highlighted as a way to maintain a network of cafés where qualitative service would secure and grow a loyal customer base. This method was expected to be a real game changer caused by what Piedboeuf's executives thought was a real Belgian superiority.¹¹¹

Piedboeuf thus tried to advance, slowly, café after café, building a steady on-premise retail network. But results were inconclusive. The company's geographical spread stopped in the North and in the region of Bordeaux. A probe was launched to Paris, but quickly abandoned in the face of high real estate prices and strong competition for

prime sales spots. The lack of advertisement and tolerance of substandard selling points turned *Jupiler* into a cheap and little-known "pauper's beer".¹¹² When in 1984 an attempt was made in selling the brand in shops, its downgraded image caused the scheme to flop entirely. Additionally, though the company managed to increase its number of selling points, reaching 4500 cafés and 305 wholesalers in 1984 despite a limited sales force of eighteen people, the sector's decline caused Piedboeuf to actually lose ground, from 350.000 hectolitres sold in 1973 to 275.000 hectolitres in 1987 (90% of *Jupiler* and 10% of *Setz-Bräu*) though with a slight rebound in the last years.¹¹³ Obviously, tapping quality wasn't enough to conquer a 25 million hectolitre market.

X. 1988: what was achieved

When Artois and Piedboeuf merged in 1988, the fate of their French positions put together seemed to hang in balance. Together they represented the third largest brewer by volume, selling about 2,2 million annual hectolitres of beer, with a small addition in lemonades and wines. More than half of it was sold through the horeca, even though the sector only represented 17% of the French beer market by then. Interbrew was third on the podium with 11% of total consumption against 50% for the header and 28% for his nearest follower.¹¹⁴ An increase of sorts, but clearly not what had been hoped for.

In financial terms, Artois sold for FF 874 million yearly, but only slightly more than 1% of that was converted into net profit. This low level of profitability reflected the logical consequence of government-set maximum prices which, by generating

109. Interview Max Bulet; NICOLAS STOSKOPF & SVEN GÜTERMANN, *Les Hatt*, 204-222.

110. Interview Max Bulet; Charles Lecoq, *Revue professionnelle françaises à utiliser comme support publicitaire*, 22.11.1982 (PA, DG, 17).

111. Interview Max Bulet; Marc Bodson, *Rapport Publicité*, 18.11.1976 (PA, DG, 26); Max Bulet, *Nouvelles affaires* 1983.84, 13.9.1983 (PA, DG, 17); R. Denis, *Jupiler France. Objectifs géographiques*, 18.8.1982 (PA, DG, 17).

112. Interview Michel Naquet-Radiguet.

113. *Jupiler France...*, 18.8.1982 (PA, DG, 17); Interview Max Bulet.

114. *La Division III - 1981-82*, 9.2.1983 (PA, DG, 2); *Procès-Verbal Conseil d'Administration*, 11.5.1984 (PA, DG, 2); Jean Van Damme, *Synthèse Budgets Artois France 1985/86*, 27.9.1985 (PA, DG, 2).

thin margins, increased the marginal advantage of economies of scale enjoyed by industrial players. This policy, designed to avoid inflation, had the side effect of acting as a fantastic engine for industrial concentration.¹¹⁵ This mediocre financial performance should not be overstated however: it was caused partly by the issue of transfer pricing (a frequent annoyance for subsidiaries of international groups selling export products¹¹⁶), partly by shady accounting methods designed to spread fiscal pressure across the Artois empire and report profits where they would be taxed most lightly, meaning the company was more profitable than it officially was.¹¹⁷ Part of the sorry financial return was also explainable by the unfavourable monetary evolution of the French Franc, which lost 25,2 % of its value against the Belgian equivalent between 1970 and 1982.¹¹⁸

Even market share figures need to be nuanced somehow. The company had been able to double its 1970 market share of 5-6 % and did so while remaining profitable, if only slightly so. Other foreign entrants didn't fare much better: Heineken, despite controlling more than twice their market share, never managed break even during the 1970s and 1980s.¹¹⁹ The decision to focus on kegged beer, with its heavy investments in plant machinery and real estate, generated an unfavourable sales/fixed assets ratio, but also a strong bargaining position in the horeca. Overall, the company had managed to progress, only not enough if it wanted to meet its ambition.

The following decades would be spent trying to find a spot where operations and profitability could be kept without having the ambition to become a major player anymore. A situation of strategic patience while the subsidiary served as a bargaining chip in intra-industrial negotiations. At the end

of the 1990s, a new occasion appeared when BSN put Kronenbourg for sale. Interbrew made a bid but Scottish & Newcastle (S&N) offered a price significantly above what the Belgians were ready to offer and acquired the target in 1999.¹²⁰ Artois' decision not to go over the maximum price it had set itself was rewarded when S&N's disappointing results, partly due to the low profitability of its French investment, caused it to be acquired and dismantled nine years later between Heineken and Carlsberg.

XI. Conclusions

Artois' expansion into France offers a telling example of the industrialisation of the beer industry in its infancy. Prudent probes by family-held companies followed by acquisitions aimed not just at growing abroad, but also use the advantages of being embedded into the targeted market. Artois and Piedboeuf chose to invest to benefit from being in France, internalise the chain of tasks which had been assumed by others when they were exporting, and chose its northern regions to facilitate the exportation of what they considered their most valuable asset: their beer. In short, this story entirely confirms the insights of the OLI and the Uppsala models.

The story is less illuminating when it comes to assessing Belgium's role as a breeding ground for multinationals. The size of its market limited the financial capacity of its companies of course, and we have seen how Artois and Piedboeuf always avoided to commit large sums in France, even after they had merged. But this tendency was probably caused more by the decision-making process at the family firm than by their nationality. Being a small market surrounded by larger

115. KEETIE SLUYTERMAN & BRAM BOUWENS, *Brewery, brand, and family*, 349-353.

116. ALAN RUGMAN & LORRAINE EDEN, *Multinationals and transfer pricing*, London, 2017

117. Interviews Bertrand Motte & Georges Soenen.

118. Bertrand Motte to Philippe de Spoelberch, 29.10.1982 (PARB, 10); Interview Bertrand Motte.

119. KEETIE SLUYTERMAN & BRAM BOUWENS, *Brewery, brand, and family*, 353; Raymond Boon, Note sur la stratégie, 7.1984 (PARB, 5.2).

120. Interview Stéfan Descheemaeker.

countries with large competitors probably played a role in pushing an ambitious company such as Artois into looking for growth abroad, and honed its competitive skills. The fact that today's three largest brewers come at least partly from small north-western European countries is probably not caused only by chance.

Finally, this story further establishes that knowledge, especially of the "sticky" marketing sort,¹²¹ is a key resource in the international development of firms. With this perspective, the foray in France wasn't a disappointing investment of human and financial resources which could have generated better returns elsewhere but, despite or because of its drawbacks, an element in the long and trying process of company-wide and individual learning on internationalisation. Artois and Philippe de Spoelberch in particular became aware of the national identity of standard pilsner brands through internationalisation attempts such as France and the Netherlands. They also learned the foreign potential of Belgium's specialty brews. The French example contrasted with Italy and Britain, and company and director learned the do's and don'ts in trying to create an international beer brand, laying bare the faulty assumption that Europe would soon be entirely dominated by a handful of them.

Another lesson learned was that size matters hugely in consumer goods, especially under heavily regulated markets. The strategy of spreading to neighbouring countries by acquiring small brewers, cannibalising local brands with Stella Artois

and acquiring a horeca network at great cost as a promotional tool in the hope of gaining national notoriety plainly didn't function. Nearly every aspect of this strategy misfired in the hands of Artois. The acquisition of small, struggling regional brewers as vehicles for investment probably was one of the founding problems of this approach. The reasons for their struggling had precisely been their small size and their inclusion in a larger group didn't bring the necessary tools to grow. In this, Artois wasn't alone: the British brewers in Belgium, Kronenbourg in Germany¹²², Schlitz with Brassico... the history of the beer industry is littered with similarly failed attempts at FDI.

In the 1990s, the same mistakes would not be committed again. France was a key aspect of Philippe de Spoelberch's training. He would go on until 2008 as one of the most influential directors of Interbrew, relentlessly promoting well-rooted national brands of standard pilsner while adding *Stella Artois*, *Leffe* and other products as expensive side-kicks. Interbrew became one of the leading global brewers between 1990 and 2004 partly thanks to its ability to forge a new strategy out of the disappointments of earlier decades. The true value of Raymond Boon's words in 1974 became apparent more than twenty years later: the company had "taken a good advance in a difficult market".¹²³ Interbrew's success was partly borne out of Artois' trials and errors, successes and failures. France had been the valid testing ground for a strategy based on shaky assumptions but had nevertheless delivered the most important asset: knowledge.

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Abbreviations

LMA : London Metropolitan Archives, Whitbread Archives

PA : Piedboeuf Archives

PARB : Private Archives Raymond Boon

PAJT : Private Archives Jean Thiébaud – former member of *Piedboeuf's* General Management

PAPdS : Private Archives Philippe de Spoelberch

121. TERESA DA SILVA LOPES, *Global brands : The evolution of multinationals in alcoholic beverages*, Cambridge, 2007.

122. NICOLAS STOSKOPE & SVEN GÜTERMANN, *Les Hatt*.

123. Raymond Boon, Discours à l'association des employés, 1974 (PARB, 2).

