around the world. It had been the best-selling imported beer in the United States for several decades, giving it a steady source of revenues and profits from the world's biggest market. But by the late 1990s, Heineken had lost its 65-year-old leadership among imported beers in the United States to Group Modelo's Corona. The Mexican beer has been able to reach out to the growing Hispanic Americans who represent one of the fastest-growing segments of beer drinkers.

Furthermore, the firm was also concerned that Heineken was being perceived as an obsolete brand by many young drinkers. John A. Quelch, a professor at Harvard Business School who has studied the beer industry, said of Heineken: "It's in danger of becoming a tired, reliable, but unexciting brand."[7] Therefore, the firm has been working hard to increase awareness of their flagship brand among younger drinkers. Heineken also introduced a light beer, Heineken Premium Light, to target the growing market for such beers in the United States. Through such efforts, the firm has managed to reduce the average age of the Heineken drinker from about 40 years old to about 30 years old.

At the same time, Heineken has also been pushing other brands that would reduce its reliance on its core Heineken brand. It has already achieved considerable success with Amstel Light, which has become the leading imported light beer in the United States and has been selling well in many other countries. Many of the other brands that it carries are strong local brands added through its string of acquisitions of smaller breweries around the globe. It has managed to develop a relatively small but loyal base of consumers by promoting some of these as specialty brands, such as Murphy's Irish Red and Moretti.

Heineken has been stepping up its efforts to target Hispanics, who account for one-quarter of U.S. sales. Besides developing specific marketing campaigns for them, it added popular Mexican beers such as Tecate and Dos Equis to its line of offerings. For years, these had been marketed and distributed by Heineken in the United States under a license from FEMSA Cervesa. In 2010, the firm decided to acquire the firm, giving them full control over all of their brands. Benj Steinman, publisher and editor of Beer Marketer's Insight newsletter, believed their relationship with FEMSA had been quite beneficial: "This gives Heineken a commanding share of the U.S. import business and . . . gives them a bigger presence in the Southwest . . . and better access to Hispanic consumers," he stated.[8]

Above all, Heineken wants to maintain its leadership in the premium beer industry, which represents the most profitable segment of the beer business. In this category, the firm's brands face competition in the United States from domestic beers such as Anheuser's Budweiser Select and imported beers such as InBev's Stella Artois. Although premium brews often have slightly higher alcohol content than standard beers, they are developed through a more exclusive positioning of the brands. This allows the firm to charge a higher price for these brands. A six-pack of Heineken, for example, costs $9, versus around $6 for a six-pack of Budweiser. Furthermore, Just-drinks.com, a London-based online research service, estimates that the market for premium beer will continue to expand over the next decade.

Building on Its Past

The recent acquisitions in different parts of the world—Asia, Africa, Latin America and Europe—represent an important step in Heineken's quest to build upon its existing global stature. Van Boxmeer and his team have made an effort to enter new markets and build upon the firm's position in existing markets. In November 2018, Heineken signed an agreement with China Resources Enterprise and China Resources Beer to create a long-term strategic partnership for mainland China, Hong Kong, and Macau. The partnership will give the firm a 40 percent share in the Chinese firm that controls CR beer, the undisputed market leader in China, which represents the world's largest beer market.

In order to accompany this global expansion, van Boxmeer has also been committed to working on the company's culture in order to accelerate the speed of decision making. This has led many people both inside and outside the firm to expect the new management to try to break loose from the conservative style that has resulted from the family's tight control. Instead, the affable 46-year-old Belgian indicated that he has been trying to focus on changes to the firm's decision-making process rather to make any drastic shifts in its existing culture. "Since 1952 history has proved it is the right concept," he stated about the Heineken's ownership structure. "The whole business about family restraint on us is absolutely untrue. Without its spirit and guidance, the company would not have been able to build a world leader."[9]

Upon his departure, van Boxmeer was confident that van den Brink would continue to adhere to family traditions in running Heineken. The brewer has shown a steady growth in revenues and profits over the years, even as there has been little growth in the global market for beer. Van Boxmeer attributed this performance to the consistent approach to the business by the firm. "We are in the logical flow of history," he explained. "Every time you have a new leader you have a new kind of vision. It is not radically different, because you are defined by what your company is and what your brands are."[10]

ENDNOTES

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