THE HEINEKEN *Story*

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THE REMARKABLY REFRESHING TALE OF
THE BEER THAT CONQUERED THE WORLD

THE HEINEKEN *Story*

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PROFILE BOOKS

First published in Great Britain in 2014 by
PROFILE BOOKS LTD
3A Exmouth House
Pine Street
London EC1R 0JH
www.profilebooks.com

10 9 8 7 6 5 4 3 2 1

Typeset in Minion by MacGuru Ltd
info@macguru.org.uk

Printed and bound in Great Britain by
Clays, Bungay, Suffolk

A CIP catalogue record for this book is available from the British Library.

ISBN 978 1 78125 360 1
eISBN 978 1 78283 113 6

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Contents

	Prologue	vii
1.	All or Nothing!	1
2.	Bier soll sein!	18
3.	The Dutch Beer King of Manhattan	39
4.	Our Young Friend	53
5.	Gulping Down Amstel	68
6.	The Making of Freddy	82
7.	Refreshing the UK	93
8.	Fortress Europe	121
9.	The Kidnapping	143
10.	Losing Its Fizz	176
11.	Taking Over New York	191
12.	The Uncrowned Beer King	216
13.	The Beer Wars	234
14.	After Freddy	254
15.	Last Round	272
	Epilogue	298
	Acknowledgements	302
	Bibliography	306
	Sources	310
	References	311
	Index	326

Prologue

On a drab winter's day several years ago, the head office of the Franzen Hey & Veltman (FHV) advertising agency just outside Amsterdam was in a state of unusual agitation. Two of the agency's directors, Giep Franzen and Tejo Hollander, were peering nervously out from the hallway through the drizzling rain, watching an unusual convoy glide up to the entrance.

At the back of the middle vehicle, a huge armoured Bentley, sat Alfred 'Freddy' Heineken, the man who held the Heineken beer empire in his hands. His limousine was sandwiched between the heavy cars of the 'boys' who accompanied the brewer ever since he had been kidnapped in 1983. The previous day three of them had thoroughly inspected the FHV building, searching the room where Freddy was to view two proposed adverts and even checking the projector for potential firing devices.

The team at FHV had prepared the forthcoming pitch down to the last detail. They didn't waste much time on introductory presentations because they knew that Freddy couldn't be bothered to listen to them. On the eve of such nerve-racking events, it was the guest list that topped the agenda. 'From experience, we knew that Freddy liked to make a show of his power by taking shocking decisions. And the bigger the audience, the more irrepressible the urge', one of them explained. 'So the trick was to keep the invitation list as short as possible.'

Although many hard-boiled entrepreneurs walked through the agency's corridors, Freddy's twice-yearly visits always made the ad-men jittery. They esteemed the mercurial tycoon highly for his instinct for advertising and his creativity. 'It never ceased to amaze us. Inevitably and instantly, he always picked the best lines', said Marlies Ponsioen, a former Heineken account manager at FHV. But Freddy's disciples also knew that his unpredictable mood swings could be devastating.

Allan van Rijn, the man who directed FHV's Heineken adverts at the time, knew precisely how Freddy and his ad-men operated. He explained that in preparation for Freddy's visits 'the receptionists all had their hair done, the mess was cleaned up and the managers wore their best three-piece suits. After all, their mortgages were at stake. Then Freddy stepped out of his limo with a crumpled suit and he walked straight through all this bullshit.'

Freddy himself liked to recall that his legendary affinity with advertising was inspired by a school trip to the Philips lighting and electronics group in Eindhoven. 'They didn't sell light bulbs; they sold light', he explained. Since he returned from an eye-opening two-year traineeship in the United States in his early twenties, the grandson of Heineken's founder had meticulously constructed the brand's identity so that it appealed to consumers throughout the world.

As planned, the diminutive tycoon arrived early in the afternoon. After a couple of handshakes in the hallway, he was ushered into the plain meeting room on the first floor of the FHV offices, which had a projector concealed behind a one-way mirror on one side and a screen on the other side.

As the lights went out and the curtains were drawn, all those present turned discreetly to Freddy Heineken and anxiously scrutinised the deep grooves in his bulldog-like face. The

slightest tension on his lips, the merest hint of a frown – even the way he puffed at his seemingly never-ending ultra-light cigarette – could be an omen of a forthcoming disaster. After all, Heineken was one of the most avidly watched accounts in advertising, and Freddy ruled over it with the tyrannical edge that characterised his entire leadership.

Since he had regained his family's majority share in Heineken in his mid-twenties, Freddy ruled over an efficient brewing group that made a crisp lager. This he transformed into a brewing group with an unrivalled international scope, all the while keeping watch in an almost paranoid fashion over the sprawling business, and the brand's reputation in particular.

Few outside the Netherlands realised that Heineken was the name not just of a beer but also of the uncrowned king of the Netherlands – an extravagant yet utterly ordinary billionaire, who could be both irresistibly charming and outrageously vulgar. Reviled by some, he was hailed by others for turning a relatively bland beer into an iconic global brand.

Freddy had a few strict rules for success. Only in the United Kingdom did Heineken deviate from its recipe – in more ways than one. Yet even there Freddy Heineken was much lauded for supporting a whimsical advertising campaign that became iconic and placed Heineken at the forefront of the Lager Revolution.

FHV and Heineken's advertising staff had spent about three months and 1.2 million guilders on the commercials to be screened by the magnate. Replicating an earlier concept, they consisted of short, fast-cut film fragments accompanied with fitting soundbites – for instance, there was a glass of beer that whooshed across a bar to the sound of a roaring engine.

'Again, Mr Heineken?' Franzen inquired gently when the reel stopped. Because normally, when Freddy liked the

commercials, he smiled contentedly and asked to watch them again. But this time the chairman looked hideously underwhelmed. 'Not funny at all', he grumbled – and that, in Heineken's vocabulary, was tantamount to a death sentence. 'It was like a volcano erupting in our faces', said one of the participants. 'There was stunned silence. All of us turned white. We knew it would have been completely pointless to protest.'

The shocked ad-men only found out several weeks later what it was that had offended Freddy: a short sequence with two dogs smooching under bar stools. It was meant to be a little edgy, but in retrospect even the director acknowledged that Heineken had been right. 'Before the presentation Freddy had probably had a drink in a bar in Amsterdam with Joe Bloggs', said Van Rijn. 'He knew the guy who handled the projector at the agency even better than the directors. That way he could tell, without fail, how the general public would react.' As often in such cases, the dust quickly settled. The shot with the drooling dogs was edited out, and the adverts were used. Again Freddy Heineken had got his way, and with the briefest of comments.

Over the previous years Heineken had made headlines for reasons ranging from his eye-catching billionaire toys and adventures to his royal friendships and spectacular kidnapping. But when it came to his company, Heineken proved relentless and utterly consistent. He was the man behind the extraordinary story of Heineken, made of adventurous deals, clever marketing and just the right amount of froth.

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All or Nothing!

Alfred 'Freddy' Heineken, the Dutchman who built up the brand after the Second World War, often acknowledged that his fortune started with his family name. Had there been a computer program to think up ideal beer brands, it might well have come up with 'Heineken'. Like many other popular beers, the name has three syllables, sounds friendly and has a Germanic ring to it that brings to mind ancestral brewing traditions. Small wonder, since the Dutch beer's name is German.

The name can be traced back to Bremen, the Hanseatic port city in northern Germany. Well established in the town, the Heinekens boasted their own coat of arms, split by a vertical line with a lily on the right-hand side and an open hand on the left. But in the eighteenth century several Heinekens settled in the Dutch Republic, a country famed for its prolific trade as well as its progressive attitude to science and religion. Two generations later, the immigrants had made it to Amsterdam, where they ran a prosperous and very Dutch business: Gerard Adriaan Heineken, the brewery's founder, was the son of a butter and cheese trader.

In the mid-nineteenth century, when Gerard was growing up, Amsterdam appeared to be in a state of advanced decay. Crumbling houses and the overwhelming stench that rose from the canals spoke to the decline of a city that, just two centuries

earlier, had been one of the most buoyant ports in Europe. Since then, the sea trade that had made Amsterdam rich had been taken over by the English and the French. Fuelled by the Industrial Revolution, England, Germany and the United States underwent huge economic expansion that left the Netherlands behind. The four Anglo-Dutch wars between 1652 and 1684 had drained finances and further undermined Amsterdam's influence. Almost half of the city's people were registered as indigent and destitute.

The Heinekens lived in relative comfort. The cheese trade had been deftly built up by Gerard's grandfather and expanded with equal drive by his father, Cornelis Heineken. The household became even more affluent when Cornelis married Anna Geertruida van der Paauw. A plump widow, she brought to the marriage two children and the fortune amassed by her previous husband's family in West Indies plantations.

Cornelis and Anna went on to have four children. Their second, Gerard, born in 1841, was their first son. At this time epidemics ravaged Dutch towns, and only three of the family's children made it to adulthood. They were brought up to honour hard work, and Gerard grew into an industrious young man, 'with a sense of adventure and a good heart'. When his father passed away in 1862, Gerard, then just twenty-one, could easily have spent the rest of his days living from the family fortune. Instead, he left the cheese trade to other family members and searched for a way to make his own name. In June 1863 he spotted a brewery for sale not far from the family home. Gerard quickly organised a meeting with two of the brewery's directors, and that same evening he wrote an urgent letter to his mother asking for her financial assistance.

Den Hoyberch (The Haystack) had once been a prominent brewery – among the largest in the Dutch Republic – but it

had been in sharp decline for several decades. Gerard knew little about brewing, but he was certain that he could revive the Haystack's fortunes. So he proposed taking over the brewery entirely. 'All! Or nothing! Otherwise it would be a waste of time!' he wrote to his mother.

Anna Geertruida had her own reasons to provide her son with financial support. Towards the middle of the nineteenth century gin had become the Dutch drink of choice (as it had in London). It was causing unsightly spectacles in Amsterdam and misery for hundreds of Dutch families. Every Sunday morning, as she set off to church, Anna Geertruida had to negotiate the gin-soaked drunkards who stumbled around the streets swearing. If her son managed to produce a clean and reliable beer, he might encourage drinkers to relinquish their destructive liquor.

With his mother's support, Gerard Heineken pursued negotiations for the takeover of The Haystack. The brewery was formally registered as Heineken's property on 15 February 1864, when Gerard established Heineken & Co.

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Gerard Heineken's faith in the prospects of The Haystack pointed to remarkable optimism, because the brewery was in a parlous state and brewing was often an unrewarding business. The production of beer required substantial financial investments, while at the same time the chemical processes involved were little understood, making the results unpredictable.

The Haystack dated back to June 1592 – a time when beer was the people's drink, used to wash down breakfast, lunch and dinner. Relatively cheap, in the Netherlands beer was not only drunk by adults at a rate of about 300 litres a year, but

also by children (the country's budget included tax revenues based on consumption of 155 litres per year for each child less than eight years old). This had much to do with the insalubrity of medieval water: it was pumped from the ports and canals, which also functioned as open sewers. Brewing methods were not especially clean either, but the heating process eliminated at least some of the germs. In those days, there were scores of tiny breweries in brewing towns such as Gouda and Delft.

In the seventeenth century, however, hundreds of such family outfits ran dry, as former beer drinkers switched to wine. 'Even the brewers drank wine when they congregated to discuss the downfall of their business', one historian lamented. This decline accelerated towards the end of the seventeenth century, when the Dutch discovered jenever, a sort of gin, as well as coffee and tea. While distilleries sprang up, hundreds of breweries like The Haystack drowned.

Gerard must have inherited some of the family's trading acumen. He had barely settled in his office before he sent out scores of letters to clients and relations. Brimming with self-confidence, Heineken not only pledged to supply a clean and safe brew but also promised to take back any batches that turned sour. Almost instantly, Gerard's beer started spreading like yeast gone wild. Just twelve months after the takeover, annual sales of The Haystack's beers had roughly doubled to 5,000 barrels.

Gerard was exporting a few batches to France and the Dutch East Indies, the Dutch colony that would become Indonesia, but he chiefly strove to establish Heineken's reputation in the Dutch beer market. A forward-looking young man, he was particularly interested in new techniques that would allow his workers more control over the brewing process. The invention of the thermometer in 1714 and of the hydrometer (a device for

measuring a liquid's relative density) in 1780 had made brewing more scientific, and brewing was industrialised in the second half of the nineteenth century, with steam power used to heat mixtures of malt, water and hops.

Gerard was eager to use all of these technical advances in a much larger brewing plant that would be able to produce a greater volume of beer as well as house these novelties. Less than two years after he acquired The Haystack, the fearless brewer acquired a plot of land in the outskirts of Amsterdam (now the Stadhouderskade, in central Amsterdam, where the Heineken museum stands).

When the Heineken brewery was inaugurated in 1867, workers predicted the demise of hard liquor: 'No longer shall intoxicating spirits be our people's drink. No, Holland's beer shall always accompany our dishes, either large or small.' The imposing red-brick building was geared towards a fast-growing market. The use of a star on the labels of beers made by Heineken probably dates back to that year, when Gerard opened an establishment called De Vijfhoek ('The Pentagon'), with a star hung above the entrance.

As Gerard still lacked brewing expertise, he recruited a German head brewer, who joined Heineken & Co. in 1869. Wilhelm Feltmann Jr stirred the brew with stubborn dedication, but he could be equally intransigent with his colleagues. In a letter to Feltmann, Gerard even expressed the hope 'that you will moderate your short temper and not throw any employees out of the window'. Feltmann's impulsive attitude later triggered explosive conflicts in Heineken's board, but the improvements brought about by the German brewer bolstered sales and proved invaluable. Gerard was equally relentless when it came to sales.

It was at this time, while he was working hard to establish

the brewery, that Gerard met Lady Marie Tindal, the descendant of a long line of military officers originating from Scotland. Mary, as she liked to be known, owed her title to her grandfather on her father's side. A man of Scottish origin, Ralph Dundas Tindal was elevated to the rank of Baron de l'Empire on the back of military services rendered to Napoleon. Mary's father, Willem Frederik Tindal, was a cavalry major and a prominent member of the royal entourage. The young woman grew up playing with the princes. However, her father's friendship with Queen Sophie, the spouse of King Willem III, cast dishonour on the entire family when an inquiry found that the two had been a little too close.

Her father fled to Mexico, leaving Mary behind in Amsterdam. Since her mother had passed away a year earlier, the fifteen-year-old Mary was left alone to take care of five younger siblings. They were taken in by childless cousins and sent to boarding-school. Mary then moved in with her guardian, Willem van der Vliet, becoming a lady companion to him and his wife.

It was probably there that Gerard met this pretty young woman with a will of her own. Van der Vliet was against the marriage, so Mary travelled all the way to southern France to get approval from her father, who had settled there after his return from Mexico. Gerard and Mary's wedding, in April 1871, was lavishly celebrated in The Pentagon, a pavilion in the fields behind the brewery.

Like their British counterparts, Dutch breweries at the time mostly sold dark and cloudy, ale-type beers. They were known as top-fermented beers because they fermented at the top of

the brewing vessel, forming bubbles and thick foam. The problem was that this exposed the brew to all sorts of microscopic organisms, which could spoil it entirely. Bavarian monks worked out that, if they fermented at colder temperatures, some of the yeast sank to the bottom of the vessel. It took much longer than top-fermenting, but the beer was lighter and more consistent. This lengthy maturation inspired the English name 'lager' for this sort of beer: *lagern* is German for 'to store'.

The bottom-fermenting beers rapidly spread around Bavaria in the second half of the nineteenth century, and they were avidly tried by Dutch drinkers as well. The growing thirst for 'Beiersch bier' became embarrassingly evident during an international fair held in Amsterdam in 1869. The stand erected by Heineken & Co. was almost deserted, while visitors were queuing up to taste the clear Bavarian beer served up by a competing Dutch brewer. Sensing that bottom-fermenting beer was more than a passing fad, Gerard immediately sent Feltmann to investigate bottom-fermentation in his home country. A few months later Heineken switched to lager-brewing.

It was around the same time that Gerard Heineken started turning out a beer that bore his name. Scores of guests tasted the brew in February 1870 in The Pentagon, the pavilion often used by Heineken for parties and receptions. A reporter described it as 'a full-bodied, clear, particularly tasty drink that appeared to combine the good qualities of Viennese beer and Belgian beer'.

The Bavarian 'lager' made by Heineken and other brewers was still quite dark. Just a few years later the Bohemians staked their own claim to brewing fame with a much lighter take on bottom-fermenting beers. It came out of Plzeň *(*Pilsen), a small town in Bohemia, using pale malting techniques and lager yeast smuggled from Bavaria, along with local water and hops. 'Pilsner' was just as stable as Bavarian beer, but much lighter