Entrepreneurship, Brands and the Development of Global Business

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1. Introduction

It has been widely acknowledged that entrepreneurship and innovation are vital forces in explaining the development of big business, international business and global competitiveness of economies in general. Yet, there is little consensus of what entrepreneurial activity and innovation actually entails.

This paper draws on a ‘stretched’ definition of the entrepreneur. According to Mark Casson entrepreneur is ‘someone who specialises in taking judgemental decisions about the coordination of scarce resources’. This means that he is not necessarily a capitalist nor an

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inventor, but instead is someone who ‘gets things done’ with an economic aim. The entrepreneur can therefore be personality centered (self-made with strong will to succeed) or organization centered (if he has above average leadership qualities, is not afraid of challenges, and possesses an inner driver to compete and win). If we leave aside newly established sectors, particularly those of the ‘digital economy’ and focus on well-established firms, it seems little more than a truism to argue that the first type of entrepreneurs was more common in the late nineteenth and early twentieth century, as these firms were set up, while the latter is more characteristic of developed countries in the second half of the twentieth and early twenty-first century, as established firms looked for new markets and new ways of doing business.

The definition of entrepreneur used here includes therefore the dynamic activities of business executives such as the organization of new business units, the expansion of established units and also their adaptation to a changing environment. It does not include, however, those business executives who carry on more or less routine operations. Thus this economic definition has much in common with the distinction in the managerial literature between exploratory and exploitative behaviour of firms, where exploratory behaviour is now associated with this view of entrepreneurial activity. The entrepreneurial challenge is to maximize exploration, the resource based challenge, by contrast is primarily to exploit extant skills of the firm, and the managerial challenge might best be described as balancing the two.

This study considers that innovation is about turning opportunities into new products and services. This comes about by applying new combinations of knowledge, which are diffused

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Within and outside firms. Drawing on these concepts of entrepreneurship and innovation, this paper combines history and theory of entrepreneurship with innovation. It provides an account of how they contributed to the development of successful global brands in consumer goods industries from the 1960s until the present day. Successful brands are defined as those that became leading (measured in terms of market share) in their product categories in the relevant markets (domestic or globally). Global brands are those sold in multiple markets and use similar marketing strategies, even if in practice only a small number of such markets accounts for most of the sales. The entrepreneurial-exploratory activity involves discovering new techniques to reach new markets. This contrasts with exploitative behaviour, where firms primarily seek to grow their share within existing markets.

The industries analysed are those where the projection of the brands relies principally on imagery (or intangible assets) rather than on performance (or tangible assets). In such industries, conventional forms of invention (associated with patenting) are minimal, thus we must look elsewhere for exploratory behaviour. Those industries include food and drink, fashion and cosmetics. Some of the global brands studied are Smirnoff vodka, Carlsberg beer, Perrier water, Lancôme beauty products, Gucci fashion, Nescafé coffee, and Kit-Kat chocolate. Even though particular emphasis is given to the period from the 1960s until the present day, there is a brief analysis of the trajectories followed by these brands from their birth, which may go back to the nineteenth-century. Some of these are long-established brands, others are new. The key issue in this paper is that the management of the brands

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10 In order to place a particular brand and the industry where it operates in this spectrum of alternatives we can use a proxy – number of patents registered each year weighted by the size of the industry. See for example United States Patent and Trademark Office, *Patent Counts by Class by Year, Jan. 1977- Dec. 31, 2001*.

pursued entrepreneurial and innovative strategies that can be distinguished from conventional, 
exploitative brand management.

The choice of a group of successful brands in particular industries led naturally to the 
selection of firms to be analysed. These are firms which owned such brands at particular 
points in time. Some are leading multinationals, others are small firms. As the paper will 
show, frequently the conventional entrepreneurs that created the brands and the firms where 
those brands developed in the first place are distinct from the entrepreneurs under the more 
inclusive definition used in this paper, who, from managerial positions adapted the brands to 
changing supply and demand circumstances and which turned them into successful global 
brands.

The study goes beyond conventional analysis of the role of the entrepreneur in the growth 
of firms. The cross-industry and cross-country comparison of entrepreneurial activity 
highlights the role of different types of entrepreneurs and of distinct kinds of marketing 
knowledge in the creation and development of successful global brands.

2. Brands’ trajectories

This study develops the concept of the ‘life of brands’ to explain why and how, in 
different industries, brands emerge, evolve and become global, staying ‘forever young’. 
Restricting itself to the period in which trademark legislation was in force in the major 
economies, the study regards brands or trademarks as legally defensible proprietary names, 
recognised by some categories of consumers as signifying a product with dimensions that 
differentiate them in some way from other products designed to satisfy the same needs.12 
Brands are assumed to convey information and help simplify decision making for the 
consumer by giving a sense of security and consistency, though clearly they also cater to

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12 For alternative definitions of brands see Kevin Lane Keller, Strategic Brand Management (London: Prentice 
Hall, 1998): 4; Leslie de Chernatony and Malcom McDonald, Creating Powerful Brands (Oxford: 
Butterworth-Heinemann, 1998); Leslie de Chernatony and G. McWilliam, ‘The Varying Nature of Brands as 
and the Concept of the Brand’, Marketing and Research Today, Vol.25, No.1 (1997): 45-52; G. Michel and 
‘fantasies’ in ways that may or may not help. Nevertheless, brands are seen as an important way for firms to communicate with consumers and cultivate their loyalty. They also add value to the firm by sustaining a continuing revenue stream because of the consumer propensity for long-term brand loyalty. Brands also create ‘personalities’ to products or services. These personalities usually combine performance or tangible characteristics of products with imagery or intangible characteristics. In some cases such as in the automotive industry, the performance aspects outweigh other characteristics of the personality of the brand. In others, imagery predominates. This is the case of alcoholic beverages brands for example.

The concept of the ‘life of brands’ is used here to illustrate the different trajectories they may have. Table 1 lists the lives of the brands analysed in this study. It shows the industry where the brands are from, when they were launched and the different ownerships they had throughout their lives as well as the countries of origin of these owners, until the present day. Ownership refers either to the names of the entrepreneurs who created and developed the brands or, if not available when brands were acquired by large firms, relates to the names of those firms that had entrepreneurial managers who transformed those brands into successful global brands.


15 However, car companies are increasingly investing in marketing campaigns which highlight intangible aspects of the products creating associations of status or lifestyle with the product.

### Table 1 – The Life of Brands

<table>
<thead>
<tr>
<th>Industry/Brand</th>
<th>Date of origin</th>
<th>Ownership</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alcoholic Beverages</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smirnoff</td>
<td>1864</td>
<td>Vladimir Smirnoff</td>
<td>Russia</td>
</tr>
<tr>
<td>1933</td>
<td>Kunnett</td>
<td>USA</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>Heublein</td>
<td>USA</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>Grand Metropolitan</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>Diageo</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>Arthur Bells</td>
<td>1825</td>
<td>Thomas Sandeman</td>
<td>UK/Scotland</td>
</tr>
<tr>
<td>1985</td>
<td>Guinness</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>Diageo</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>Carlsberg</td>
<td>1847</td>
<td>Carlsberg</td>
<td>Denmark</td>
</tr>
<tr>
<td>Bombay</td>
<td>1980s</td>
<td>Grand Metropolitan</td>
<td>UK</td>
</tr>
<tr>
<td>Sapphire</td>
<td>1997</td>
<td>Bacardi</td>
<td>Bermuda</td>
</tr>
<tr>
<td>Corona</td>
<td>1925</td>
<td>Modelo</td>
<td>Mexico</td>
</tr>
<tr>
<td>1998</td>
<td>Modelo - 50% investment by Anheuser Busch</td>
<td>Mexico/US</td>
<td></td>
</tr>
<tr>
<td><strong>Bottled Water</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Perrier</td>
<td>1888</td>
<td>Louis Perrier</td>
<td>France</td>
</tr>
<tr>
<td>1903</td>
<td>Sir John Harmsworth</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>Gustave Leven</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>Exor</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>Nestlé</td>
<td>Switzerland</td>
<td></td>
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<tr>
<td>Evian</td>
<td>1789</td>
<td>Marquis de Lessert</td>
<td>France</td>
</tr>
<tr>
<td>n/a</td>
<td>Société Anonyme des Eaux Minérales d’Evian-les-Bains</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>BSN</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>Danone (merger: BSN/ Gervais Danone)</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td><strong>Fashion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dior</td>
<td>1946</td>
<td>Christian Dior and Marcel Boussac</td>
<td>France</td>
</tr>
<tr>
<td>1972</td>
<td>Solid trademark for perfume and cosmetics to MH</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>Agache-Willot</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>Financière Agache</td>
<td>Switzerland</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>LVMH (Bernard Arnault)</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>Gucci</td>
<td>1881/1921</td>
<td>Guccio Gucci</td>
<td>Italy</td>
</tr>
<tr>
<td>1987</td>
<td>50% Gucci Family, 50% InvestCorP</td>
<td>Italy/Bahrain</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>100% InvestCorP</td>
<td>Bahrain</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>Fully Publicly quoted</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>Pinault-Printemps-Redoute</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td><strong>Fragrances and upmarket cosmetics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lâncome</td>
<td>1935</td>
<td>Lâncome</td>
<td>France</td>
</tr>
<tr>
<td>1965</td>
<td>L’Oréal</td>
<td>France</td>
<td></td>
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<tr>
<td>Helena Rubinstein</td>
<td>1902</td>
<td>Helena Rubinstein</td>
<td>USA</td>
</tr>
<tr>
<td>1979</td>
<td>Colgate</td>
<td>USA</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>Albi Enterprises</td>
<td>USA</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>Palac (51% + L’Oréal (49%)</td>
<td>USA/France</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>L’Oréal (100%)</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>Hugo Boss</td>
<td>1923</td>
<td>Hugo Boss</td>
<td>Germany</td>
</tr>
<tr>
<td>1994</td>
<td>Procter &amp; Gamble – Licensing agreement</td>
<td>UK/Netherlands</td>
<td></td>
</tr>
<tr>
<td>Calvin Klein</td>
<td>1968</td>
<td>Barry Schwartz and Calvin Klein</td>
<td>US</td>
</tr>
<tr>
<td>1989</td>
<td>Unilever – Licensing agreement</td>
<td>UK/Netherlands</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>Coty Inc – Licensing agreement</td>
<td>US</td>
<td></td>
</tr>
<tr>
<td><strong>Coffee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nescafé</td>
<td>1938</td>
<td>Nestlé</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Starbucks</td>
<td>1971</td>
<td>Starbucks (Bowker and Baldwin)</td>
<td>US</td>
</tr>
<tr>
<td>1987</td>
<td>Il Giornale (Howard Schultz)</td>
<td>US</td>
<td></td>
</tr>
<tr>
<td><strong>Chocolate</strong></td>
<td></td>
<td></td>
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<tr>
<td>Kit-Kat</td>
<td>1935</td>
<td>Rowntree</td>
<td>UK</td>
</tr>
<tr>
<td>1969</td>
<td>Rowntree merger with Mackintosh</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>Nestlé</td>
<td>Switzerland</td>
<td></td>
</tr>
<tr>
<td>Cadbury</td>
<td>1824</td>
<td>Cadbury</td>
<td>UK</td>
</tr>
<tr>
<td>1919</td>
<td>Merger Cadbury and J. S. Fry and Son</td>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>Cadbury merger with Schweppes</td>
<td>UK</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Various companies’ histories, newspaper articles, and annual reports and accounts.

Table 1 reflects certain trends in the lives of imagery brands, irrespective of their industry. One trend relates to the fact that only very few brands (Carlsberg and Nescafé) remained
successful and became global under a single ownership and management of the entrepreneurs who created them or their descendants. Another trend relates to the ways in which brands change ownership. It may entail the transfer of brands and the firms that own them, which are traded together through mergers and acquisitions; may involve just the transfer of brand ownership independently from firms; or just the transfer of ownership though licensing agreements. Other common patterns in the lives of global successful brands identified relate to their countries of origin and the decades in which they mostly tended to change ownership. The high levels of investment necessary to manage global branded products, the complex networks required to distribute them worldwide, and the advantages for entrepreneurs from being based in economic systems which provide them with opportunities to prove their worth, and recognize their success, certainly help explain this concentration of global brands in developed Western countries such as the United Kingdom, United States, France and Switzerland. These are also countries where the nature of the educational system (in particular with the specialization of degrees), the relative status of entrepreneurial careers, the regulatory environment, the religious beliefs and the entrepreneurial culture in general, are all favourable to the development of entrepreneurship.\footnote{For a review of the literature of how the different determinants affect entrepreneurship see Geoffrey Jones and Jonathan Zeitlin (eds.), \textit{Oxford Handbook of Business History} (Oxford: Oxford University Press, 2007, forthcoming). See also Mark Casson, ‘Entrepreneurship and Business Culture’, in Janathan Brown and Mary B. Rose (eds.), \textit{Entrepreneurship, Networks and Modern Business} (Manchester: Manchester University Press, 1993).}

Another trend concerns the changes in brand ownership. There was a high turnover, which from the 1980s, when the speed of globalization of economies accelerated, had a significant effect on the structure of global consumer goods industries.\footnote{See, for instance the case of alcoholic beverages Lopes, \textit{Global Brands}.} In contrast to previous decades where the strategies of leading firms from different countries were distinct and their scale of operations was essentially regional, they started converging. Firms became truly global multinationals by targeting consumers in foreign markets. This did not mean that there was a unique best strategy, but rather it reflected the changes that were occurring in the industry: multi-market competition between a small group of large multinational firms with high levels of marketing knowledge that were now striving to obtain efficiencies in the various areas of their business.

Leading firms in the Western world were also seeking to acquire existing brands with potential to become global, that would enable them to rapidly obtain market share in new
geographic regions, while maintaining high levels of control over implementation in terms of costs and time. During this period, new opportunities appeared in some emerging markets in Africa, Latin America, and Asia where rising incomes stimulated an interest in western lifestyles and brands.

Another trend concerns the latest owners of the world’s leading brands in consumer goods. In food and drink, and cosmetics there is a high concentration in a small group of multinationals, Bacardi, Diageo, Danone, Louis Vuitton Moët-Hennessy (LVMH), Pinault-Printemps-Redoute, L’Oréal, Procter & Gamble (P&G), Unilever and Nestlé. These are in fact the multinationals with the world’s most valuable brands.

### 2.1 Timing for Global Success

Some brands are able to become globally successful while remaining under the management of the entrepreneurs who created them (often the founders of firms) or their descendants throughout their lives. Other brands only become successful when they change ownership, and become managed by entrepreneurs distinct from those who created them.

**Original entrepreneurs**

Examples of brands which became successful and global under the management of their original entrepreneurs or their descendants are the Danish beer Carlsberg and the fashion brand Gucci. But there are differences in the ways these brands developed. Carlsberg achieved international success soon after it was created, while Gucci achieved success several years after its creation. However, both became global brands only after their original entrepreneurs had died.

Carlsberg beer was produced for the first time in 1847 after J. C. Jacobsen created a new lager beer that was stronger and had higher quality than its competitors in Denmark. One of those competitors was Jacobsen’s son, Carl Jacobsen, who established a production unit in an Annexe of J.C. Jacobsen plant in 1871 producing a beer branded as Ny Carlsberg. The use of a similar brand name by the son, led J. C. Jacobsen to sue his son. Both breweries were united under the same ownership - a

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19 This route of expansion can have both advantages and disadvantages. On the one hand, firms may acquire large portfolios of complementary brands. On the other hand, problems of brand rationalisation may arise due to the acquisition of brands that compete with ones already in the firms’ existing portfolios.

20 Johnson & Johnson and Colgate-Palmolive are also included in this group of multinationals. Interbrand, *The 100 Best Global Brands by Value* (2005).

21 One of those competitors was Jacobsen’s son, Carl Jacobsen, who established a production unit in an Annexe of J.C. Jacobsen plant in 1871 producing a beer branded as Ny Carlsberg. The use of a similar brand name by the son, led J. C. Jacobsen to sue his son. Both breweries were united under the same ownership.
early success of the brand Carlsberg is not associated with the domestic market, but also with its exports. The firm started exporting to the United Kingdom in 1868. In the twentieth century Carlsberg was one of the most global beer brands in the world. Currently around ninety five percent of Carlsberg sales are generated outside the home market. After World War II, the firm started intense marketing campaigns to sell more beer abroad. Between 1958 and 1972 exports had tripled, and Carlsberg established breweries in Europe and Asia. In 1969 Carlsberg also merged with its major Danish competitor Tuborg. Slogans such as ‘Carlsberg is probably the best lager in the world’ were also launched in the 1970s. The advertising still emphasises the international prestige image of the brand and also the original values of the founder (J. C. Jacobsen) of heritage and high quality.

The fashion brand Gucci also became successful while its creator was alive even though that occurred later in his life. The House of Gucci was founded as a saddlery shop in Florence in 1881. But it was only in the 1920s that Guccio Gucci started producing luxury luggage. He learned that his clients were gradually substituting equine transportation to horseless carriages and that luggage functioned as a symbol of affluence and taste. In the 1950s Guccio Gucci diversified in other luxury items such as ties, shoes and handbags sporting a bamboo handle. He died in 1953 and his family took the successful company to new heights by opening stores in fashionable locations such as Paris, Beverly Hills, London, Palm Beach and Tokyo. During the 1980s the brand suffered some erosion due to family disagreements and was sold out to InvestCorp in Barhain, which did not succeed in improving the global image of the brand. In the 1990s under new ownership Gucci was brought back to centre of chic. In the late 1990s


22 In 2005 Carlsberg sold 3.4 mil hl of beer in Denmark out of 68.9 m hl sold in total. Carlsberg, Annual Report and Accounts, 2005.

23 Glamann, Jacobsen of Carlsberg. For instance, Carlsberg had around 42-44 percent of the Danish market in the 1920s.

24 In 1968 it made its first investment in a foreign market by setting up brewing operations in Malawi, and 1969 it created it first licensing agreement in Cyprus. An important step in its process of internationalization strategy was the joint venture created with Grand Metropolitan in 1974 to sell Carlsberg in the UK, in a period when tastes were changing towards lighter beers in that market. The United Breweries Ltd., Annual Reports and Accounts, 1969/70; 1970/71; 1975/76

25 This slogan was launched in the UK in 1975 with a voice over by Orson Wells. United Breweries, Annual Report and Accounts, 1975/76.

the threat of its acquisition by Bernard Arnault, the owner of Louis Vuitton Moët-Hennessy (LVMH), led the management of the firm to sell it to another French multinational Pinault-Printemps-Redoute, which invested highly in Gucci’s global image.27

New entrepreneurs

Starbucks coffee, Evian water and Lâncome cosmetics are examples of brands which only became successful after changing ownership, and becoming managed by entrepreneurs distinct from those who created them.

Starbucks is a relatively young coffee brand created in 1971 by two entrepreneurs Bowker and Baldwin who started selling it as high quality coffee in Seattle. Another entrepreneur, Howard Schultz, who at the time worked in a different business realized that the baby boomers in the United States were starting to reject prepackaged food in favour of more natural and higher quality products. In 1981 Schultz contacted this Seattle company about the possibilities of transforming their business into a high quality national business, re-creating the Italian bar-culture in their home market. The management of Starbucks hired Schultz in 1981, but in 1983 he left to start his own coffee chain called Il Giornale. In 1987 Starbucks came up for sale, and Schultz’s chain bought it, from which time Schultz began to internationalize the brand. It was his understanding of the environment that promoted premium coffee sold in an appealing retail environment. The powerful brand was a key factor of success helping create a mass market for speciality coffee.28

Evian bottled water provides another case in which the brand was developed after the firm was purchased. Evian water is differentiated from most other bottled water brands in that the product is not filtered or processed in any way. Source Cachet, the spring from which Evian is obtained was discovered in 1789 near Mont Blanc in France. Soon after this discovery, a health resort was constructed at the site. This beverage was first bottled in 1826 and sourced from the Chablais foothills in the Haute Savoie region of France. Until the mid-twentieth century Evian was sold in pharmacies and could only be bought with medical

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prescription. It is only in the 1960s in France and mid-1970s in other countries, when bottled water experienced a sudden surge in popularity that the brand became famous internationally.\textsuperscript{29} By 1969 Evian was suffering from the stagnation of the capital market in France and also the price controls imposed on mineral waters, and ended up being acquired by BSN (Boussois-Soucho-Neuvesel) whose management had high marketing capabilities.\textsuperscript{30} At the time this firm produced glass bottles, industrial containers, flacons and table glassware. However, the management of BSN felt that it was loosing its competitiveness in the glass bottle industry, and that is why they decided to diversify into its contents such as water (with the acquisition of Evian) and beer. In 1973 BSN merged with Danone, which started to develop the water business globally.\textsuperscript{31} Since then Evian’s management has invested in globalising the brand, being very innovative in the way they bottled the water. They were the first to develop plastic bottles in 1978; they were the first to develop screwing plastic tops in 1984; they were the first to introduce handles in the packages in 1988. These and other innovations allowed Evian to grow even in periods of stagnation of consumption.\textsuperscript{32} Currently Evian is the number one selling brand of non-carbonated bottled water in the world.\textsuperscript{33}

Lancôme in cosmetics is another example of a brand that became globally successful after it changed ownership. The brand was created in 1935 by a French entrepreneur Arman Petitjean, who had studied with François Coty, the ‘father of twentieth century luxury perfumes.’\textsuperscript{34} He launched his first five fragrances in 1935 at the Universal Exhibition in Brussels and immediately captured the interest of many people. Building upon this initial success, Petitjean soon expanded beyond his perfume line to offer a complete range of products, including makeup and skincare products. During the years that followed, Lancôme continued to establish its prestigious reputation throughout the world and internationalized to


\textsuperscript{33} KeyNote, ‘Bottled Water – Market Assessment’ (2005).

\textsuperscript{34} Randall Bruce Monsen, \textit{A Century of Perfume: The Perfumes of François Coty} (Monsen & Baer, 2001).
the United States in the 1950's, answering a growing need for quality products. However, it is only from 1964, when the brand was acquired by L’Oréal that it developed into a global brand.\textsuperscript{35} This was achieved through sophisticated and careful segmentation strategies in which Lancôme was sold through selected channels of distribution, in France and abroad.\textsuperscript{36}

\subsection*{2.2 Ways for changing ownership}

The brands in Table 1 tend to change ownership in three main ways: by merger and acquisition of the brand together with the firm; by contract, where the brand alone and not the firm that owns it is acquired; and by contract through licensing agreement.

\textit{Mergers and acquisitions}

Mergers and acquisitions have been the most common form through which brands have moved their ownership. While in acquisitions one of the firms obtains control over the net assets and operations of another, in exchange for the transfer of assets, incurrence of a liability or issue of equity; in mergers the shareholders of the combining enterprises combine control over the whole of their net assets and operations to achieve a continuing mutual sharing in the risks and benefits attaching to the new entity such that neither party can be identified as the acquirer.\textsuperscript{37} The cosmetics brand Helena Rubinstein, and the bottled water Perrier are two examples of brands traded through firms’ acquisitions. Cadbury and Schweppes are an example of brands which became under the same ownership through merger.

Helena Rubinstein started in Australia in the turn of the century when the entrepreneur opened her first beauty salon in Melbourne and expanded her line. Helena Rubinstein was always concerned with internationalizing the brand and with innovation. Her innovations had a very strong impact in the cosmetics industry in the twentieth century. She was the first to sell cosmetics in large department stores via mini beauty institutes; she was the first creator of a waterproof mascara (in 1939); and was also the first to include vitamins in cosmetics

\begin{thebibliography}{99}
\footnotesize


\item\textsuperscript{36} The different channels of distribution corresponded to distinct economic levels as well as different purchasing habits. Jones et al, ‘L’Oréal and the Globalization of American Beauty’.

\item\textsuperscript{37} \textit{International Accounting Standards} (Rochester: Staples Printers, 1996).
\end{thebibliography}
(vitamin C, vitamin A and phosphor). In the 1950s Helena Rubinstein was, along with Elizabeth Arden, one of the most popular luxury beauty makers in the United States. However, by the early 1980s the brand was being sold in United States drugstores at very cheap prices and was not receiving much merchandising support. It had a much better position outside the United States, in particular in Europe, Japan and Asia, where it was still considered upscale. Its various owners throughout the 1980s, such as Colgate Palmolive and Albi International, did not invest in the elitist image of the brand. The acquisition of Helena Rubinstein by L’Oréal in 1987 as part of its strategy to cover the different types of segments in the beauty market transformed the brand into a truly global upmarket brand. However, it took ten years for the changes in international distribution strategy to be effective.

In 1898 ‘Perrier’, a researcher in medicine and on the virtues of thermal water applied for a variety of patents and established the ‘Société des Eaux Minérales, Boisson et Produits Higiéniques de Vergeze’. Using English capital, the firm first sold Perrier in the British empire. Only in 1933 did it turn to the French market, merging in 1936 with Eaux Minérales de Vergèze. In 1947 it was acquired by Gustave Leven who, through mass advertising, revolutionized the bottled water business and caught his main competitors, Evian and Vittel.

By the mid-1970s, Leven took the brand to the United States, despite being advised by several consulting firms that it would be foolish to try to sell sparkling water in the land of Coca Cola and gin tonic drinkers. The saturation of the French market, and the campaigns against soft drinks with added sugar, had served as strong incentives for this investment decision. The success the brand achieved immediately created a market in the United States

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39 In the 1960s only 3 percent of its volume of sales were in foreign markets. In 2000 over 50 percent of its sales were outside Europe. L’Oréal process of transformation of local brands into global brands has two stages which overall take about ten years: the first stage consists of choosing the brands that have the potential to become global. To pass to the next stage the brand has to sell to a critical mass. Le Figaro – Économie, ‘Comment L’Oréal Mondialise’, 29 Oct. 2001.


for bottled water.\textsuperscript{42} The marketing of Perrier positioned it as a status drink for the fashionable and affluent.\textsuperscript{43}

With the changes in the industry and the need for water firms to control distribution, Perrier started acquiring other water firms in foreign markets. For instance in 1980 Perrier group acquired several American bottled water firms such as Poland Spring Corp. and Calistoga Mineral Water Co, with strong regional presence in various parts of the country, thus eliminating shipping costs associated with transporting such products great distances.\textsuperscript{44} Leven also continued investing heavily in marketing by creating different adverts such as ‘De l’eau qui fait Pschitt’.\textsuperscript{45} In 1992 Perrier was acquired by Nestlé, after Leven retired and the brand started suffering some erosion.\textsuperscript{46} During this decade Nestlé turned Perrier into a truly global brand and invested more in the bottled water business, by acquiring sources such as San Pellegrino mineral water. In 1999 Nestlé started rolling out its Nestlé Pure Life bottled water and in 2003 acquired Hutchison Wham Powwow and also Clear Water, a bottled-water home and office delivery company located in Russia.

The merger between Cadbury and Schweppes is an illustration of the advantages for brands from having owners combining resources. Cadbury was set up as a shop in the centre of Birmingham in 1824, and sold tea, coffee, cocoa, patent hoops and mustard. In 1831 John Cadbury decided to concentrate on the manufacture and marketing of cocoa, so he handed the shop to a relative. The firm became Cadbury Brothers in 1947, and the first major breakthrough came in 1866 when the second generation of Cadbury Brothers introduced an improved cocoa into Britain. Cadbury built up a large export trade in chocolate and confectionary before 1914, and invested in overseas manufacturing after World War I in the British Empire and the Commonwealth.\textsuperscript{47} In 1919 Cadbury merged with J. S. Fry & Son, a family firm dating back to 1728, which had been the leading company in the industry.\textsuperscript{48} The first directors which were non-family members were appointed in 1943, even though the firm

\textsuperscript{44} Interview with Tony Froggatt, CEO of Scottish & Newcastle, Edinburgh, 11 July 2004.
\textsuperscript{46} The European Commission ruled that Volvic, should be disposed. Volvic was then acquired by the French group BSN which already had Évian and Badoit. ‘Bruxelles joue les sourciers avec Perrier’, \textit{La Croix L’Événement}, 24 July 1992; ‘Perrier devra vivre sans le flair de Gustave Leven’, \textit{La Tribune de L’Expansion}, 2 July 1990.
\textsuperscript{48} Iolo A. Williams, \textit{The Firm of Cadbury, 1831-1931} (London: Constable and Co Ltd, 1931).
was only floated on the stock market in 1962. By 1960 low product growth and intense competition from rivals compelled the management of Cadbury to diversify into sugar confectionary, cakes and convenience foods. Unable to generate sufficient product diversity internally, Adrian Cadbury merged his company with Schweppes in 1969. This merger allowed the combined firm to achieve economies in distribution and product development.\textsuperscript{49}

\textit{Brands sold as pieces of intellectual property}

The gin Bombay Sapphire is an example of a brand that was sold independently from the firm that owned it. The brand was launched in 1987 by International Distillers and Vintners (IDV) which became a subsidiary of Grand Metropolitan, who used attractive ingredients, fantastic design (blue bottle) and a new recipe (more spicy and more lemon than competitor brands such as Gordon) to capture the market share.\textsuperscript{50} The brand changed ownership not because of the natural life of the brand but because the merger in 1997 between two leading British multinationals in alcoholic beverages - Guinness and Grant Metropolitan – which formed Diageo, led to anti-trust concerns in the US. To avoid a confrontation with the US Federal Trade Commission, Diageo’s management decided to sell Bombay.\textsuperscript{51} The brand was sold to Bacardi in 1998.\textsuperscript{52}

This sale of Bombay Sapphire was primarily the sale of a piece of intellectual property, though some stocks and the recipe were traded too. Bacardi maintained essential components of the brand: the very distinctive bottle (made of blue glass), the recipe and the ingredients. However, major changes were introduced elsewhere – in the speed of its distribution, investments in advertising and prices, which rose in step with the premium image aimed for the brand.\textsuperscript{53} Following its acquisition, the global sales of Bombay grew from 0.5 million bottles in 1998 to 1.4 million bottles in 2004.\textsuperscript{54} The entrepreneurial significance with change of ownership was not very significant. However, by moving to a smaller multinational the


\textsuperscript{50} Interview with Chris Searle, Brand Manager at Bacardi and former brand manager at International Distillers and Vintners, London, 22 January 2004.

\textsuperscript{51} Interview with Jack Keenan, former CEO of Diageo, London 31 October, 2003.

\textsuperscript{52} The two brands were acquired by Bacardi for £1.15 billion (US$1.9 billion) in 1998.

\textsuperscript{53} Interview with Chris Searle, Global Marketing Manager for Bombay - Bacardi, London 22 January 2004.

\textsuperscript{54} \textit{Impact International} - Database.
brand became relatively more important in the overall portfolio of the firm and, for that reason, received more attention by the top management of the firm.

Transfer through licensing agreements

The fragrances Calvin Klein, Hugo Boss and Dior provide examples of the third kind of transfer of ownership: the acquisition of a brand through a licensing agreement, which give one firm the rights to produce and distribute a different product using an existing successful brand name, usually for a fixed number of years. The role of the entrepreneur is more restricted in these cases, as he has to invest and innovate in order to enhance the image of the original brand.

Calvin Klein is known for its designer jeans, and for its wholesome all-American look. Over the years Calvin Klein diversified into other related business such as underwear, fragrances, swimwear, home décor and cosmetics. He entered the fragrances market with the launch of fragrances for men: Obsession in 1981 and Eternity in 1988. This was a period when the perfume industry caught on to the ideal of the sensitive, successful 1980s man, and decided that they were ready for their own fragrances. In 1989 Unilever signed a licensing agreement to produce Calvin Klein fragrances under the Calvin Klein brand. Even though this business appeared to present international growth opportunities, in 2005 Unilever disposed these licenses for the production of Calvin Klein fragrances, as part of its withdrawal strategy from premium cosmetics (Elizabeth Arden had been sold in 2001). While under the ownership of Unilever the brand became global. The license was acquired by Coty Inc, a large US cosmetics family firm, which became the world’s largest manufacturer of mass-market fragrances.  

Hugo Boss is a globally successful brand name in men's apparel since 1923. Also, as a result of this trend in the industry towards the development of a fragrances market segment for men, Hugo Boss formed a licensing agreement with the American giant in consumer products Procter & Gamble in 1993 for the production of fragrances with the Hugo Boss brand name. This was the first investment of Procter & Gamble in the fragrances business, and with that investment they were able to achieve global leadership in men’s fragrances.  

The perfume Dior provides a similar story. Dior is a brand created after World War II which became very fashionable soon after it was launched, symbolising luxury rather than comfort. During the 1970s the brand suffered some erosion when the firm started licensing its trademark Dior for the production of other items, such as household products, towels and sheets and fragrances. Parfums Christian Dior was sold to Moët & Chandon in 1971 (after the company made a preliminary acquisition of shares in 1968). 1971 was also the year Moët & Chandon merged with Hennessy.57 From 1984, when Bernard Arnault became senior manager of the fashion and retail company Financière Agache, that he finished with all the licences of Dior that were being harmful to the image of the brand, and in the process bought Louis Vuitton Moët-Hennessy which had the Dior fragrances and cosmetics business. Under the ownership of this global multinational in luxury products the brand became more avant garde.58

2.3 Rejuvenation

There are multiple ways in which brands may become successful and grow global remaining under the same ownership. This involves the capacity by their owners to keep on rejuvenating brands through, for example, the creation of line or brand extensions. Line extensions are a distinct way of enlarging the portfolios of brands, as they use existing brand names and apply them to other products in the same product category. Brand extensions use an established brand name to enter a new product category. Both line and brand extensions are seen as a more cost efficient and lower risk method of launching new products.59 Examples of line extensions are the brands Smirnoff Mule, Smirnoff Ice, and examples of brand extensions include the already mentioned cases of the fragrances Hugo Boss, Calvin Klein and Dior.

Extending brands

Smirnoff the world’s top spirits in terms of sales is an illustration of a brand which as successfully been used in the creation of several line extensions. In 1992, when the sales of Smirnoff were maturing in the British market, Grand Metropolitan launched a line extension called Smirnoff Mule. It was a ready-to-drink beverage that reconstituted a cocktail prepared in the 1940s by bartenders in the United States, who mixed the vodka brand with imported ginger ale and with lime. This cocktail was called “Moscow Mule” and greatly contributed to the establishment of Smirnoff as a vodka brand on the West Coast of the United States. The idea belonged to the managing director of Heublein’s, who thought he could teach Americans to use vodka in mixed drinks. Moscow Mule eventually became a very popular beverage in bars all over the U.S. The launch in 1992 of Smirnoff Mule in the United Kingdom as a ready to drink beverage was aimed at responding to the problems cocktails raised by taking preparation time at the bar and by varying according to the capacities of the bartender. This frequently led consumers to drink beer instead. However, Smirnoff Mule was unsuccessful. It did not have a sufficient appeal to the target market, and the bottle, which was too sophisticated, did not correspond to the content of the beverage. This was in fact International Distiller and Vintners’ second unsuccessful attempt to enter the ready-to-drink market. It had previously launched Saint Leger, a California Wine Cooler, an alternative to wine and beer. The product failed because the company had not transferred the knowledge from its wine and spirits business to the beer market, and had not done sufficient consumer research. These unsuccessful ventures were, nonetheless, very useful as learning experiences for the subsequent launch in 2002 of Smirnoff Ice, which turned out to be very successful. Smirnoff Ice’s imagery was very different from that of Smirnoff Mule, being much less sophisticated and more connected with the spirits brand. The success of Smirnoff Ice was such that it regenerated consumer interest in the core brand.

Smirnoff was created in 1864 in Russia, which was drunk by the royal family. In 1933 a former US supplier of the brand, bought the American rights to produce it. In 1939 Heublein a US firm, which in the mid 1980s was the leading multinational in the world, bought the brand. In 1987 Heublein was in financial difficulty and was starting not to be able to invest in the brand, and Grand Metropolitan, which had the right to distribute Smirnoff in Europe and saw its potential to become a global brand. This led to the acquisition of Heublein. In 1997, after Grand Metropolitan merged with Guinness to form Diageo the brand came to the hands of the world’s largest multinational. Smirnoff is now part of a limited number of global priority brands, from which Diageo derives most of its economic profit from several countries.

Moscow Mule was first created in 1941 (Heublein archive, Diageo).

Detecting Opportunities

The main challenge for firms that want to keep their brands, is to acquire, in a short period of time, the resources (such as marketing knowledge or capital) necessary to achieve that. Even though there tends to be a relation between successful brands and single entrepreneurs with visions, it is also possible to find cases of successful global brands launched by teams of marketing managers. This last way might seem less common because brands, in particular those relying on imagery, often take a long time to become established requiring high investments until they become economically profitable. Therefore it is easier for firms with excess tangible and intangible resources to rejuvenate existing successful brands or brands with potential for becoming so, than to create new brands from scratch.

The brands from Table 1 were rejuvenated following one of several strategies. Sometimes they got their marketing departments to develop brand or line extensions to respond to opportunities detected in market surveys. Other times they hired creative external consultants to perform that task. Other alternatives were to change the recruiting policy, to hire new managers with entrepreneurial capabilities, or to get under the ‘big firm umbrella’, which means the large firm takes a minority percentage of the capital of the smaller firm and through that link the smaller firm retains control and accesses the skills of the big firm, such as its international marketing and distribution networks.

Nescafé soluble coffee is an illustration of a global successful brand which was launched by a team of managers in a large multinational. Nescafé was created by Nestlé in 1938. The new brand resulted from a combination of opportunities in the market and the work of a team of managers who developed a new product. Nestlé, already a well established firm specializing in infant food, had invested in a Brazilian condensed milk factory during the 1920s. In 1930 the President of Nestlé visited Brazil and noticed there was an overproduction of coffee in that country which was being used as coal in train engines, and realized there was an opportunity to use that coffee in the production of instant coffee. It was at this stage-released in 1938, Nescafé instant coffee quickly became popular.63

63 Henri Nestlé started producing formula milk in 1843 in Switzerland. He tried to convince doctors, pharmacists and hospitals, but it is the mothers that start using his formula milk after evidence that he had saved a premature baby. In 1905 Nestlé merged with the Anglo-Swiss Condensed Milk Company, and throughout the 1920s and 1930s continued growing acquiring other companies. After the World War II Nestlé diversified by first creating an alliance with the chocolate producer Vevey, and subsequently merging with this firm. In 1947 by merging with Maggi (a large Swiss multinational famous for its sauces and soups). This merger opened Nestlé’s business to world markets. Roger Priouret, ‘Comment la Suisse acquit une
KitKat is a good illustration of a brand launched by a firm in a difficult period, which overcame this situation by hiring new managers and also consultants. The brand Kit-Kat was created by Rowntree in 1935. Initially the brand name was ‘Chocolate Crisp’ having changed to Kit-Kat in 1937. The 1930s was a period when Rowntree was almost facing bankruptcy, and as a result of that the firm hired a professional manager George Harris who married into the Rowntree family. Harris emulated the successful strategy for the penetration of Mars in the British market, by creating new brands to target niche markets. Aided by the new technique of market research and the flair of the J. Walter Thompson advertising agency, a stream of winning products such as KitKat were launched. By the outbreak of World War II, Rowntree had undergone a marketing revolution and recouped much of the ground lost to its rivals.\textsuperscript{64} Rowntree’s internationalization starts after 1945. However, Rowntree failed to diversify successfully in the 1960s when the confectionary market stagnated and international competition intensified. Like Cadbury Schweppes, the combine looked forward to economies in marketing, distribution and production planning.\textsuperscript{65} Rowntree-Macintosh was acquired by Nestlé in 1988. The high price it paid Rowntree’s shares reflected the company’s powerful brands and their potential for profitable expansion into world markets. This acquisition by a leading multinational in chocolate allowed the brand KitKat to become global.\textsuperscript{66}

Another possibility is for the brand to get under the big firm ‘umbrella’. In these cases the big firm takes a minority percentage of the capital of the smaller firm and through that link the smaller firm retains control and accesses the skills of the big firm, such as its international marketing and distribution networks. An example of that is the Mexican beer brand Corona produced since 1925 by Modelo, but which enjoyed a fast international growth since the 1980s when it started forming alliances with the American brewer Anheuser Busch. In 1998 this leading multinational acquired a 50 percent non-voting stake in Corona’s Grupo Modelo which owned the leading beer brand in Mexico. Through Anheuser Busch which distributes

\begin{footnotesize}
\begin{enumerate}
\item Other brands launched in this period were Aero, Smarties and Black Magic chocolates. Robert Fitzgerald, \textit{Rowntree and the Marketing Revolution, 1862-1969} (Cambridge: Cambridge University Press, 1995).
\end{enumerate}
\end{footnotesize}
the brand in most of the states, Corona became the leading imported beer brand in the United States.67

3. Entrepreneurship and Resources

As illustrated previously, in most cases global successful brands change ownership several times during their lives. It is important to understand why, and what they acquire with these moves. Often, the existing owner lacks the resources to take the next step in the life of the brand, to globalize it, or to create new line or brand extensions. It is the recognition of this lack of capacity to exploit the brand to its full potential that may lead to its sale (on its own or to together with the firm that owns it). They may lack tangible resources (such as physical assets or capital), or intangible resources (such as knowledge, which in the case of imagery brands, tends to be marketing knowledge). Often it is a combination of these motivations that leads to changes in ownership.

3.1 Marketing Knowledge

Marketing knowledge is defined as the knowledge within the firm about marketing methods, and the management of brands and distribution channels. Marketing knowledge can by ‘sticky’ or ‘smooth’. It is not the character of the knowledge per se which is either sticky or smooth, it is the nature of the practices in which the knowledge is used.

Sticky marketing knowledge is of a pragmatic and path dependent nature, accumulated over time. It is unusually complex, dynamic and rich in intangible resources, in particular tacit knowledge. Tacit knowledge is embedded in its original entrepreneur-founder. Its transmission, which is a source of competitive advantage, can hardly be expressed or formalized, appearing and developing through the interaction between the individual and the situation, becoming context specific.68 Sticky knowledge has elements of ‘lock-in’ created by the entrepreneur. Once employees have got used to and learned the procedures, they are

67 Anheuser Busch, Annual Report and Accounts (2005); ‘Modelo Sharpens Overseas Focus and it Rides Bumpy Road in the US, Impact (15 November 2005).
68 Explicit knowledge (articulated or codified) is that which can be transferred by way of a systematized language or code, and there is no need to link it to a very specific context for it to be meaningful. M. Polany (1966), The Tacit Dimension (London: Routledge & Kegan Paul); I. Nonaka and H. Takeuchi (1995), The Knowledge-Creating Company (New York: Oxford University Press); I. Nonaka and N. Konno (1998), ‘The Concept of ‘Ba’: Building a Foundation for Knowledge Creation’, California Management Review, 40: 40-54
resistant to new procedures to deal with a particular set of issues. This is usually the kind of knowledge that the entrepreneurs-founders of firms or family members have.

It is also important to distinguish the concept of sticky knowledge from that of procedures. While procedures embody the perception of the business problems and strategic solutions of the entrepreneur, knowledge resides in the minds of particular individuals (such as marketing managers or CEO of the firm). In contrast procedures, knowledge is not as easily shared with other people in the organization. Procedures monitor and cope with short-term volatility, while knowledge represents a strategic response to long-term challenges.

Smooth marketing knowledge is of a broad application, and can be obtained in the short-term through hiring of professional managers with entrepreneurial capabilities. This kind of knowledge contrasts with sticky knowledge in the sense that it is usually associated with the entrepreneurial activity of hired managers, who come into the firms and are supposed to act as ‘change agents’ by challenging old procedures followed within firms. Old sticky knowledge which was once the reason why a particular brand was successful may have become obsolete and therefore new entrepreneurial skills have to be created.

The process of accumulation of knowledge within the firm occurs in various ways – by training, monitoring, and critical analysis of the mentor who changes the knowledge. Another alternative is to hire professional managers to manage different areas of the firm and making sure they all share information and are open and consultative to each others views. While it is relatively easy to hire professional skills (managers with professional accreditation and mastery of marketing techniques), it is more difficult to hire entrepreneurs capable of making difficult judgements and with the ability to value brands with potential to be rejuvenated and transformed into successful brands on a global scale. While managers move easily between firms, entrepreneurs not.

In small firms entrepreneurs have the availability to manage both short-term and long-term volatility. As firms grow there will always be a short-term crisis which will prevent the entrepreneur from thinking about the long-term. Because short-term volatility happens over and over again, it is possible to develop routines. The skills needed are just those that good professionals have, and professionals move between firms. The entrepreneur CEO, with the confidence of the shareholders can now become more specialized and can concentrate on long-term trends. Because of that he is good at valuing brands and looking at its potential future earnings.

As mentioned by Marhsall, ‘mechanisms of economic change in capitalist society pivot on entrepreneurial activity’. To a great extent, this is due to the fact that, the qualities of those
who make decisions are partly determined by, and partly determine, the social environment within which business takes place. Similarly, the way the value of marketing knowledge changes with the transformations in the environment and firms are only able to succeed by adapting, keeping the routines and procedures that are still relevant and discarding those that are not.

Before becoming globally successful, brands analysed in this study, were able to survive by constantly making small adaptations which allowed them to keep their basic routines and procedures. More radical changes in the environment such as increases in competition and liberalization of markets (characterized by different preferences and distinct cultures), made it necessary for entrepreneurs to increase their levels of flexibility and to adapt by acquiring new forms of marketing knowledge (sticky and smooth), in order to rejuvenate their brands, and change their routines and procedures.

3.2 The life of brands and marketing knowledge

Several researchers in marketing, international business and strategy, have analysed and linked the stages in the life of products and industries, to the strategies firms follow at a particular moment in time. However, these studies do not address the particular issue of how to rejuvenate brands at different stages in their lives, and which entrepreneurs and firms should own these brands at different times and distinct places. Relying on the evidence from different consumer goods industries provided in the previous sections and on the concepts of entrepreneurship, marketing knowledge, and global brands, Figure 1 systematizes the general trends in the lives of successful global brands. ‘i*’ symbolizes the moment when brand $b_i$ in order to become globally successful, needs to adapt to new changes in the environment and requires additional resources such as marketing knowledge, essentially of smooth type. $M_k$ is the marketing knowledge curve where brand $b_i$ has to move throughout its life in order to

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70 This view contrasts with that of Schumpeter, who considers that it is the entrepreneur that initiates economic change, and consumers are educated by him if necessary, taught to want new things. J.A. Schumpeter, ‘The Theory of Economic Development’, An Enquiry into Profits, Capital, Credit, Interest and the Business Cycle. Cambridge, Mass: Harvard University Press, 1934: 65-94.

remain successful. The brand might remain under the same ownership or move to another firm, depending on the entrepreneurs’ capacity to acquire smooth marketing knowledge.

Figure 1 – Schematic Representation of the Lives of Global Successful Brands

This Figure illustrates an apparent relationship between the life of firms and the life of brands. At early stages in the life of brand $b_i$, up to point $i^*$, it requires marketing knowledge, which is essentially sticky, of a pragmatic nature, relying essentially on the ideas of the entrepreneur who created it. At that stage brand $b_i$ is essentially local, having internationalized to a few markets that are culturally and geographically close. Above point $i^*$, the natural growth process for the brand implies that it needs to become global, being sold in multiple markets around the world. This requires acquiring additional marketing knowledge.

Below $i^*$ it is possible for brand $b_i$ to remain successful if the firm hires more staff who are taught about the routines and procedures created by the entrepreneur. Above that point $i^*$, corresponding to the point when the brand becomes global, it is important for the firm that owns it to acquire smooth marketing knowledge for the brand to remain successful, moving
along the M_k curve (eg. by hiring professional marketing managers with entrepreneurial skills, external consultants, or by forming alliances with large multinationals where they are able to learn or use their skills in the international management of their brands). If that is not possible, the firm might sell the brand to another firm, therefore allowing the brand to move along M_k, and remain successful.

Often firms with smooth marketing knowledge find they have excess resources (in the form of marketing knowledge) which can be applied in the management of wider portfolios of different brands. In these circumstances they often they tend to search for new brands with potential to become global, to add to their portfolios.

4. Conclusion

This study has looked at the role of entrepreneurship in the growth and survival of global brands in food and drink and also the cosmetics and fashion industries. Drawing on an extended concept of the entrepreneur, it takes into consideration the self-made man (with strong will to succeed) and also the hired organization manager (with above average leadership qualities, who is not afraid of challenges and who possesses an inner drive to compete and win). This cross-industry and cross-country comparison, highlighted several main trends.

One is that successful global brands tend to originate from developed world countries, where the institutional environment tends to be more benign (in terms of legislation, consumption, infrastructures, capital etc); another is that most successful brands are old, often dating back to the eighteenth and nineteenth centuries, as it takes a long time to build successful personalities for brands (it is easier to create brand and line extensions). An important trend is that few brands have remained under the same ownership throughout their lives. Most are now under the ownership of a small group of multinationals in consumer goods which own the world’s most successful and global brands. Most brands tend to change ownership through mergers and acquisitions together with the firms that created them. However, there are a few cases of brands that were traded as pieces of intellectual property. Licensing agreements are also common (for the production and distribution of a different product using the same brand name, or the same product in a different geographic market) during fixed periods of time. They often appear linked to strategies of brand extensions.
This paper has also shown that the original entrepreneurs who have the ideas and are willing to take risks, their descendants and teams of managers with sticky knowledge, are better at creating and building successful brands. Professional managers with entrepreneurial skills (and smooth marketing knowledge), are better at acquiring and managing those successful brands and making them successfully global as part of larger portfolios.

The evolution of brands from local to global may take place within a single firm, if the firm for instance hires new managers with entrepreneurial skills, or consultants to give advice on how to rejuvenate brands (in which case the brand can remain under the same ownership throughout its life). Alternatively, in order to remain successful and grow the brand might have to change ownership.

In conclusion, this paper as discussed that in order to grow and remain successful brands need the right combination of tangible (such as physical assets) or intangible (such as sticky and smooth marketing knowledge) resources throughout their lives. At early stages in the life of brands sticky marketing knowledge determines the early success of the brand. At later stages, smooth marketing knowledge becomes crucial.

To stay ‘forever young’ therefore means that imagery brands (in food and drink, cosmetics and fashion) do not necessarily have to be owned by large managerial firms – Chandlerian type. It depends on the stage of the life of brands and the life of firms. The situation obviously changes as we move from imagery brands to performance brands, where other factors such as technological innovation should also be taken into consideration.