

# Introduction: the Scandinavian brewing industry

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The impetus for this themed supplement on Scandinavian brewing came from a session on brewery history at the annual conference of the European Business History Association (E.B.H.A.) held in Bergen, Norway in 2008. The session included papers from all three Scandinavian countries and covered developments in Danish, Norwegian and Swedish brewing over the past century and a half. Scandinavia shares the centuries' long tradition for beer and brewing in Northern and Central Europe and the region has, since the mid-1800s, had a vital, industrialised brewing sector. However, research into the development of this specific industry has been relatively limited. Although important work has been done on the histories of individual breweries, as well as on specific sector level developments, many aspects of Scandinavian brewing history are still unexplored. Comparative studies are particularly lacking and the E.B.H.A. session in Bergen showed that it is indeed fruitful to bring together studies of brewing in the Scandinavian region. It is evident that there were strong links between the brewing industries in the three countries, including flows of technology and know-how, informal and formal modes of co-operation, cross-ownership, etc.

In broad terms the development of brewing in Scandinavia can be divided into three phases. The initial phase was the early foundation of brewing as a modern industry. This began in the mid 19<sup>th</sup> century when novel brewing methods were introduced to Scandinavia from Germany, France, the Netherlands and Great Britain. These industrial techniques included bottom fermentation under cold conditions, closed boilers and, obviously, new marketing and distribution systems. Brewers and company founders, such as J.P. Jacobsen from the Danish brewery Carlsberg and Christian Schou from the Norwegian brewery Schou, were important to this process and the late decades of the 19<sup>th</sup> century were marked by strong personal networks between the Scandinavian brewers. These contacts facilitated the distribution of knowledge and innovation. It is important to keep in mind that the Scandinavian region at this stage was on the economic periphery of Europe. Consequently, the brewing industry provides us with an interesting example of how innovation and knowledge is transferred from the economic core (in this case Germany, the Netherlands, France and Great Britain) to the economic fringes and later on shared and further developed within this periphery.

The second phase lasted from around the turn of the 19<sup>th</sup> century to the mid 1980s. This period was marked by national cartels and an increasing emphasis on export activities. It needs to be realized that cartelization was an accepted and supported aspect of the Scandinavian business model. The triangle of states, employers and employees all had a strong interest in the market stability resulting from cartelization: the state in order to ensure a steady income from the important beer taxes, the employees in order to ensure stable working conditions and the employers obviously were eager to ensure high, stable profitability and relatively high entrance barriers to the markets. As for exports, the first wave occurred in the late decades of the 19<sup>th</sup> century when both Danish and Norwegian breweries established markets all over the world. While Norwegian exports were more or less given up in the 1890s, Danish brewers continued to export into the 20<sup>th</sup> century, particularly to the British market. The beer export was based on high quality, advanced production methods and premium brands, exactly the same principles which had facilitated the export of butter and bacon from Denmark.

The third phase began in the 1980s and has been marked by increasing international competition and new alliances and cross border mergers and acquisitions. The general integration of markets in Western Europe from the 1980s onwards constituted a large pressure on the national cartels. Scandinavian brewers

were on the one hand trying to protect the important home markets and on the other trying to define a future growth strategy which could ensure survival in a more competitive open environment. The loose alliances of the late 1980s and early 1990s were gradually transformed into majority ownership of foreign subsidiaries. The merger between Norwegian Orkla and Carlsberg in year 2000 proved to be a milestone for the Scandinavian brewing industry as it resulted in a new company (Carlsberg breweries) which for the first time in history was market leader in all three countries. Simultaneously to this centralization of the business structure another opposite development took place - the appearance of local micro-breweries. Brewing was now entering the important segment of luxury based on high quality, local awareness and strong cultural identities.

The four papers in this issue elaborate on some of the key developments outlined above. The historical significance of exports and, in more recent years, of other forms of international operations is discussed in the papers by Siri Aanstad and by Martin Jes Iversen and Andrew Arnold. Aanstad provides an overview of the so far little studied 19<sup>th</sup> century beer exports from Norway, showing that around a dozen Norwegian breweries succeeded in establishing a worldwide market for their beers between 1860 and 1890. The more famous international player in Scandinavian brewing, the Carlsberg brewery in Denmark, is the subject of the joint paper by Iversen and

Arnold. They demonstrate how this brewery first built up an export trade from the 1860s, and then, from around 1970, was transformed into an integrated multinational enterprise with truly global operations.

Iversen contributes with a second paper, focusing on the role of cartels in Danish brewing. He tells the story of how a nationwide price agreement was introduced around the turn of the 19<sup>th</sup> century which continued to regulate the national market until the late 1980s, despite coming under increasing pressure from around 1950. The issue of cartels is also treated by Peter Sandberg, who in his paper studies Danish and Swedish brewing in the post-war period, and discusses how institutional and technological changes challenged existing cartel agreements and distribution systems.

## **Notes on the contributors**

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