Mergers & Acquisitions: the international expansion of first Cuban Multilatina; the case of Bacardi

Abstract

This is an exploratory study that aims to identify and discuss the factors motivating the private family-controlled Multilatina Bacardi to engage in local and international deals through Mergers and acquisitions (M&As). Market diversification, expansion and positioning were the drivers that led global expansion of this private family Multilatina through M&As. The success in success of Bacardi's M&As as their main foreign expansion strategy has to be analyzed in the context of four elements: the owners entrepreneurial features, strong corporate culture, brand rationalization, and their autonomy.

Keywords: M&A, Multilatina, internationalization.

Introduction

Mergers and acquisitions ("M&A") have been flourishing among leading multinational firms ("MNFs"), which carry out 80 percent of the international foreign investment flow (Vasco, Cortés, Gaitán & Durán, 2014). The alcoholic beverages industry particularly evidences this growth (Da Silva-López & Casson, 2007). For instance, in Europe M&A activity in food and drink businessess increased by over 2,100 transactions between 1985 and 1992, placing this sector as the most active of all manufacturing industries (Diederichs, 1993). The stagnation and decrease of per-capita consumption in the 1980s and 1990s reflected market maturity and consolidation of the international alcoholic beverages industry that fostered M&A among leading companies to survive (Da Silva-López, 1999).

Only a few companies dominate this highly competitive industry; namely, Diageo plc ("Diageo"), Pernod Ricard, Bacardi, Fortune Brands, and Brown-Forman Corporation (O'Regan & Ghobadian, 2010; Brännback & Carsrud, 2012). The heightened market liberalization and enforced regulations by the end of the 1990's also explain the fast consolidation of the alcoholic beverages and wine and spirit industries where M&A activity is spearheaded by a few leading MNFs seeking value-added in the value chain and worldwide control (Da Silva-Lopez & Casson, 2007).

M&A has been quite significant in Multilatina's[i] internationalization process. Multilatinas also include small and medium-sized enterprises ("SMEs) with foreign operations and based in territories such as Puerto Rico and Martinique (Cuervo-Cazurra, 2010). Most Multilatinas are private companies, making data-gathering regarding their foreign direct investment ("FDI") challenging. The 1990s' economic liberalization, the regional integration initiatives characterized by free trade agreements, and the pro-market reform policies implemented at the end of the 1980s, allowed many Latin-American firms to become Multilatinas (López-Morales, Wise-Lozano & Vargas-Hernández, 2014; Castro-Olaya, Castro-Olaya & Jaller-Cuéter, 2012; Cuervo-Cazurra, 2010; Santiso, 2013). Multilatina's internationalization is a process characterized by foreign direct investment in regional and emergent markets, in which M&A play an important role (Cuervo-Cazurra, 2016). Nevertheless, Bacardi's internationalization shows an alternate M&A trajectory, as the firm internationalized by acquiring other companies. Bacardi[ii] ("Bacardi," the "Company," the "Entity," or the "Firm") is the first Cuban, family-controlled Multilatina and the world's largest privately held spirits company, with over 150 years of operation, and presence in over 60 markets and 200 countries. Consistently ranked among the first leading worldwide alcohol brands, the Company employs more than 6,000 employees worldwide and has a diverse portfolio exceeding 200 brands.

Bacardi's success has been linked to M&A activities, predominantly, acquisitions. Although researchers have studied Bacardi's acquisitions from brand marketing and business history perspectives (Rao & Ruekert, 1994; Nelson, 1990; Da Silva-López, 2005; Da Silva-López & Casson, 2007; Inamete, 2014), no studies have addressed the Firm's development and internationalization from an M&A perspective. Through the case study of Bacardi, this research aims to fill the gap on M&As approach in the case of the successful of leading MNFs in the international alcohol industry. Precisely, this is an exploratory study that aims to identify and discuss the factors motivating the private family-controlled Multilatina Bacardi to involve in local and international deals through M&As. The main research questions that guide this study are: What are the drivers of M&As that encourage international expansion of the firm?, What is the relationships between M&As activities and Bacardi's international expansion and the context in which it evolved?

This paper is structured as follow: Section One reviews extant literature on M&A and Multilatinas' internationalization. Section Two describes the methodology. Section Three elaborates the discussion and results. Section Four concludes, whereas Section Five describes our contribution as well as identifies future research areas.

Literature review

M&A activity occurs in waves, changing competition as affected by economic and regulatory changes, technological evolution, and globalization (Mariana, 2012). Mariana (2012) states that the implementation of antitrust laws facilitated the 1890s and 1920s waves; the markets' largescale deregulation policies allowed for the 1960s and 1980s waves; while the deregulation on specific industries — financial services, health, utilities, media, telecommunications and defense — explained the 1990s and 2000s waves (Mariana, 2012).

Various factors motivated firms to employ M&A. Haleblian, et al. (2009) summarized these factors into four main categories: 1) value creation, 2) managerial self-interest (value destruction), 3) environmental factors, and 4) firm characteristics. In addition, Huyghebaerta & LuypaertIf (2013) suggest that firms engage in M&A to exploit industry-specific conditions, and that acquisitions may add more value when industry conditions are less favorable to consolidation, as in the case of the alcoholic beverages and spirit industries (Da Silva-López & Casson, 2007).

M&A is highly valuable in industries with either very low or very high sales growth: in low-growth industries, consolidation may allow for cost synergies, while acquisitions in high growth industries may enable revenue-enhancement synergies (Huyghebaerta & LuypaertIf, 2013). Notwithstanding, M&A explains Multilatinas' worldwide growth during the 1990s (Cuervo Casurra, 2007a, 2010; Castro Olaya, Castro Olaya & Cuéter, 2012; Santiso, 2013) and their positioning in developed and developing countries during the 2000s. Regarding Multilatinas' internationalization, value creation and environmental factors are main M&A drivers. Cuervo-Cazurra (2015) grouped these environmental factors under the following four categories: 1) political, 2) social, 3) economic and 4) geographic. Multilatinas' internationalization is characterized by strategic alliances, such as joint ventures, and M&A (Santiso, 2013).

Methodology

As opposed to quantitative methods aimed to find statistical correlations, case studies allow researchers to discover causal relationships, and understand underlying reasons for, and comprehensively and clearly describe phenomena in their natural context (Eisenhardt, 1989; Eisenhardt & Graebner, 2007), confronting theory with the empirical world (Welch, Piekkari Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). Case studies comprise design logic and data collection and analysis (Baxter & Jack, 2008). Although case studies have not been as widely employed in international business research as have quantitative methods, this qualitative method has proved highly useful in understanding firms' internationalization process as well as testing, refuting, refining and/or generating new theories (Vissak, 2010) by combining existing theoretical knowledge with new empirical insights (Yin, 2009). Case studies ability to generate new insights becomes more crucial when studying areas that have not been heavily researched (Vissak, 2010), when the sample base is too small to obtain generalizable statistical data.

As the context of our study is very specific and non-traditional, and our study area has not been heavily researched, we considered that case study was ideal to investigate Bacardi's internationalization process. We gathered information on Bacardi's M&A business strategies from secondary sources, including web documents and databases, primarily newspaper articles, press releases, video clips, reports, financial statements, longitudinal SWOT analyses and book chapters, and Bacardi's social network pages, advertising and promotion materials. We also reviewed extant literature on Multilatinas' internationalization, and M&A as a business strategy in the alcoholic beverages and spirits industries to juxtapose with Bacardi's.

We segmented data gathering into two main steps: The first step was to find how many documents related to Bacardi were readily available on the electronic databases by imputing the following search terms: "Bacardi ltd," "Bacardi Corporation," "Bacardi Limited," "Bacardi Company," and "Bacardi Limited & Company." Using "Bacardi Limited & Company" on ProQuest, dated from 1986 to 2016, EBCOhost and Wiley. We found 1943, and 690 documents, respectively, classified as follow: trade journals, SWOT analyses, academic journals, industry profiles, market research reports, newspapers articles, and magazines.

The second step consisted in selecting the most useful material for our investigation. After the screening process, we decided to use only data from four main sources: 1) peer-reviewed journals, 2) Industry reports, 3) newspaper articles, and 4) documents from newswire data. We excluded video clips, advertising, and data extracted from Bacardi's social networks. During the validation phase, we contextualized our findings and triangulated them with the issues that emerged from the coding phase and theoretical approaches. The findings' validations with broader theories authenticate our study's theoretical conceptualization, making it generalizable (Eisenhardt & Graebner, 2007; Eisenhardt, 1989).

Discussion

Global Expansion and Consolidation: the use of exports and independent subsidiaries

Although Bacardi contemplated internationalization since inception (Brännback & Carsrud, 2012), researchers observed that the Company's internationalization was primarily carried out between 1910 and 1990. We named this period as *Global Expansion & Consolidation Under Bacardi Limited ("First Expansion")* (see Table 1). In 1910, the Company became Cuba's first Multilatina by establishing an independent subsidiary in Barcelona, Spain (Inamete, 2014, p.404). Soon thereafter, the Firm expanded to the State of New York in 1916, Mexico in 1931 and Puerto Rico in 1936. The Company established these subsidiaries as these locations were rich in factor endowments, including land, workforce, and raw material such as sugarcane, and used its exports and distribution channel as a feasible entry mode during its first decades of operation. This strategy was quite common in the alcohol and beverages industry, wherein asset specificity regarding to the type of terrain and climate affect production (Da Silva-Lopes, 1999).

In addition to its abundant sugarcane supply, Bacardi expanded to Puerto Rico for political reasons. Since the Treaty of Paris of 1901 claimed Puerto Rico as American soil, the Entity could export to the United States without paying the United States liquor-import tariff of $5 per gallon (Brännback & Carsrud, 2012, p.14).

During its First Expansion, while Castro's dictatorship in 1959 constrained Bacardi's domestic market, the Company took avail of American fiscal incentives that allowed for free trade of alcohol manufactured in Puerto Rico to the United States. In 1960, Castro's new regime decreed Bacardi's nationalization (LeoGrande, 2010, p.223), confiscating approximately $76 million of Bacardi's Cuban assets and forcing the family to migrate. The family moved to Miami, Florida. Thanks to the intervention of Pepin Bosch, then President of Bacardi ("Mr. Bosch"), the Firm did not lose its prized rum brand. Without approval from his family, the year prior to Castro's *coup d'état*, Mr. Bosch registered the Firm's trademarks in Nassau, Bahamas, and began construction of what would become the main regional production hub in Puerto Rico. The Bacardi Family quickly rebuilt its business by establishing WOS (LeoGrande, 2010, p.223). As a result, in 1961 Bacardi started production in Recife, Brazil and by 1965 it opened a distillery in Nassau, the Bahamas.

Olaya, Olaya & Cueter (2012) make a statement that Multilatinas know how to navigate challenging environments and have the ability to deal with difficult situations due to their experiences, this is noted in the above example of the Cuban *coup d'état.* As we can observe in the Table 1, the 1960s and the 1970s were the years in which Bacardi was forced to make strategic movements that allowed the firm to grow and to expand internationally, while the end of the 1980s and the beginning of the 1990s were highlighted by the beginning of Bacardi worldwide brand positioning and worldwide sales growth, making it one of the top premium brands both in the USA and internationally. By the late 1980s and early 1990s, Bacardi positioned its brand worldwide, becoming one of the premium brands both in the United States and internationally. The acceleration of Bacardi's internationalization flourished during the 1990s, as the company used M&A as a market-entry mode and consolidation strategy of major MNFs in the alcoholic beverages and spirits industries.

Market diversification, expansion and positioning: M&A drivers

In the food and drink sector, the main drivers for M&A are cost saving, and synergies in marketing and distribution (Barnes, 2002a, 2002b). However, the alcoholic beverages industry prefers acquisitions over mergers, as its strategy is to acquire existing regional brands that could become global. By acquiring these brands, firms could rapidly gain market share in new geographic regions while maintaining tight control over the amount of time and money invested in expansion. Moreover, as O'Regan & Ghobadian (2010) state, oft-times mergers fail to deliver shareholder value and dilute control, and for that reason acquisitions are preferable to mergers.

In Bacardi's case, market diversification, expansion and positioning drove internationalization. Although Bacardi already had become the number one premium distilled spirits brand in the United States by 1978 and worldwide by 1983, during the 1990s the Company focused on positioning its premium brand in the global market (see figure Table 1). Bacardi also capitalized on its branding and product innovations by partnering with other top brands, such as Coca-Cola, by creating the Cuba Libre, a cocktail made of cola, lime, and rum (otherwise known as Rum and Coke). As Rao & Ruekert (1994) highlight, since brand names are valuable assets, when partnered with other brand names they may form a synergistic alliance in which the sum is greater than the individuals (e.g. Cuba Libre).

Although already positioned as a leading premium rum brand, Bacardi acquired its first company in 1983, when the firm bought a Portuguese wine firm Offley-Forrester. However, acquisitions became Bacardi's main internationalization strategy during the 1990s and 2000s, when Bacardi realized that it must acquire other firms to maintain a competitive advantage.

Bacardi employed a strategy based on market diversification and positioning, as seen in the Company's acquisition of Offley-Forrester in 1983 (Da Silva-Lopes, 2005), Martini & Rossi (M&R) in 1993, and Dewar's and Bombay in 1998. Bacardi's acquisitions represent the beginning of diversification of its portfolio of alcoholic beverages (Da Silva-Lopes, 1999). As suggested by Olaya, Olaya, & Cueter (2012). Bacardi's diversification is divided into two periods: from 1960 to 1990 Bacardi vertically diversified its development process and brand positioning within the rum segment, whereas from 1993 to the present (Da Silva-Lopes, 1999), the firm diversified horizontally, allowing it to enter the worldwide leading wine and spirits markets in Portugal and India.

Originally, Bacardi's success in the spirit business was based its rum brand. However, relying on a single brand made Bacardi highly vulnerable to market volatility. The Martini & Rossi acquisition permitted Bacardi to diversify, minimizing risk exposure, and strengthening Bacardi's distribution and positioning in Europe, as M&R had an equally strong brand and market position in Vermouth (K. Diederichs, 1993). Delving deeper into the acquisition, knowing that M&R had a few flagship products, but had over 100 products in its portfolio, Bacardi acquired the majority stake in M&R financed by a $1.4 billion bank loan. Bacardi took ten years to get rid of M&R's unprofitable brands, and eventually earned $73 million from selling two M&R brands: Charles Volner and Duval Pastis (Brännback & Carsrud, 2012). This acquisition decreased Bacardi's sole dependence on rum, increased its distribution network and market presence in Europe, and helped Bacardi become one of the top ten alcoholic beverage groups.

The Offley-Forrester allowed Bacardi to access Sogrape Vinhos S.A. ("Sogrape"), a leading Portuguese port wine firm. In 1996, Sogrape exchanged 21.7 percent of its shares for Offley-Forrester, which was owned by Bacardi. Similarly, Bacardi acquired Dewar's and Bombay from Diageo for $1.93 billion. The Dewar's sale included five distilleries, two bottling facilities, 300 employees, and the ten Scotch whiskey brands of John Dewar & Sons Limited. In that same year, Bacardi acquired the United States distribution rights for an agency brand, Disaronno Amaretto, from Illva Saronno S.p.A. for $3 million.

Four years prior to the Dewar's and Bombay acquisitions, Bacardi's strategy was anchored on developing new products, capitalizing on emerging markets, and diversifying its portfolio through acquisitions and strategic alliances (Brännback & Carsrud, 2012). In India, for instance, Bacardi opted for a joint venture with Gemini Distilleries Pvt. Ltd. ("Gemini"), forming Bacardi Martini India, Ltd ("BMIL") in 1998 (Sanghvi, 2006).

The Entity's acquisition of Cazadores, a premium blue agave tequila, and its manufacturing site from the Felix Bañuelos family in 2002 and of Grey Goose, the French super premium vodka, later in 2004 for $2 billion show the evolution and diversification of Bacardi's product portfolio, targeting the high-end niche segment. This initiative was part of the global consolidation of the alcoholic beverages and spirits industries. The Angel's Envy's acquisition granted Bacardi entry into the bourbon category of the North American whiskey sector. Bacardi's acquisition of 42Below added value to Bacardi's global marketing, distribution channel and product portfolio, by including 42Below in its flavored vodka product line. Bacardi invested $91 million for a 52 percent stake in 42Below Limited (Brannback & Carsrud, 2012). With 42Below, Bacardi positioned itself in the Australian, United Kingdom, Italy, Germany and France markets (Morrish & Deacon, 2011). After the acquisition, Bacardi became one of the top five spirits companies in the world and placed the newly created Bacardi-Martini group in the top ten among the world's alcoholic beverages groups.

After its 42Below acquisition, Bacardi focused on the American continent, particularly on Brazil and North America. As detailed in Table 1, Bacardi acquired St. Germain, a super-premium elderflower liqueur, and one of the fastest-growing spirits brands in the United States in 2008, and the super-premium Banks Rum's portfolio in 2015. In sum, Bacardi strategically prioritizes its acquisitions of leading local and international brands, facilitating entry into new markets without incurring a sizeable investment (Schuiling & Kapferer, 2004). These acquisitions added goodwill and expanded Bacardi's global presence, making it a first class spirits powerhouse.

[Insert here Table 1]

Results

M&A has been part of Bacardi's strategy since inception. However, Bacardi dedicated its first ten years to building is brand and raising capital; *Brand Building* period. In line with Inamete (2014), as a new company Bacardi needed to reinvest most of its revenue to build he company (Brännback & Carsrud, 2012; Inamete, 2014). During this decade, the Company developed the following rum mixes and cocktail recipes, which positioned the Entity for Global expansion (Nelson, 1990).

As aforementioned, by 1910 Bacardi entered into its *Global Expansion & Consolidation* period. The Company built a robust profile as a multinational corporation by creating many subsidiaries in foreign countries for manufacturing, bottling, and distributing their rum (Inamete, 2014; Brännback & Carsrud, 2012, Da Silva-Lopes & Casson, 2007). These subsidiaries functioned as independent entities, until 1992, when the Company consolidated all of its international subsidiaries under the Bacardi Limited umbrella.

By 1978, Bacardi was selling over 7 million 9-liter cases in the United States and 16 million worldwide, making it the leading premium spirit brand. After gaining such a strong presence and generating a robust revenue stream, it shifted towards acquisitions and entered into its *Acquisition* period in 1993. By 2001 the Puerto Rico plant was distilling over 30 million proof gallons. If we closely examine table 1, Bacardi kept a fast-paced acquisition strategy during this period. Bacardi was penetrating other portions of the spirits market, diversifying by only selling premium rum.

In the long term Bacardi's M&A strategy was a visionary strategy. Mann (2015) points out that during 2014, Bacardi's iconic rum sales fell by approximately 4.5% during 2014, nevertheless some of Bacardi's 200 plus brands and labels (e.g. Grey Goose, William Lawson's Scotch and Bombay gin) grew during the same period. Bacardi's portfolio of over 200 brands, mainly gained through acquisitions, has given it both its global market positioning and its stability as a going concern.

Could Bacardi have been able to survive without M&A? This is a question raised, since they certainly invested major funds in the process of acquisitions, but could this funds have been used for R&D that could have resulted in better growth? As a Private family-controlled company, all of Bacardi's acquisitions were made through the use of commercial bank loans. Could they have expanded at a greater pace if Bacardi were a Public company? Was the relieve from external pressure a factor that helped them achieve their global positioning?

Conclusion

The success of Bacardi's M&As as main foreign expansion strategy has to be analyzed in the context of four elements. First, the entrepreneurial features of the founders/owners and family successors, that explain the capacity of the firm to be proactive following the trends of the alcohol and spirits industry (consolidation, rationalization of brands, new emerging markets and premium niche), and be the first mover targeting leading brands. Since the beginning, Bacardi family members showed an entrepreneurial spirit; they demonstrated highly knowledge about conducting businesses, as entrepreneurship theory states, they possessed previous experience, intensive knowledge about the industry and the market, and they were capable to convince family and relatives to invest in a risky and ambitious business operations. In addition, since inception the internationalization process was in its mindset, family members recognized that through strategic alliances, mainly, acquisitions, Bacardi could faster position itself a leading company at international level. Maybe, because the owners/founders were immigrant's entrepreneurs from Spain, and their strong relationships with foreign markets was always be part of their family entourage.

Second, the successful of Bacardi's M&As strategies was also linked to the capacity of the family member in reaching a strong corporate culture and successfully integration of the different Bacardi's branches. With the purpose of professionalize and became efficient, this Cuban Multilatina entered into two in-depth organizational structure changes; in 1992 and 2007. The first internal consolidation in 1992 was moved by the intention of the owners to take advantage of technology, centralizing the company's decisions and operations, making more efficient and harmonized the procedures and to give a global outlook to Bacardi brand. This consolidation, allowed Bacardi to prepare for its future diversifications in a highly consolidated industry. To become more professional, eliminate unnecessary expenses due to redundancy operational and administrative activities, and establish one image for the core brands, in the 2007 all Bacardi's operations were consolidated under one head.

Third, the rationalization of Bacardi's brands as part of the positioning driver of acquisition. The rationalization allowed Bacardi product differentiation vis-à-vis new entrants. Bacardi recognized that to survive in this highly competitive market, they had to target other segments and other alcohols than rum. This rationalization was accompanied by the implementation of strong innovativeness and creativeness strategies in their product portfolio, leading by brand extension. The line extensions resulted from the recognition by Bacardi that many customers loved fruit drinks, but did not wish to invest time and of mixing them and no reach expected flavor. Line extensions contribute to keeping the mother brand name in front of the consumers, and attract young drinkers to switch to spirits. Brand extensions also help creating trade, especially in mature markets; though they normally correspond to a small percentage of the MNEs total sales.

Fourth, the autonomy brings be a private family-controlled business allowed this Cuban Multilatina to take risky decisions and investments faster than a public firm, as well as be proactive in seeking market opportunities and in the process of transformation of organizational structure. Nevertheless, it is necessary to recognize that while commercial bank loans allow Bacardi the flexibility to acquire new brands for several billion dollars, privatization constraints this Multilatina to engage in larger strategic moves such as a merger, the purchase of an expensive brand like Absolut, or a huge takeover like In Bev's $52 billion purchase of Anheuser Busch in July 2008. No matter if Bacardi decide to go public, it's evident that this Multilatina has shown the ability to grow and penetrate new emerging markets in difficult economic times.

Contribution and Future Research

This paper contributes to the existing empirical literature on M&As and the internationalization of Bacardi in three main standpoints: 1) being a private family-controlled Multilatina, 2) its focus for growing and M&As were the main overseas expansion strategy since its inception in 1869. First overseas expansion activities were placed within a turbulent political and economic context which was viewed as an opportunity by its founders. 3) The study explores the drivers and its impact on the firm's superior performance and allow us an in-depth understanding of the value of each driver on M&As decisions and outcomes, as experts suggest as a future line of research (Haleblian, Devers, McNamara, Carpenter & Davison, 2009).

M&As in this case study, in addition to describe the behavior of this private family-controlled Multilatina, also extend understanding of the learning and drivers of foreign expansion in a holistic view. As well as country context, international issues such as terrorism can have effects on international business (Czinkota, Knight, Liesch & Steen, 2010). Future lines of research could also study the effects of terrorism events in the FDI in the form of M&As. Bacardi, for example, is making huge investments in R&D to innovate in new active ingredients that allows the firms to export raw materials to BMIL (India) in order to comply with new international trade regulations affecting the alcohol industry, that were enacted after 911 terrorism events.

References

Barnes, N.G. (2002a), "Mergers and acquisitions as the new growth strategy: a case study of the wholesale alcohol industry", *American Business Review*, Vol. 20 No. 2, p. 126.

Barnes, N.G. (2002b), "Merger Madness in the Alcohol Industry", *Marketing Management Journal*, Vol. 12 No. 2.

Baxter, P. and Jack, S. (2008), "Qualitative case study methodology: Study design and implementation for novice researchers", *The qualitative report*, Vol. 13 No. 4, pp. 544–559.

Brännback, M. and Carsrud, A.L. (2012), "Bacardi Limited: A Growing Family's Firm in a Consolidating Industry", *Family Firms SpringerBriefs in Business*, Vol. 37, pp. 7–45, available at: DOI 10.1007/978-1-4614-6046-6_3.

Castro Olaya, J., Castro Olaya, J. and Jaller Cuéter, I. (2012), "Internationalization patterns of multilatinas", *AD-minister*, Vol. 21, pp. 33–54.

Cuervo- Cazurra, Á. (2010), "Multilatinas", *Universia business review*, Vol. 1 No. 25.

Cuervo-Cazurra, A. (2007a), "Economic Liberalization and Multilatinas (Liberalización Económica y Multilatinas)", *Globalization, Competitiveness and Governance*, Vol. 1 No. 1, pp. 66–87.

Cuervo-Cazurra, A. (2016), "Multilatinas as sources of new research insights: The learning and escape drivers of international expansion", *Journal of Business Research*, available at: http://dx.doi.org/10.1016/j.jbusres.2015.10.142

Czinkota, M.R., Knight, G., Liesch, P.W. and Steen, J. (2010), "Terrorism and international business: A research agenda", *Journal of International Business Studies*, Vol. 41 No. 5, pp. 826–843.

Da Silva-Lopes and Casson. (2007), "Entrepreneurship and the Development of Global Brands", *Business History Review*, Vol. 81 No. 4, pp. 651–680.

Da Silva-Lopes, T. (2005), "Competing with multinationals: strategies of the portuguese alcohol industry", *Business History Review*, Vol. 79 No. 3, pp. 559–585.

Da Silva-Lopes. (1999), "The Impact of Multinational Investment on Alcohol Consumption Since the 1960s", Business and Economic History, Vol. 28 No. 2, pp. 109-122.

Diederichs, K. (1993), “Is Further Restructuring Likely in the European Food and Drinks Industry?”, *Diederichs*, Vol. 95 No. 4, pp. 3–8.
Eisenhardt, K.M. (1989), “Building theories from case study research”, *Academy of management review*, Vol. 14 No. 4, pp. 532–550.
Eisenhardt, K.M. and Graebner, M.E. (2007). “Theory building from cases: Opportunities and challenges”, *Academy of management journal*, Vol. 50 No. 1, p. 25.
Haleblian, J., Devers, C.E., McNamara, G., Carpenter, M.A. and Davison, R.B. (2009). “Taking stock of what we know about mergers and acquisitions: A review and research agenda”, *Journal of Management*, Vol. 35 No. 3, pp. 469–502. available at: DOI: 10.1177/0149206308330554.
Huyghebaert, N. and Luypaert, M. (2013), “Value creation and division of gains in horizontal acquisitions in Europe: the role of industry conditions”, *Applied Economics*, Vol. 45 No. 14, pp. 1819–1833.
Inamate, U.B. (2014), “Strategic Management and Multinational Corporation: A Case Study of Bacardi”, *Global Business Review*, Vol. 15 No. 2, pp. 397–417. Available at: DOI: 10.1177/0972150914523601, http://gbr.sagepub.com/content/15/2/397
LeoGrande, W.M. (2010), “Cranky Neighbors: 150 Years of US-Cuban Relations”, *Latin American Research Review*, Vol. 45 No. 2, pp. 217–227.
López-Morales, J.S., Wise-Lozano, J.A. and Vargas-Hernández, J.G. (2014), “Emerging Multinationals: Multilatinas”, *International Journal of Business and Social Research*, Vol. 4 No. 4, pp. 150–159.
Mariana, V. (2013), “Mergers and Acquisitions Waves from the European Union Perspective”, *Annals of Faculty of Economics*, Vol. 1 No. 2, pp. 272–283.
Morrish and Deacon. (2011), “A Tale of Two Spirits: Entrepreneurial Marketing at 42Below Vodka and Penderyn Whisky”, *Journal of Small Business and Entrepreneurship*, Vol. 24 No. 1, pp. 113–124, available at: DOI: 10.1080/08276331.2011.10593529.
Nelson, P.H. (1990), “Research and Information at Bacardi Imports: A Conventional Function in an Exceptional Business”, *Marketing Research*, Vol. 2 No. 1, pp. 3–10.
O´Regan and Ghobadian. (2010), “Creating a World Class Business through a Merger of Two Equals: an Interview with Paul Walsh, Chief Executive Officer of Diageo Plc”, *Journal of Strategy and Management*, Vol. 3 No. 3, pp. 285–298, available at: DOI 10.1108/17554251011064864.
Rao, A.R. and Ruekert, R.W. (1994), “Brand alliances as signals of product quality”, *Sloan management review*, Vol. 36 No. 1, pp. 87–97.
Sanghvi, M. (2006), *Bacardi ‘s Entry Strategy for India*. Ma. Mudra Institute of Communications, Ahmedabad, India.
Santiso, J. (2013), “The decade of the Multilatinas”, *Cambridge University Press*.
Schuiling, I. and Kapferer, J.N. (2004), “Executive insights: real differences between local and international brands: strategic implications for international marketers”, *Journal of International Marketing*, Vol. 12 No. 4, pp. 97–112.
U.S. International Trade Commission (USITC) (2000), *Industry & Trade Summary: Distilled Spirits*, USITC, Report number: 3373, Washington DC.
Vasco, M., Cortés, L.M., Gaitán, S. and Durán, I.A. (2014), “Fusiones y Adquisiciones en Latinoamérica, Gobierno Corporativo y Modelo Gravitacional”, *Journal of Economics Finance and Administrative Science*, Vol. 19 No. 37, pp. 108–117.
Vissak, T. (2010), “Recommendations for using the case study method in international business research”, *The Qualitative Report*, Vol. 15 No. 2, p. 370.
Welch, C., Piekkari, R., Plakoyiannaki, E. and Paavilainen-Mäntymäki, E. (2011), “Theorising from case studies: Towards a pluralist future for international business research”, *Journal of International Business Studies*, Vol. 42 No. 5, pp. 740–762.

Yin, R. K. (2009). *Case study research: Design and methods.* (4th Ed.). Thousand Oaks, CA: Sage**.**

Table 1: Internationalization of Multilatina Bacardi

Period	Year	Event	Event Type
Brand Building (Bacardi positions itself as a premium, non-traditional, product within the rum industry.	1830	Don Facundo Bacardi Masso immigrated to Cuba.	Bacardi Family
	1862	Don Facundo founds Bacardi by purchasing a small distillery in Santiago de Cuba. Creation of Cocktail Bacardi Mojito.	Bacardi Family Innovation
	1888	Bacardi rum is appointed "Purveyors to the Royal Spanish Household."	Branding
	1898	Creation of Daiquiri Cocktail.	Innovation
	1900	Creation of Cuba Libre (a Bacardi and Coca Cola mix).	Innovation
Global Expansion & Consolidation Under Bacardi Limited (Expansion to foreign markets via independent subsidiaries, subsequently consolidated into Bacardi Limited).	1910	Bacardi opens a bottling facility in Barcelona Spain, becoming Cuba's first multinational Corporation.	Expansion
	1916	Bacardi opens a bottling facility in New York City, USA.	Expansion
	1919	The USA alcohol prohibition becomes law.	Political
	1931	Bacardi opens a facility in Mexico.	Expansion
	1944	Bacardi forms an import company in New York City.	Expansion
	1960	The Cuban government confiscates Bacardi facilities in Cuba.	Political
	1961	Bacardi opens a facility in Brazil.	Expansion
	1965	Bacardi opens a distillery in The Bahamas.	Expansion
	1965	Bacardi relocates its Headquarters to Bermuda.	Bacardi Family
	1992	Bacardi consolidates its independent subsidiaries under Bacardi Limited.	Consolidation
Acquisition period	1993	Bacardi acquires of the Martini & Rossi group.	M&A
	1998	Bacardi acquires Dewar's whiskey and Bombay.	M&A
	2002	Bacardi & Anheuser-Bush form a distribution alliance in the USA. Bacardi acquires Cazadores tequila. Bacardi establishes a facility in China.	Expansion M&A Expansion
	2004	Bacardi acquires Grey Goose vodka.	M&A
	2007	Bacardi acquires part of Leblon Cachaça.	M&A
	2008	Bacardi acquires a significant part of Patrón tequila.	M&A
Social Responsibility & Reinvention Period	2009	Bacardi gains the "Triple Crown" certification. (ISO 9001, ISO 14001 and OHSAS 18001).	Quality
	2010	Bacardi in Puerto Rico establishes on of the largest wind turbine installations.	Social Responsibility
	2011	Bacardi launches OakHeart .	Innovation
	2012	Bacardi has accumulated over 550 quality awards.	Quality
	2013	Bacardi acquires St-Germain.	M&A
	2014	Bacardi launches "Good Spirited" (environmental initiative). Bacardi launches several new single malts.	Social Responsibility Innovation
	2015	Bacardi acquires Angel's Share Brands. Bacardi acquires Banks rums. Bacardi acquires Leblon Holdings.	M&A M&A M&A

Source: Author's elaboration

[i] [Cuervo-Cazurra (2010) defines "Multilatina" as "a firm originated from economies in the Americas that were colonized by Spain, Portugal, and France, and have added value operations abroad" (Cuervo-Cazurra, 2010, p.16)].

[ii] [For purposes of this paper, we refer to "Bacardi" as a whole and make no distinction between Bacardi Limited (Parent Company) or any of its subsidiaries.]