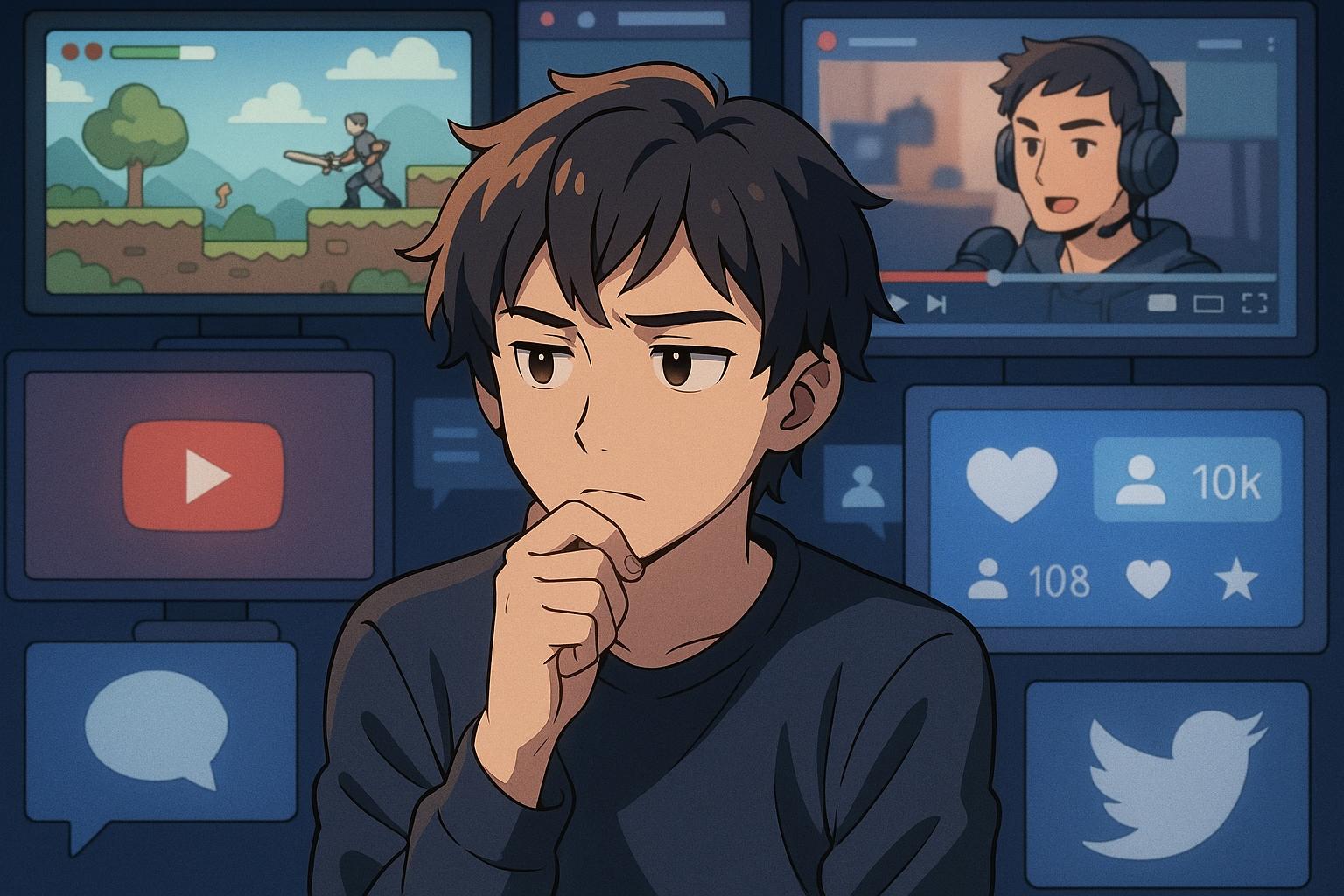
# Asahi links declining alcohol sales to digital distractions as Manchester United faces paradoxical financial risks



The evolving landscape of global consumer habits is significantly impacting industries across the board, particularly in the alcohol sector, where Asahi’s CEO, Atsushi Katsuki, attributes the decline in alcohol consumption primarily to the rise of digital entertainment rather than health concerns. As screen time increases—due to gaming, streaming services, and social media—fewer consumers are turning to alcoholic beverages for leisure. Despite a 1% drop in global alcohol volume sales in 2023, the overall value of sales rose by 2%. This shift towards premium products indicates a burgeoning opportunity for the industry to engage with consumers through targeted marketing strategies aimed at influencers and those seeking low-alcohol alternatives. Katsuki highlights that moderate alcohol consumption might offer health benefits, challenging the narrative that treats alcohol as detrimental as tobacco.

This perspective is crucial for understanding how companies adapt to changing market dynamics. Asahi’s approach not only addresses the immediate decline in traditional alcohol consumption but also taps into the potential of premium offerings, which could afford the company a competitive edge. The focus on younger consumers is particularly relevant, considering their shifting preferences and the impact of cultural trends. The premium segment could prove vital, especially as consumers become more discerning and health-conscious.

Parallel to these observations, the financial woes of Manchester United illustrate the intricate intersections of corporate performance, regulatory environments, and public perception. The club is facing unprecedented financial distress, with accumulated losses exceeding £370 million over the past five years and a precarious position in the Premier League. The unusual debt covenants linked to EBITDA metrics imply that qualifying for the UEFA Champions League could paradoxically trigger severe financial implications. If their performance improves, and they secure a place in this lucrative competition, they risk defaulting on £726 million in loans due to stringent EBITDA requirements. Thus, the idea that poor performance could inadvertently safeguard the club's financial stability presents an intriguing case study for accounting practices in sports organisations.

Moreover, this situation begs deeper investigation into how performance metrics, especially regarding EBITDA, can drastically reshape a club's financial landscape. For instance, Manchester United's recent defeat in the Europa League not only eliminated their chances of European competition but also inflicted an estimated £100 million loss in revenue from the absence of ticket sales and media rights. This reinforces the notion that on-field outcomes have immediate and profound financial repercussions, creating a complex feedback loop between performance and fiscal health.

In a broader context, economic challenges reflected in Manchester United’s predicament resonate with trends in private equity and university endowments. Institutions have shifted toward higher allocations in alternative assets, notably private equity, which now comprise approximately 60% of their portfolios. While this model, pioneered by Yale’s CIO David Swensen, promised higher returns through diversification, the current landscape poses risks associated with lock-in periods and high fees. As fears of valuations being out of sync with market realities grow, the conversation around the sustainability of such strategies has become increasingly urgent.

At the same time, overarching geopolitical tensions, particularly between the US and China, underscore vulnerabilities in global supply chains. Recent restrictions imposed by China on exports of essential materials, particularly rare earth elements crucial for modern technology and military applications, highlight the strategic risks of dependency on a single nation. Companies such as Tesla and Ford find themselves grappling with these uncertainties, as the impact of regulatory changes could disrupt manufacturing processes vital for maintaining competitive advantage in a rapidly evolving market.

These interconnected narratives demonstrate how industries are navigating complex challenges shaped by consumer behaviour, financial obligations, and geopolitical constraints. The interplay of these factors offers a fertile ground for discussion and critical analysis in educational settings, emphasising the necessity for future business leaders to cultivate agile strategies that respond effectively to dynamic market conditions.

## Reference Map:

* Paragraph 1 – [[1]](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4), [[2]](https://www.ft.com/content/a0fcf6b7-13f5-4c7c-81e9-6692f14ac942)
* Paragraph 2 – [[1]](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4), [[5]](https://www.ft.com/content/416da336-bc8e-427d-a72b-f29f5c253fe4)
* Paragraph 3 – [[3]](https://www.ft.com/content/96800939-eaa7-4d9c-b7b8-1c656fa10165), [[4]](https://www.ft.com/content/3ba3698a-e2d6-4b00-95d9-342bd14393cc)
* Paragraph 4 – [[6]](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4), [[5]](https://www.ft.com/content/416da336-bc8e-427d-a72b-f29f5c253fe4)
* Paragraph 5 – [[5]](https://www.ft.com/content/416da336-bc8e-427d-a72b-f29f5c253fe4), [[6]](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4)

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## Bibliography

1. <https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4> - Please view link - unable to able to access data
2. <https://www.ft.com/content/a0fcf6b7-13f5-4c7c-81e9-6692f14ac942> - Atsushi Katsuki, CEO of Japan's Asahi Group, attributes the global decline in alcohol consumption more to the rise of digital entertainment—such as gaming, streaming, and social media—than to health concerns, especially among Generation Z. He observes that digital alternatives have captured more of people's attention, leading to a reduction in alcohol's share of leisure activities. Despite a 1% drop in global alcohol volume sales in 2023, the overall value increased by 2%, indicating a shift towards premium products. Asahi views this cultural shift as an opportunity to target influencers and gamers with premium beverages and low-alcohol alternatives. Katsuki also disputes the notion that alcohol is as harmful as tobacco, citing studies suggesting moderate consumption may offer health benefits. He remains optimistic about expanding into the U.S. market, undeterred by trade tariffs. ([ft.com](https://www.ft.com/content/a0fcf6b7-13f5-4c7c-81e9-6692f14ac942?utm_source=openai))
3. <https://www.ft.com/content/96800939-eaa7-4d9c-b7b8-1c656fa10165> - Manchester United's poor on-field performance this season may inadvertently shield the club from a major financial risk. Currently 16th in the Premier League and set for its worst finish since 1990, the club has suffered consecutive financial losses totaling over £370 million in the past five years. United's only hope for European competition rests on winning the Europa League final against Tottenham Hotspur, which would secure a place in the lucrative Champions League. Ironically, qualifying for the Champions League could trigger a risk due to unusual clauses in their debt agreements. These provisions require the club to maintain a rolling 12-month EBITDA of at least £65 million to avoid defaulting on £726 million in loans—unless they fail to qualify for the Champions League, which allows for special dispensations. Despite consistent operating losses, United has managed to stay above this threshold through accounting adjustments and exceptional items. For the current season, the club expects EBITDA to range between £145 million to £160 million, well above default levels. However, if this guidance is significantly off, a surprising win on Wednesday could exacerbate financial challenges. Thus, in a rare twist, being unsuccessful on the pitch might offer unexpected financial relief. ([ft.com](https://www.ft.com/content/96800939-eaa7-4d9c-b7b8-1c656fa10165?utm_source=openai))
4. <https://www.ft.com/content/3ba3698a-e2d6-4b00-95d9-342bd14393cc> - Manchester United's shares dropped 7.8% in early New York trading after the club's 1-0 defeat to Tottenham Hotspur in the UEFA Europa League final. This loss eliminates United's chances of qualifying for next season's European competitions, costing the club an estimated £100 million in lost revenue from ticket sales, media rights, and sponsorships. The defeat is a significant setback for both United's longstanding owners, the Glazer family, and minority stakeholder Sir Jim Ratcliffe's Ineos Group, which has recently restructured the club’s management and reduced costs. Despite these efforts, United currently sits 16th in the English Premier League and risks further decline. ([ft.com](https://www.ft.com/content/3ba3698a-e2d6-4b00-95d9-342bd14393cc?utm_source=openai))
5. <https://www.ft.com/content/416da336-bc8e-427d-a72b-f29f5c253fe4> - Jim Ratcliffe, the billionaire owner of Ineos and a large stakeholder in Manchester United, faces mounting challenges both in his business ventures and in football. Ineos is grappling with economic downturns and poor energy market performance, while Manchester United, under his partial ownership, is set for its worst Premier League finish since 1975. Despite recent setbacks, including financial losses and a botched managerial decision costing £21 million, there is a glimmer of hope: if United wins the Europa League final against Tottenham Hotspur, the club will secure a spot in the Champions League, potentially offsetting other failures. Ratcliffe has also faced scrutiny for planning a £2 billion stadium amid mass layoffs, questioning his financial decisions. Elsewhere, CATL had a stellar IPO debut in Hong Kong, raising $4.6 billion and seeing its stock surge by over 16%. The listing marks a win for Hong Kong’s financial sector and supports CATL’s international growth plans. Meanwhile, French grocer Casino may soon face another debt restructuring after a previous €5 billion bailout, as its debt conditions worsen. This trend reflects broader challenges among heavily indebted French companies amid rising interest rates and economic pressure. ([ft.com](https://www.ft.com/content/416da336-bc8e-427d-a72b-f29f5c253fe4?utm_source=openai))
6. <https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4> - This edition of 'Professors’ Picks' by the Financial Times curates key articles for business school faculty, linking real-world events to classroom learning. Highlights include Asahi's response to declining alcohol consumption, noting digital entertainment's stronger influence than health concerns, and exploring premium product strategies. In accounting, Manchester United's financial volatility tied to performance and debt covenants presents practical examples of financial reporting issues in sports. Behavioural economics is examined through consumer response to product downsizing and price transparency, using Snickers as a case study. In private equity, the overreliance of university endowments on illiquid alternative assets raises concerns about risk, fees, and valuation practices. Brexit's evolving trade negotiations illustrate long-term bilateral strategy considerations. Finally, China's restrictions on rare earth exports highlight the intersection of geopolitics, global supply chains, and strategic resource management for corporations and governments. Each article is paired with discussion questions for enhancing critical thinking in disciplines such as economics, accounting, behavioural science, finance, negotiation, and trade strategy. ([ft.com](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4?utm_source=openai))
7. <https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4> - This edition of 'Professors’ Picks' by the Financial Times curates key articles for business school faculty, linking real-world events to classroom learning. Highlights include Asahi's response to declining alcohol consumption, noting digital entertainment's stronger influence than health concerns, and exploring premium product strategies. In accounting, Manchester United's financial volatility tied to performance and debt covenants presents practical examples of financial reporting issues in sports. Behavioural economics is examined through consumer response to product downsizing and price transparency, using Snickers as a case study. In private equity, the overreliance of university endowments on illiquid alternative assets raises concerns about risk, fees, and valuation practices. Brexit's evolving trade negotiations illustrate long-term bilateral strategy considerations. Finally, China's restrictions on rare earth exports highlight the intersection of geopolitics, global supply chains, and strategic resource management for corporations and governments. Each article is paired with discussion questions for enhancing critical thinking in disciplines such as economics, accounting, behavioural science, finance, negotiation, and trade strategy. ([ft.com](https://www.ft.com/content/047367e4-a25c-4fe5-a1a9-fa79c9ebb9c4?utm_source=openai))