# Asahi chief links drop in alcohol consumption to digital entertainment boom



The landscape of alcohol consumption is transforming, and new insights from Atsushi Katsuki, the chief executive of Asahi Group Holdings, shed light on why this change is happening. Contrary to the prevailing narrative that concerns about health, particularly among younger generations, are driving a decline in alcohol consumption, Katsuki attributes this shift chiefly to the rise of digital entertainment. He observed that alcohol once held a significant portion of individuals' leisure time and enjoyment, but the emergence of gaming, streaming services, and social media has diminished its role.

Speaking to the Financial Times, Katsuki stated, “Alcohol used to occupy a much bigger share of people’s entertainment and joy.” As a consequence, he believes that the broadening range of entertainment options has led to a reduction in alcohol's share of fun and happiness. Despite a global volume decline of 1% in alcohol sales in 2023, data from IWSR indicates a 2% increase in value, demonstrating a consumer trend toward selecting more premium products while moderating overall consumption.

Asahi, which boasts a portfolio including brands like Peroni and Grolsch, sees this cultural shift as a fertile ground for growth. The company is strategically targeting demographics often overlooked within the drinking culture—gamers and social media influencers—with a focus on high-end alcoholic beverages and low-alcohol options. This approach aligns with the wider industry trend toward non-alcoholic alternatives, a market that grew to nearly $10 billion globally by 2021. In Japan, regular drinking rates among those in their twenties plummeted from 20.3% in 1999 to just 7.8% by 2019, underlining the urgency for companies like Asahi to adapt.

Katsuki, however, remains skeptical of the prevailing public health discourse suggesting that there is “no safe level” of drinking, as recently endorsed by the World Health Organization. He pointed to certain studies suggesting that moderate alcohol consumption could have benefits, including potential increases in life expectancy. This perspective spatially positions Asahi's approach against the backdrop of health regulators advocating for stringent measures comparable to those implemented against tobacco, including mandatory warning labels on alcoholic products.

While the sector navigates these health narratives, investor sentiment remains cautious. The market reacted negatively earlier this year after a statement from the US Surgeon General highlighted the need for cancer awareness related to alcohol consumption. Nonetheless, Asahi’s stock recently soared to record levels, buoyed by Japan's economic revival marked by rising inflation and improved financial strategies, including a new shareholder returns policy.

Regarding the unfolding dynamics of health-related lifestyle changes, concerns persist that the rise of weight-loss drugs like Ozempic could impact alcohol sales. Interestingly, Katsuki suggests that this trend might not necessarily spell doom for the industry; he theorises that as individuals’ health improves, this demographic may feel encouraged to partake in moderate alcohol consumption once more.

Beyond navigating market challenges, Katsuki has signalled a determination to expand Asahi’s presence in the US, a tantalising frontier yet unfulfilled for the company, notwithstanding the hurdles posed by trade tariffs. This ambition reflects Asahi's broader strategic aim to ensure sustainable growth amidst both domestic declines and shifting consumer preferences globally.

In summary, the conversation around the future of alcohol consumption is complex and multifaceted. Asahi’s proactive positioning highlights a recognition of changing consumer behaviours while promoting an image of responsible drinking and exploring new market avenues. While challenges abound, the company's response suggests a nuanced understanding of both the opportunities and risks that lie ahead in an evolving economic landscape.

### Reference Map

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Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/a0fcf6b7-13f5-4c7c-81e9-6692f14ac942> - Please view link - unable to able to access data
2. <https://www.ft.com/content/a0fcf6b7-13f5-4c7c-81e9-6692f14ac942> - Atsushi Katsuki, CEO of Asahi Group Holdings, attributes the decline in alcohol consumption more to the rise of digital entertainment—such as gaming, streaming, and social media—than to health concerns, particularly among Gen Z. He noted that alcohol's role in social enjoyment has diminished as alternative digital pastimes have proliferated. Despite a 1% global decline in alcohol sales volume in 2023, value rose by 2% as consumers opted for premium options, suggesting moderated but refined consumption habits. Asahi is targeting overlooked demographics like gamers and influencers with premium and low-alcohol beverages in response to these shifts. The company rejects comparisons between alcohol and tobacco, citing potential wellbeing benefits of moderate drinking and differing health impacts. Katsuki also questioned the scientific basis behind assertions that there is no safe level of alcohol consumption, as proposed by the WHO. Asahi has not seen effects from weight-loss drugs like Ozempic, which some fear could dampen alcohol sales. The company remains optimistic, with shares reaching record highs due to Japan's inflation and a new shareholder returns policy. Katsuki remains keen on expanding into the US market despite tariff concerns under President Trump.
3. <https://www.bbc.com/news/articles/c88z8qpq9p8o> - Atsushi Katsuki, CEO of Asahi Group Holdings, acknowledges that younger people are increasingly choosing not to drink as much alcohol. In response, Asahi is leveraging its capability to produce non-alcoholic and low-alcohol beverages, aiming to double the share of such products to 20% of overall beverage sales by 2030. Alcohol-free beers currently account for 10% of Asahi's beverage sales in Japan, driven by factors like the desire to avoid drink driving. Facing a shrinking domestic market due to Japan's aging population and declining birth rates, Asahi is focusing on international expansion, particularly in North America, to sustain growth.
4. <https://www.asahi.com/ajw/articles/14716675> - Japan's major liquor businesses, including Asahi, are turning to non-alcoholic drinks to attract Generation Z consumers. The global market for non-alcoholic beverages rose to just under $10 billion in 2021 from $7.8 billion in 2018. In Japan, only 7.8% of people in their 20s were regular drinkers in 2019, down from 20.3% in 1999. In response, Asahi is expanding its non-alcoholic and low-alcohol offerings, such as alcohol-free beer and drinks with less than 3.5% alcohol, both domestically and internationally. The company aims to double the share of these beverages to 20% of overall sales by 2030.
5. <https://www.asahigroup-holdings.com/en/stories/article/e202404012004.html> - Asahi Group Holdings promotes responsible drinking through initiatives like the 'Responsible Drinking Ambassador' program, launched in 2020. This program encourages employees to act as ambassadors for responsible drinking. Asahi is also a member of the International Alliance for Responsible Drinking (IARD), collaborating with global alcohol beverage manufacturers to reduce inappropriate drinking. The company is committed to implementing online safeguards to prevent minors from interacting with alcohol brands online and aims to achieve full compliance with IARD's Digital Guiding Principles by 2024.
6. <https://www.asahigroup-holdings.com/en/sustainability/alcohol/> - Asahi Group Holdings acknowledges the role of alcohol in bringing joy and enrichment to daily life but is aware of the issues arising from inappropriate drinking habits. The company promotes initiatives aimed at appropriate drinking and contributes to the development of the alcoholic beverage culture. Asahi has endorsed IARD's 'Actions to accelerate reductions in underage drinking' and is committed to implementing measures such as introducing legal age-restriction symbols on all alcohol brand products by 2024 and ensuring that alcohol-free extensions of alcohol brands are not marketed to minors.
7. <https://www.asahigroup-holdings.com/en/ir/event/presentation/2021/qa_asahi_ir_day.html> - During the Asahi IR Day 2021, the company discussed its approach to marketing non-alcoholic beverages. The target audience for products like 'Beery' includes people of all ages, including those who do not actively drink. Asahi plans to implement sales promotions that can be experienced, focusing on drinking situations such as cooking, playing games, reading, watching movies, or engaging in creative activities. The company recognizes the potential for expansion in the non-alcoholic beverage market, especially given global consumption trends indicating an increase in demand for non-alcoholic and low-alcohol drinks in Japan.