

Business management

Predicted Case study (A) Myt PLC

For use in May 2025

Instructions to candidates

- Case study booklet required for higher level paper 1 and standard level paper 1 business management examinations.

The extended case study provided here is for illustrative purposes only, designed in line with the syllabus, context, and background of the Myt PLC case study to give you a sense of what the final examinations in May 2025 could look like.

Myt PLC

Myt PLC (Myt) is a publicly held multinational company that manufactures non-alcoholic drinks. Myt's head office is in the United States (USA). Myt owns manufacturing factories on six continents.

Myt has grown in size through internal and external growth. Initially, Myt manufactured just one drink: a root beer that was non-alcoholic, sweet, and carbonated. By 2020, Myt had developed its own large portfolio of over 30 different drinks, which it sells in bottles and cans. Myt uses social media influencers as part of its promotional strategy.

Obesity and diabetes are two health issues that have been linked to drinks, many of which provide the entire recommended daily sugar intake for an adult in a single can. However, sugar substitutes used in diet drinks have also been linked to various health problems. Many of Myt's drinks are high in caffeine and sugar.

In 2023, Myt's board of directors began a process of diversification, taking over:

- Lotssa Coffee (LC), a chain of coffee shops with over 4000 outlets across 35 countries
- Honest Water (HW), a manufacturer of bottled drinking water.

Myt announced plans to:

- Modernize and make its factories green.
- Explore entering the healthy snacks market.
- Utilize computer-generated avatars when creating advertisements.
- Reduce caffeine and sugar levels in its products.
- Improve its corporate social responsibility (CSR).

Since its diversification efforts in 2023, Myt PLC has continued to expand its presence in the global beverage industry. With operations spanning six continents, the company has sought to **modernize its production facilities, introduce healthier product alternatives, and improve corporate social responsibility (CSR).**

However, Myt now faces a series of **critical business challenges** that threaten its long-term success. Changes in consumer preferences, regulatory pressures, and financial concerns have forced the company's leadership to **re-evaluate key strategic decisions**.

Market Response to Health-Focused Product Reformulation

One of Myt's most ambitious initiatives was the reformulation of its signature beverages to **reduce sugar and caffeine levels**. In early 2024, the company introduced **MytLite**, a reformulated version of its flagship soda, featuring **50% less sugar and natural sweeteners**. Myt expected this change to enhance its brand image and align with global health-conscious consumer trends.

While the product gained traction among **health-conscious millennials and Gen Z consumers**, **long-time loyal customers** expressed dissatisfaction, **criticizing the new taste**. As a result, sales of Myt's best-selling sodas **declined by 9%**, prompting concerns from shareholders.

To counteract these losses, Myt **launched a new line of functional beverages**, including **plant-based energy drinks and vitamin-infused sparkling water**. However, early market research suggests that these products face **strong competition** from established health-oriented brands. Some **board members now question whether Myt should continue investing in this segment** or refocus on its traditional beverage offerings.

Challenges in the Coffee Sector: Lotssa Coffee's Struggles

Myt's acquisition of **Lotssa Coffee (LC)** was intended to strengthen its position in the **fast-growing coffee market**. The expansion strategy focused on **opening new locations in Southeast Asia and the Middle East**, where demand for premium coffee brands has been rising.

Despite initial success, **Lotssa Coffee's profitability has been weaker than projected**. Several **high-cost urban locations in Singapore and Dubai have been closed**, citing **rising rent and local competition**. Additionally, **labor unrest has emerged in Lotssa Coffee's European operations**. Employee unions in Germany and

France have organized **strikes demanding wage increases**, citing inflation and long working hours.

The strike actions led to **a 10% decline in customer visits** at key European locations, and management is debating whether to **increase wages to retain staff** or **reduce the workforce to control operational costs**.

Environmental Controversy Surrounding Honest Water

Myt's bottled water division, **Honest Water (HW)**, remains **profitable**, but it has become the target of growing **environmental activism and regulatory scrutiny**. Consumer advocacy groups have pressured governments to **limit single-use plastic packaging**, leading to major retailers **announcing plans to stop stocking bottled water in non-recyclable containers**.

To address these concerns, Myt **invested \$40 million in biodegradable bottle development** and launched a **pilot refillable bottle program** in select markets. However, some board members argue that the **high cost of these initiatives may not be financially sustainable**.

As a result, some **shareholders are advocating for the sale of Honest Water** to improve Myt's financial position. While selling HW could generate significant capital, it would also **weaken Myt's presence in the growing market for sustainable beverages**.

Financial Pressures and Investor Expectations

Myt's **stock price has declined by 14% over the past year**, largely due to:

- **Declining soda sales** following the MytLite reformulation.
- **Rising costs in R&D and sustainability initiatives**.
- **Operational challenges** in the coffee sector.

In response, **activist investors are pushing the board to implement aggressive cost-cutting measures**. Some have proposed:

- **Reducing investment in new product categories** (e.g., functional beverages).
- **Delaying sustainability initiatives** to preserve short-term profits.
- **Selling Honest Water (HW)** to raise capital and streamline operations.

CEO **Helena Alvarez** is now facing a **critical decision**—whether to **prioritize long-term sustainability and innovation** or **focus on immediate financial recovery to satisfy investors**.

Marketing Shift: The AI Advertising Controversy

To modernize its brand strategy, Myt invested heavily in **computer-generated avatars for digital advertising**. This initiative was expected to reduce **marketing costs** and ensure **consistent brand messaging across global markets**.

However, the strategy has received **mixed reactions from consumers**. While some younger demographics appreciate the innovation, many **long-time customers** feel that AI-generated influencers **lack authenticity**. Internal reports indicate that **social media engagement dropped by 15%** following the transition to AI-driven advertising.

Now, Myt's marketing team is debating whether to **pivot back to human influencers** or **continue refining the AI approach despite initial setbacks**.

Strategic Questions Facing Myt PLC

As Myt enters the second year of its three-year transformation plan, its leadership must make critical decisions:

1. **Should Myt continue investing in health-focused product reformulation, or should it return to its traditional high-sugar sodas?**
2. **How should Myt address the labor disputes and profitability issues at Lotssa Coffee?**
3. **Is selling Honest Water the best option for Myt's financial stability, or should the company continue its sustainability initiatives?**
4. **Should Myt revert to traditional human influencers, or refine its AI-driven advertising strategy?**

The decisions made in the coming months will shape Myt's future and determine whether it can successfully adapt to **changing industry conditions**.