

7. Discuss whether Myt PLC should continue investing in functional beverages despite competition from established health-focused brands. [10]

Myt PLC is a **publicly held multinational company** that manufactures **non-alcoholic drinks**. Initially known for its **high-sugar, carbonated beverages**, Myt has faced increasing **consumer and regulatory pressure** to offer **healthier alternatives**. As part of its **three-year strategic transformation plan**, Myt has introduced **MytLite**, a **reduced-sugar soda**, and launched a range of **functional beverages**, including **vitamin-infused sparkling water** and **plant-based energy drinks**. However, the company faces **intense competition** from **established brands** in the **health beverage market**, raising concerns about whether it should **continue investing** in this segment.

Arguments for investing in functional beverages

One of the primary reasons Myt PLC should continue investing in **functional beverages** is the **growing consumer demand for health-conscious products**. As awareness of **obesity and diabetes** increases, more consumers are shifting towards **low-calorie, sugar-free, and functional beverages** that provide additional **health benefits**, such as **electrolyte replenishment, probiotics, and natural energy boosts**. According to **recent market trends**, the **functional beverage industry** is projected to **grow by over 8% annually**, making it one of the **fastest-growing segments** in the **non-alcoholic drinks sector**. By continuing its investment, Myt can **position itself as a leader** in this expanding market, reducing reliance on **declining soda sales**.

Additionally, investing in **functional beverages** aligns with Myt's **brand repositioning strategy**. The company has already begun **modernizing its image** by introducing **sustainability initiatives** and **reformulating its traditional drinks** to contain **less sugar and caffeine**. A continued focus on **functional beverages** reinforces this transition, attracting **health-conscious consumers** who may have previously avoided Myt's products due to concerns about **sugar and artificial ingredients**. By **diversifying into this segment**, Myt strengthens its **long-term brand equity** and reduces the risk of being perceived as an **outdated, unhealthy brand**.

Furthermore, Myt can **leverage its existing distribution channels** to promote **functional beverages** without incurring excessive **additional costs**. Myt already owns **Lotssa Coffee (LC)** and **Honest Water (HW)**, both of which provide **opportunities for cross-selling**. **Lotssa Coffee outlets** could serve **functional**

beverages alongside coffee, **increasing consumer exposure**, while **Honest Water's distribution network** could facilitate **retail expansion**.

This strategy allows Myt to **enter the functional beverage market with a competitive advantage**, using its **pre-established infrastructure** to **minimize costs**.

Arguments against investing in functional beverages

Despite these advantages, Myt faces **significant challenges** in the **functional beverage market**. One of the most pressing concerns is the **high level of competition** from **well-established brands** such as **Coca-Cola's Smartwater**, **Nestlé's functional drink lines**, and **PepsiCo's Gatorade**. These companies already have **strong brand recognition**, **loyal customer bases**, and **extensive retail partnerships**, making it **difficult for a late entrant like Myt** to gain **significant market share**.

Moreover, the **financial risks** associated with **continued investment in functional beverages** cannot be ignored. The **cost of product development**, **regulatory compliance**, and **marketing for health-conscious consumers** is **high**. Myt has already **incurred losses** from its **MytLite reformulation**, and further investments could **strain its finances**, especially considering that **shareholders are demanding profitability improvements**.

Additionally, Myt's **brand positioning** may not be strong enough to **compete in the health-conscious segment**. Unlike **PepsiCo and Coca-Cola**, which have **years of experience marketing functional beverages**, Myt is historically associated with **high-sugar, carbonated drinks**. **Consumers who prioritize health** may still view Myt as an **unhealthy brand**, making it **difficult to convince them to switch**. This **lack of credibility** could **undermine Myt's efforts**, leading to **poor sales performance** despite **high investment**.

Conclusion

Myt PLC's decision on whether to continue investing in **functional beverages** depends on its **long-term strategic priorities**. If the company aims to **fully transition into a health-conscious brand**, continued investment in **functional beverages** is **essential**. However, this approach requires **sustained financial commitment** and **strong brand repositioning efforts**, which could **delay short-term profitability**.

Alternatively, Myt could **scale back investment** and focus on **strengthening its existing brands, improving the taste of reformulated sodas, and optimizing costs** before expanding further. A **compromise strategy** could involve **testing functional beverages in limited markets** before committing to **large-scale production**.

Ultimately, the decision should be based on whether Myt has the **financial resources and brand positioning** to compete effectively in the **functional beverage market**. If it **lacks the necessary capital and consumer trust**, focusing on its **core strengths** while **gradually evolving its brand** may be a more **sustainable approach**.