

Section A

Answer **all** questions from this section.

1. Define the term market share. [2]

- **Market share** refers to the **percentage of total sales in an industry** that a company holds compared to its competitors. *(1 mark)*
- It is calculated as **(firm's sales / total industry sales) × 100%**. *(1 mark)*

Maximum: [2]

2. Define the term franchise. [2]

- A **franchise** is a **business model** in which a company (the franchisor) grants an individual or another company (the franchisee) **the right to operate a business under its brand name**. *(1 mark)*
- The franchisee pays an initial fee and royalties in exchange for using the brand, systems, and operational support. *(1 mark)*

Maximum: [2]

3. Describe **two** financial impacts of supply chain disruptions on Myt PLC. [4]

Possible impacts include:

- **Increased costs** – Delays in obtaining key ingredients (e.g., coffee beans) can lead to **higher prices for alternative suppliers**. *(1 mark)*
- **Lost sales revenue** – Frequent shortages may result in **inconsistent product availability**, reducing sales across Lotssa Coffee locations. *(1 mark)*
- **Contract penalties** – Myt may face **penalties or compensation claims** from franchisees due to failure to supply products on time. *(1 mark)*
- **Cash flow strain** – Unpredictable supply chains can lead to **higher inventory holding costs** and **cash flow difficulties**. *(1 mark)*

Mark as [2] + [2].

Award [1] for each financial impact and [1] for applying it to Myt PLC's situation.

Maximum: [4]

4. Explain **one** advantage and **one** disadvantage for Myt PLC of selling underperforming Lotssa Coffee locations. [4]

Advantages:

- **Reduced operational losses** – Closing unprofitable locations **eliminates recurring rental and labor costs**, improving overall profitability. *(1 mark)*
- **Reallocation of resources** – Selling underperforming stores allows Myt to **invest in more profitable markets**. *(1 mark)*

Disadvantages:

- **Damage to brand reputation** – Reducing store presence may be perceived as **failure**, affecting **consumer and investor confidence**. *(1 mark)*
- **Loss of market presence** – Fewer locations could **weaken Myt's competitive advantage**, allowing rivals to dominate key regions. *(1 mark)*

Mark as [2] + [2].

Award [1] for a valid advantage/disadvantage and [1] for explaining its impact on Myt PLC.

Maximum: [4]

5. Explain **one** reason why Myt PLC is experiencing consumer backlash despite investing in sustainability initiatives. [2]

Possible reasons include:

- **Limited implementation** – Although Myt **invested in biodegradable packaging**, it is **only available in select markets**, leading consumers to question its commitment. *(1 mark)*
- **Perceived greenwashing** – Consumers may see Myt's sustainability initiatives as **a marketing tactic rather than a genuine commitment**. *(1 mark)*

- **Failure to address broader concerns** – Myt has focused on packaging but **still relies heavily on fossil fuel-based logistics**, making its overall carbon footprint questionable. *(1 mark)*

Award **[1]** for identifying a valid reason and **[1]** for explaining its relevance to Myt PLC.

Maximum: **[2]**

6. Analyse **one** way in which Myt PLC is responding to changing consumer preferences and **two** ways in which it is not. [6]

Way in which Myt is responding:

- **Product reformulation (MytLite)** – Myt **reduced sugar and caffeine** in its main product lines to align with **health-conscious consumer trends**. *(2 marks)*

Ways in which Myt is not responding:

- **Inconsistent sustainability efforts** – The failure to provide **biodegradable packaging in all markets** shows that Myt has not fully adapted to **eco-conscious consumer expectations**. *(2 marks)*
- **Failure to compete effectively in the health beverage sector** – Myt's **functional beverages have struggled to gain market share**, showing it has not effectively captured the growing demand for organic and natural drinks. *(2 marks)*

Award **[2]** for explaining one way Myt is responding and **[2]** each for two ways it is not.

Maximum: **[6]**

Section B

Answer **one** question from this section.

7. Discuss whether Myt PLC should reintroduce its original high-sugar sodas to regain market share, despite its commitment to health-conscious beverages. [10]

Arguments for reintroducing high-sugar sodas:

- **Regaining customer loyalty** – Myt's core customer base has **switched to rival brands** due to dissatisfaction with MytLite's reformulation. Reintroducing original sodas could **bring back lost customers**.
- **Short-term revenue boost** – The decline in soda market share has contributed to **falling profits**. Reintroducing the original formula could **quickly increase sales and improve investor confidence**.

Arguments against reintroducing high-sugar sodas:

- **Brand inconsistency** – Reverting to high-sugar sodas **contradicts Myt's long-term transformation plan**, potentially **damaging brand credibility**.
- **Regulatory and ethical concerns** – Governments are implementing **stricter sugar regulations**. Reintroducing high-sugar sodas may lead to **higher taxes, legal restrictions, or public criticism**.

Conclusion:

- The decision depends on **Myt's long-term priorities**. If it **prioritizes short-term sales**, bringing back high-sugar sodas may be effective. However, **if the goal is long-term sustainability and brand repositioning, sticking to health-conscious products is essential**.

Marks should be allocated according to the mark bands below:

Award [0 marks] - No credible response

Award [1-2 marks] - A limited response that shows some knowledge but lacks coherence and development.

Award [3-4 marks] - Some implications are explained with limited development and use of examples/theory.

Award [5-6 marks] - At least two strategic implications are reasonably analyzed with some use of examples and business management tools/concepts.

Award [7-8 marks] - A well-developed analysis of at least two strategic implications using relevant business tools/concepts. Good examples provided.

Award [9-10 marks] - A coherent, balanced, and insightful discussion analyzing multiple strategic implications in detail. Excellent application of business management tools/concepts. Addresses different viewpoints (Including positives and negatives).

**To reach the highest markband of a [9-10], students' response must contain mention to the limitation of the stimulus material. Else, limit maximum mark to [8].*

Accept any other relevant response, explained in the context of Myt PLC.

8. Discuss whether Myt PLC should accelerate its sustainability efforts in response to consumer backlash, even if it increases short-term costs. [10]

Arguments for accelerating sustainability efforts:

- **Maintaining brand reputation** – Sustainability is now a **major consumer expectation**. Expanding biodegradable packaging and reducing carbon emissions could **strengthen consumer trust**.
- **Regulatory compliance** – Governments are introducing **stricter environmental regulations**. Proactively increasing sustainability efforts can **help Myt stay ahead of legal requirements** and avoid fines.

Arguments against accelerating sustainability efforts:

- **High short-term costs** – Further sustainability investments could **increase operational expenses** at a time when **Myt is already facing financial pressure from falling soda sales**.
- **Investor dissatisfaction** – Shareholders are already concerned about **declining profitability**. Prioritizing sustainability over financial recovery may **result in additional stock price declines and loss of investor confidence**.

Conclusion:

- A **balanced strategy** may be the best option—Myt could **phase in sustainability initiatives gradually** while addressing short-term financial concerns. Ultimately, **ignoring sustainability is not viable**, but accelerating too quickly may **exacerbate financial instability**.

Marks should be allocated according to the mark bands below:

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Award [1-2 marks] - A limited response that shows some knowledge but lacks coherence and development.

Award [3-4 marks] - Some implications are explained with limited development and use of examples/theory.

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Accept any other relevant response, explained in the context of Myt PLC.