

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

Myt PLC is a **publicly held multinational company** that manufactures **non-alcoholic beverages**. As part of its **three-year transformation plan**, Myt has invested in **sustainability initiatives**, including **modernizing its factories to be more environmentally friendly** and introducing **biodegradable packaging for Honest Water (HW)**. However, these efforts have faced **strong criticism from environmental advocacy groups**, who argue that Myt **has not done enough to reduce its overall carbon footprint**. The company still **relies heavily on fossil fuel-based logistics** and only offers **biodegradable packaging in select markets**, leaving many regions with single-use plastic packaging. This has resulted in **consumer backlash**, particularly among environmentally conscious customers, **leading to lower-than-expected sales growth in HW's bottled water division**. The key issue Myt faces is whether to **accelerate its sustainability efforts** to rebuild consumer trust or to **focus on financial stability, given the high costs of further sustainability investments**.

Arguments for Accelerating Sustainability Efforts

One of the strongest arguments for accelerating sustainability efforts is that it could **help rebuild consumer trust and brand reputation**. The current backlash against Myt suggests that its sustainability initiatives **lack credibility in the eyes of consumers**, as its **biodegradable packaging is not universally available**. If Myt does not act quickly, it risks **further loss of customer loyalty**. Consumers, particularly younger demographics, are increasingly making purchasing decisions based on **ethical and environmental considerations**. Expanding its sustainability initiatives—such as **making biodegradable packaging standard across all markets**—could help Myt **recover lost sales** and improve its long-term brand image. This aligns with the **corporate social responsibility (CSR) framework**, which suggests that businesses that prioritize **sustainable and ethical practices** can build stronger consumer relationships and achieve long-term success.

Additionally, **government regulations on sustainability are becoming stricter**, with many countries introducing **bans on single-use plastics and carbon emission reduction targets**. If Myt fails to accelerate its sustainability efforts, it may **face future compliance costs, legal restrictions, and higher taxation**. By **proactively adopting sustainable practices**, Myt could avoid **potential penalties and forced**

operational changes, while positioning itself as an **industry leader in eco-friendly beverage production**.

Another key consideration is **long-term operational efficiency**. While **investing in sustainability initiatives may increase short-term costs**, it can lead to **cost savings in the future**. For example, **modernizing factories to use renewable energy sources** and **reducing reliance on fossil fuel logistics** could lower **energy expenses and operational costs** over time. Companies that transition to **circular economy models**, such as **recycling and reusing materials**, often find that they can **reduce waste disposal costs and improve efficiency**.

Arguments Against Accelerating Sustainability Efforts

Despite the potential long-term benefits, **Myt is already facing financial challenges**, including a **12% decline in market share for its flagship sodas** and **operational inefficiencies in its Lotssa Coffee division**. Given these issues, **accelerating sustainability efforts may not be financially viable in the short term**. Investing in **scaling up biodegradable packaging production**, **transitioning to green logistics**, or **implementing factory overhauls** would require **substantial capital investment**. These expenditures could **further strain Myt's financial position**, especially at a time when it is struggling with **declining sales and franchisee dissatisfaction**.

Furthermore, **Myt's competitors have not faced the same level of backlash**. While consumers have criticized Myt for its **incomplete sustainability efforts**, other major beverage companies still **sell products in traditional packaging without significant consumer resistance**. This raises the question of whether **Myt is over-prioritizing sustainability at the expense of profitability**. Instead of making **large-scale immediate changes**, Myt could focus on **gradual improvements while addressing its core financial and operational challenges**.

Another key concern is **price sensitivity in certain markets**. While some consumers prefer sustainable products, others—particularly in developing economies—**prioritize affordability over sustainability**. If Myt **raises prices to offset the cost of expanding biodegradable packaging or modernizing logistics**, it could **alienate cost-conscious customers**, leading to further **declines in sales volume**. Instead of a **one-size-fits-all approach**, Myt must consider the **economic realities of different markets** before committing to expensive sustainability initiatives.

Conclusion

Myt PLC faces a **difficult strategic decision** between **prioritizing sustainability to rebuild consumer trust** and **focusing on financial stability**. While **accelerating sustainability efforts could strengthen brand reputation and help Myt comply with future regulations**, it would also **increase short-term costs at a time when the company is already experiencing financial pressures**.

A **compromise strategy** may be the most effective approach. Instead of **accelerating all sustainability initiatives at once**, Myt could **focus on the most urgent and impactful changes**, such as **expanding biodegradable packaging in key markets while postponing more capital-intensive sustainability projects**. This would allow Myt to **demonstrate commitment to sustainability without overburdening its finances**.

Ultimately, if Myt wants to **remain competitive in an increasingly eco-conscious market**, it **cannot afford to ignore sustainability concerns**. However, it must also ensure **financial stability by carefully managing the timing and scale of its investments**. A **phased sustainability strategy** would allow Myt to **recover lost consumer trust while maintaining financial flexibility**.