



Bitter Competition: The Holland Sweetener Company versus NutraSweet (G)

In February 1992, NutraSweet launched a \$10 million advertising campaign for *Equal*, starring the singer and actress Cher. The campaign was widely viewed as the last big push for the tabletop version of *NutraSweet* before the U.S. patent expiration in December.

In March, NutraSweet announced *Spoonful*, a granular form of the company's 10-year-old *Equal* sweetener sold in 8- and 16-ounce containers shaped like restaurant sugar dispensers. The product was designed to look, feel, and pour like sugar and, spoon for spoon, had the same level of sweetness.

In April, Pepsi announced that it had signed a new long-term global supply agreement with NutraSweet. Upon the announcement, Coke disclosed that it had struck a similar deal with NutraSweet the previous December. While the details of the new contracts were shrouded in secrecy, they were thought to be for two to three years' duration and to involve prices in the low \$30s per lb. HSC claimed that the contracts would result in annual savings of \$200 million to NutraSweet's customers in the United States, and that they also left room for Coke and Pepsi to send business its way in the United States in the near future. A Coke spokeswoman confirmed that her company had a long-term worldwide agreement with HSC as well as with NutraSweet.

In September, NutraSweet announced that it was ceasing production of its *Simple Pleasures* frozen dessert. The venture, which observers believed had lost several million dollars, was described by NutraSweet as having completed its purpose of showcasing the new *Simplese* fat substitute. As for *Simplese* itself, it now appeared that initial hopes were overblown, with sales to date reaching only modest levels.

In November, NutraSweet launched *SweetMate*, a new aspartame-based tabletop sweetener priced 60% below *Equal* and designed to provide the stronger, sweeter, taste of *Sweet 'N Low*. The Cumberland Packing Company countered by announcing a February 1993 unveiling of *Sweet 'N Low 2*, a blend of aspartame and acesulfame-K to be priced at around a 20% discount to *Equal*.

Professor Adam M. Brandenburger prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The case draws on a report by Peter Wetenhall (MBA '92). Assistance from Research Associate Maryellen Costello, Rena Henderson, and Research Assistant Julia Kou is gratefully acknowledged.

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