

***Bitter***  
***Competition:***  
**NutraSweet**  
**vs.**  
**Holland Sweetener**

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# *Importance of Competitor Analysis*

**“Know your enemy, know yourself, and you can fight a hundred battles with no danger of defeat. When you are ignorant of the enemy but know yourself, your chances of winning and losing are equal. If you don’t know your enemy and yourself, you are bound to perish in all battles...”**

**Sun Tse**

# Importance of Competitor Analysis

- “What enables the wise sovereign and the good general to strike and conquer and achieve things beyond the reach of ordinary men is foreknowledge”
  - Sun Tse, Art of War
- “It is pardonable to be defeated, but never to be surprised.”
  - Frederick the Great

# Common Competitive Problem

- You pioneer a market
  - Build a profitable, dominant position
- Competitors envy your position
  - See high margins
  - Opportunity to skim profits
  - How to enter?
- Incumbent must respond
  - How to respond?
    - Polaroid vs. Kodak
    - Intel vs. AMD
    - Coke vs. Pepsi
    - British Satellite Broadcasting vs. Sky TV
- How you play the game is critical to the outcome

# NutraSweet

**“One of the cardinal rules in Western cultures is that pleasures have prices. What we are saying to people is, ‘you can have the pleasure without paying the price.’ That like saying there is such a thing as a free lunch!”**

**Bob Shapiro, CEO of  
NutraSweet, Quoted in WSJ,  
May 1987**

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**H**oly  
**S**moke,  
**C**ompetition

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**HSC**

# A few basic facts...

- New sweetener products require FDA approval
  - **assume a decade**
- 80% of aspartame market is Coke & Pepsi
  - **full retail price=\$110 per pound**
- NutraSweet av. price=\$70-80 per pound
  - **Based on exclusivity & volume**
- NutraSweet's variable cost=
  - **\$18-20/lb.**
  - **\$50-60/lb. margin**
- HSC's variable cost=
  - **\$30-35/lb**

**As NutraSweet CEO, Robert Shapiro:  
PRICE WAR OR ACCOMMODATION  
VOTE**