

Holland sweeterner company vs. nutrasweet

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Holland Sweetener Company vs. NutraSweet There are a number of reactions that Vermeij should expect NutraSweet to respond to the Holland Sweetener Company's entry into the European and Canadian aspartame markets. It is not going to be an easy task for NutraSweet to curb the competition that is brought about by Holland Sweetener. The fact that they have a new formula and technique of producing aspartame will make them a big threat to their dominance in the market. The main challenge in this case will be to create a market entry barrier so that Holland Sweetener will have a hard time in penetrating the marketing. This can be achieved by making sure that all their patents are extended in both Europe and in the United States of America. This will make it harder for aspartame to be used by any other company in the manufacture of sweeteners. They should also hold on to the multi-years deals that they already have with the Coca-Cola Company and Pepsi. This will mean that Holland Sweetener will find it hard to thrive in the market with majority of the buyers being loyal to them.

The probability of Holland Sweetener introducing a sweetener that is different from aspartame should also be considered to be a big challenge to aspartame. The reason behind this challenge is the claims that the new sweetener might be easier and less costly to produce. This would mean that Holland Sweetener would have an upper hand in case they decided to launch a price war. However, given the prior market dominance by NutraSweet they can be able to restrict their production cost which will give them the ability to lower their prices making it harder for Holland Sweeteners to gain competitive advantage as a result of price wars. This would mean that Holland sweeteners will be with very little competitive advantage. The only advantage would be that they will be offering something different from what <https://assignbuster.com/holland-sweetener-company-vs-nutrasweet/>

NutraSweet offers to the market.

In this case it is clearly evident that both price war and normal competition is applicable. However, normal competition will be more appropriate for this case as compared to price competition. For NutraSweet to do well under price competition they will have to settle for smaller profit margins (Grimm, Lee and Smith 264). Given the fact that Holland sweetener might be able to produce at a lower cost they will not be able to compete with them in terms of prices because this will only mean that Holland Sweetener is in a better position to offer better prices. At the end of the day NutraSweet would have worked with smaller profits and also lost some percentage of their market share.

However, if they choose to use normal competition then they stand a chance of making sure that Holland sweetener's competitive threat is put under control. Given that they already have patents in both Europe and the United States of America their only challenge will be to make sure that the patents are extended. This will mean that they will have the sole right of using aspartame in sweetener production. Given that the method developed by Holland Sweetener still lead to the production of aspartame there will be some barrier in terms of its usage. This would imply that Holland Sweetener will have to invest in the development of a new sweetener. Even if this was easy for it to get to a point where consumers trust in its safety will definitely take some time.

Work cited

Grimm, Curtis M, Hun Lee, and Ken G. Smith. *Strategy As Action: Competitive Dynamics and Competitive Advantage*. New York: Oxford University Press, 2006.

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