

MSU Product Center

For Agriculture and Natural Resources

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Sucralose – Few opportunities

Market drivers that provide few opportunities

- There are **few** opportunities for sucralose products that appeal to the demand driver of **value**.

Specific opportunities

- Sucralose is processed from sugar. In the minds of most consumers this is considered a natural product. This makes sucralose more desirable than most manufactured sugar substitutes.
- In many respects the market for sucralose is still developing.
- The largest market for sucralose appears to be in area of manufactured food and beverage products. Sucralose is used as an ingredient in the production of a wide range of products. However, food manufacturers are very sensitive to price. This limits the ability to appeal to this demand driver. There are some well established firms already in the industry.
- Sucralose production like sugar processing exhibits economies of scale. This limits the ability for a new firm to compete on price. An established sugar processor may have some opportunity to appeal to value.

New product examples

- The Global New Products Database has tracked only 7 new product introductions in sucralose for direct home consumption since 2000. This may be due to the ownership of patents; difficulty in processing sucralose into easy to use products or the fact that sucralose is primarily used for manufactured food and beverage products.
- McNeil Consumer Products, Splenda Sugar Blend for Baking, sucralose and sugar blend.
- HealthySweet, Inc. Baking Sweetener Mix, contains soluble fiber and is low in carbs, designed to promote healthier digestion and boost calcium absorption, sold in health food stores.
- McNeil Consumer Products, Splenda, Brown Sugar Blend, blend of sucralose and brown sugar, with half the calories, sugar and carbohydrates of brown sugar.

Special issues

- This market is still developing, but may be maturing. At least one firm is well established with a readily identified brand presence (Splenda).
- There may be potential to sell the product in health food stores and gourmet stores.
- U.S. sugar producers are not the low cost producers of the raw product of sucralose. This may put them at a competitive disadvantage in the long run. Food manufacturers will search for the low cost supplier of the ingredients they use.
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Key to success

- Consider the cost structure. In order to compete on price it is necessary to be the low cost producer. It is very important to combine wellness with other value. The primary interest in sucralose is due to its health benefits.

Sources

Mintel. Sugar and Sweeteners.

_____. Global New Products Database.