Marketing Doctor

Marketing Check-up

Kraft Heinz

As of October 7, 2025

Condition: Chronic

Savings first, brands second

Kraft Heinz owns some of the most familiar names in the grocery aisle: Heinz ketchup, Kraft Mac & Cheese, Philadelphia, Oscar Mayer and Lunchables. Ten years after the 2015 merger, it plans to split in two. This check-up looks at how a cost-first model wore down those brands, why volumes kept falling and what the split can and cannot fix.

Key takeaways

- After the 2015 merger the company embraced zero-based budgeting, and Reuters reported the cuts risked stifling investment in innovation and marketing.
- In 2019 it wrote down the Kraft and Oscar Mayer brands by $15.4 billion. An analyst said investors had long asked whether the cost model "would result in brand equity erosion."
- Volumes kept falling as shoppers moved to newer brands, store brands and fresher food. In 2025, lower advertising spending partly offset higher costs.
- The company plans to split into two businesses in 2026. A split can give each brand a clearer owner. It doesn't pay for the advertising and product work that win back buyers.

Marketing health check

Area	Finding
Marketing investment	Cut. Advertising treated as a cost to manage.
Brand equity	Eroded. A $15.4 billion write-down on Kraft and Oscar Mayer.
Volume	Falling. Volume and mix down in 2024 and 2025.
Relevance	Slipping against newer brands and store brands.
Structure	Splitting in two, expected in 2026.

Timeline

When	What happened
2013	Berkshire Hathaway and 3G Capital buy Heinz.
Jul 2015	Kraft and Heinz merge.
Feb 2017	Unilever rejects a merger proposal from Kraft Heinz.
Feb 2019	Kraft Heinz writes down the Kraft and Oscar Mayer brands by $15.4 billion.
2024	Organic net sales fall 2.1%, with volume and mix down 3.5 points.
Q2 2025	Organic net sales fall 2.0%; lower advertising spending partly offsets higher costs.
Sep 2, 2025	The board approves a plan to separate into two companies.

What happened: marketing became a cost line

Kraft Heinz was formed in July 2015 when Kraft Foods Group merged with H.J. Heinz, which Berkshire Hathaway and 3G Capital had bought in 2013. Under 3G, the company embraced zero-based budgeting, a cost-conscious approach meant to lift margins. Reuters reported that the cuts risked stifling investment in innovation and marketing.

The bill arrived in February 2019. Kraft Heinz wrote down the value of its Kraft and Oscar Mayer brands by $15.4 billion. Its chief executive said: “We were overly optimistic on delivering savings that did not materialize by year end.” A JPMorgan analyst said: “Investors for years have asked if 3G’s extreme belt-tightening model ultimately would result in brand equity erosion.”

The diagnosis: three marketing problems

- **Marketing treated as a cost, not an investment.** In 2025, lower advertising spending still partly offset higher commodity costs. Our guide to brand building and sales activation explains why that trade looks cheap in a quarter and costly over a decade.
- **Brands fell behind how people shop and eat.** Shoppers turned to newer products, cheaper store brands and less processed food. In buying situations like these, a brand that stops giving people a reason to choose it loses the sale to a store brand.
- **Growth from deals, not demand.** A Guggenheim analyst called the model "highly dependent on deal-making and synergy realization." When the Unilever deal failed, that path closed.

The treatment: split, then invest

On September 2, 2025, the board approved a plan to separate into two companies: a sauces and spreads business (Heinz, Philadelphia, Kraft Mac & Cheese) and a North American grocery business (Oscar Mayer, Kraft Singles, Lunchables). The company said its structure made it hard to allocate capital.

Warren Buffett, whose Berkshire still owns about 27%, told CNBC: "It certainly didn't turn out to be a brilliant idea to put them together, but I don't think taking them apart will fix it." We agree. A split can sharpen positioning and give each brand a clearer owner. It doesn't pay for the advertising, product work and pricing that win back volume.

The result: fewer buyers, year after year

In 2024, organic net sales fell 2.1%, with volume and mix taking 3.5 points off growth. In the second quarter of 2025, organic net sales fell 2.0%, with volume losses mainly in cold cuts, coffee, Lunchables, frozen snacks and powdered drinks. Famous names alone did not keep shoppers coming back.

Lessons for your marketing

1. Cost discipline is healthy. Cutting the work that creates future demand is not.
2. Set your marketing budget as a share of revenue you protect in weak quarters.
3. Track volume and buyer numbers next to margin. Margins can rise while the brand shrinks.
4. Treat a brand write-down as the result of years of neglect, not a one-time accounting event.
5. Restructuring changes who owns a brand. Only investment changes whether people buy it.

The doctor will see you now.

Book a free marketing check-up at marketingdoctor.ca/contact. We'll examine your marketing, show you what's holding growth back and prescribe what to fix first.

Sources

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