

Conagra Brands: Reinvest, harvest, or wait for better evidence?

Internal ID: S&F-STR-162

Topic: Corporate Strategy, Competitive Strategy, Pricing Strategy

Industry: Packaged Foods & Meats

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

A strategy case for MBA students and working professionals

Decision setting: July 15, 2026. All financial figures are U.S. dollars. The case uses public information available by the close of that date.

A portfolio question after the 10-K

Conagra Brands' fiscal 2026 Form 10-K reported a steep decline in operating profit for its Refrigerated & Frozen segment and large impairment charges for both the segment's goodwill and several brand names. Birds Eye, a recognized frozen-food brand, was among them. Yet the company's explanations included both lower projected sales and margins and changes in discount rates and market multiples. The disclosure did not tell an outside reader how much each factor contributed to the charges, how much of segment pressure came from Birds Eye, or what return any new brand investment might produce.

For classroom purposes, assume a **hypothetical executive strategy team** must recommend where Conagra should concentrate its next planning cycle's incremental management attention and discretionary brand-support resources. This assignment is invented for the case; the public sources reviewed by the cutoff do not announce a Birds Eye sale, a formal exit process, or a specific resource-allocation decision. Students may recommend renewed investment, harvesting and simplifying parts of the portfolio, a staged combination, or a request for more evidence before making a larger commitment.

The team cannot treat the accounting charge as a direct verdict on the brand. It must decide what the operating results and impairment assumptions do-and do not-say about future opportunities.

A branded portfolio with different jobs

Conagra described itself as a North American branded-food company focused on sustainable profitable growth, brand innovation, organic growth and adjacent acquisitions. Its brands include Birds Eye, Healthy Choice, Marie Callender's, Banquet, P.F. Chang's Home Menu, Duncan Hines, Slim Jim and others. The company reports four segments with different products and channels: Grocery & Snacks; Refrigerated & Frozen; International; and Foodservice. Refrigerated & Frozen principally includes branded, temperature-controlled foods sold through U.S. retail channels. It is a reporting segment, not a single brand or a purely frozen-food business.¹

Conagra said it faces branded, private-brand and customized-food competitors. It identified quality, product innovation, value, convenience, customer service, brand recognition and

loyalty as bases of competition. Walmart and its affiliates accounted for about 29% of the company's consolidated net sales in fiscal 2026. The filing did not attribute Birds Eye's results to a specific retailer or competitor.¹

What the segment numbers reveal-and conceal

Conagra's fiscal year ended May 31, 2026 included an additional, 53rd week. The company's reported sales for Refrigerated & Frozen were nearly flat year over year, while its segment operating profit fell more sharply. Sales and profit were influenced by the extra week, frozen-fish divestiture, the prior-year Hebrew National manufacturing disruption, input-cost inflation, operating leverage and company-reported productivity. These factors complicate a simple comparison of the two fiscal years.¹

Exhibit 1. Conagra segment snapshot

Metric	FY2025	FY2026	FY2026 change
Consolidated net sales	\$11,612.8m	\$11,281.6m	-2.9%
Grocery & Snacks net sales	\$4,899.3m	\$4,610.1m	-5.9%
Refrigerated & Frozen net sales ¹	\$4,662.3m	\$4,641.8m	-0.4%
Refrigerated & Frozen segment operating profit ²	\$651.7m	\$485.6m	-25.5%
R&F organic volume	-	+0.3%	-
R&F organic price/mix	-	-1.0%	-
Estimated net-sales effect of the 53rd week	-	+1.8%	of R&F reported sales comparison

Source: Conagra FY2026 Form 10-K, Item 7, pp. 28-30. Percentages and descriptions are company-reported. Organic volume and price/mix are FY2026 comparisons with FY2025. The company says the additional week contributed 1.8% to the R&F reported-sales comparison. This table does not constitute a complete bridge from FY2025 to FY2026.

¹ The company reported \$4.9 million of frozen-fish sales in FY2026 compared with \$76.8 million in FY2025, following the first-quarter sale of that business. It estimated that FY2025 sales in Hebrew National were reduced by about \$24 million by a temporary manufacturing disruption during the key grilling season.

² Conagra defines segment operating profit as operating profit excluding items impacting comparability. It is not GAAP operating income, net income or cash flow.

The filing says Refrigerated & Frozen gross profit declined by \$133.6 million. Management attributed that decline to lower organic net sales, input inflation, unfavorable operating leverage and lost profit from the frozen-fish sale; the additional week and productivity partly offset these factors. It also estimated that prior-year Hebrew National disruptions reduced gross profit by about \$10 million, largely through lost profits, abnormal manufacturing variances and inventory write-offs. Segment operating profit also reflected higher selling, general and administrative expense; advertising and promotion expense increased by \$15.5 million.¹

Those disclosures present a mixed signal. Organic volume was slightly positive, yet price/mix declined, and an additional week helped reported sales. Profit was pressured by several factors beyond Birds Eye. The filing does not provide Birds Eye-only revenue, volume, price, margins, advertising returns, market share or contribution to segment profit. Nor does it establish whether these outcomes are a temporary cost and calendar problem, a broader demand issue, a brand-specific challenge or some combination.

What an impairment can-and cannot-tell a manager

During the second quarter of fiscal 2026, Conagra recorded \$771.3 million of goodwill impairment for the Refrigerated & Frozen reporting unit and \$180 million for the Birds Eye brand name. The company said the reporting-unit valuation reflected a 150-basis-point increase in the discount rate, macroeconomic uncertainty and weaker consumer sentiment, lower industry market multiples, and lower projected sales and profit margins. For Birds Eye, the company said the increase in the discount rate mattered and lower-than-expected profit margins reduced the assumed royalty rate.¹

In the fourth quarter, Conagra recognized another \$1.61 billion of Refrigerated & Frozen goodwill impairment. It cited a 200-basis-point discount-rate increase from its prior quantitative assessment, lower market multiples, market and global economic uncertainty, and further downward revisions to projected sales and margins. The remaining R&F reporting-unit goodwill carrying amount was about \$2.53 billion, with no excess fair value at year-end. Conagra also recognized \$350.2 million of further indefinite-lived brand-asset impairments across Grocery & Snacks and Refrigerated & Frozen. Birds Eye was among the brands identified, but the filing did not allocate that combined charge by brand. Total FY2026 impairment of indefinite-lived brand assets was \$547.2 million.¹

Goodwill and indefinite-lived brand assets are evaluated using estimates of future cash flows and market assumptions. Conagra described using discounted-cash-flow and guideline-public-company methods for reporting units, and a relief-from-royalty method for brand names. Its auditor, KPMG, identified recoverability of the Birds Eye brand asset and R&F goodwill as a critical audit matter. KPMG highlighted the forecast margins, royalty rate, terminal growth, discount rates and EBITDA market multiple as assumptions requiring significant judgment. The auditor's report says changes to those assumptions could materially alter fair-value estimates; it does not state that the impairment proves a strategic exit is warranted.¹

Frozen-food competition is not a single story

Conagra's filing listed several frozen and temperature-controlled brands but did not disclose comparable Birds Eye share or brand-level economics. Competitor information available by the cutoff offered mixed signals.

Nestlé's 2025 Annual Review said North American market-share trends improved, including gains in frozen food. It also said frozen-food growth remained negative but improved, with share gains for Stouffer's and DiGiorno. That suggests a brand might gain share in a category that is not growing; it does not show that the entire category is healthy or that Conagra would obtain the same result.²

In March 2026, Seneca Foods announced it had purchased the U.S. frozen Green Giant business from B&G Foods, including brand intellectual property, inventory and a Yuma frozen-vegetable facility. Seneca described the deal as enhancing its frozen capabilities. B&G later reported approximately \$63.2 million in consideration, subject to an inventory adjustment. This transaction shows that a buyer saw value in those particular assets. The brands, product mix,

operating base and transaction terms differ from Birds Eye and the R&F reporting unit, so the price is not a valuation benchmark for Conagra.³

General Mills' FY2026 filing, available before the cutoff, included products such as Pillsbury and Totino's among its branded portfolio. It illustrates the range of branded competitors around frozen dough, pizza and snacks, but the filing does not supply a directly comparable Birds Eye category or margin measure.⁴

The allocation choice

The hypothetical team has no published Birds Eye return-on-marketing estimate, product-level forecast, exit cost, buyer offer or approved budget. It must decide what evidence to demand and how to preserve strategic options. It can recommend one of several broad approaches:

1. **Fund a focused recovery effort.** Concentrate product, retail execution and brand-support resources on selected frozen and temperature-controlled propositions, then test whether consumer reach, distribution, price/mix and contribution improve.
2. **Harvest and simplify.** Limit incremental support where the evidence is weak, identify products or activities that do not clear a future hurdle, and redirect attention toward uses with better demonstrated potential once comparable evidence is available. This does not require assuming a sale or naming brands for exit.
3. **Stage the commitment.** Preserve a smaller set of plausible opportunities while imposing decision gates that distinguish category pressure from brand-specific performance and keep a larger capital or portfolio decision reversible until data improve.

No public disclosure in the case establishes that Conagra's executives chose among these paths. Each comes with costs: investment can consume scarce resources without improving demand; harvesting can save resources but risks weakening a brand or retail position before its potential is understood; and staged tests can delay decisive action or yield noisy short-run signals.

What research suggests-and does not

Studies of consumer-goods brand portfolios do not imply a universal rule to expand or prune. Morgan and Rego found portfolio characteristics associated with several marketing and financial outcomes, with some relationships moving in different directions; their firm-level observational data do not estimate Birds Eye's return to investment.⁵ Dawes found penetration increased more than loyalty in many of ten selected growing packaged-goods brands, but the design does not establish what caused growth or predict a declining frozen brand's response.⁶ A study of U.K. packaged-goods packaging found visual elements and sub-brands associated with lower portfolio cohesion; it measured packaging consistency, not sales or margins, and did not identify an ideal number of products.⁷ These findings offer hypotheses for the team to test, not forecasts for Conagra.

Questions for discussion

1. What is the strongest evidence that Refrigerated & Frozen needs a change in resource allocation? What evidence is insufficient to attribute the segment's performance to Birds Eye?
2. How should the team interpret the impairment charges? Which operating and valuation explanations should be separated before recommending action?

3. Which of the three approaches would you choose for the next planning cycle? What explicit evidence or performance gates would change your recommendation?
4. What brand-, product- and customer-level data should Conagra collect before increasing, maintaining or reducing support? How would the team avoid mistaking reported-segment or accounting movements for brand-level returns?

Sources

1. Conagra Brands, Inc., [FY2026 Form 10-K](#), filed July 15, 2026; Item 1, pp. 1-3; Item 7, pp. 28-30; Note 9, pp. 56-58; Note 20, pp. 80-82; KPMG critical audit matter, pp. 83-84.
2. Nestlé S.A., [Annual Review 2025](#), pp. 32, 42-43.
3. Seneca Foods, [March 2, 2026 Green Giant U.S. frozen business announcement](#); B&G Foods, [FY2025 Form 10-K](#), subsequent-event disclosure.
4. General Mills, Inc., [FY2026 Form 10-K](#), filed July 1, 2026, Item 1.
5. Neil A. Morgan and Lopo L. Rego, “Brand Portfolio Strategy and Firm Performance,” *Journal of Marketing* 73(1) (2009): 59-74, [doi:10.1509/jmkg.73.1.059](#).
6. John G. Dawes, “Brand Growth in Packaged Goods Markets: Ten Cases with Common Patterns,” *Journal of Consumer Behaviour* 15(5) (2016): 475-489, [doi:10.1002/cb.1595](#).
7. Ella Ward et al., “Keeping it in the Family: Measures and Drivers of Portfolio Brand Cohesion,” *Journal of Brand Management* 33 (2026): 105-118, published online July 19, 2025, [doi:10.1057/s41262-025-00410-2](#).