

Kenvue - Where to Place the Next Growth Dollar?

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Decision scope: Hypothetical allocation of incremental 2024 brand, innovation, and commercial resources across Kenvue's three segments

Case convention: The decision and alternatives below are author-created for classroom discussion. Kenvue's reported results and statements are historical. No private management deliberations or undisclosed budget are represented.

The decision

Kenvue had recently become an independent consumer-health company with three segments: Self Care, Skin Health & Beauty, and Essential Health. Its third-quarter 2023 results showed a strategic tension. Organic sales grew 3.6%, but reported volume declined 3.5%; 7.1% value realization offset that decline. Kenvue defines value realization to include **price and mix**, so it does not reveal the effect of price alone. [S1], "Third Quarter 2023 Results" and segment tables.

The segment pattern was not uniform. Self Care reported positive volume and value realization. Skin Health & Beauty and Essential Health reported declining volume alongside positive value realization. Management attributed parts of these results to brand activation, innovation, premiumization, portfolio rationalizations, and China softness. The public figures did not isolate the causal contribution of any one factor. [S1], "Segment Results."

For this teaching exercise, assume Kenvue's leadership must decide how to allocate some **incremental** 2024 brand, innovation, and commercial resources. Should it continue to support Self Care's momentum, prioritize volume recovery in the other segments, or stage different investments by segment against evidence gates? No specific amount or actual company proposal is known.

A newly independent company

Kenvue's October 2023 Form 10-Q was its first quarterly filing as a stand-alone public company. The filing described the separation from Johnson & Johnson and the resulting capital structure. It also noted that historical carve-out financials included costs allocated from Johnson & Johnson and might not reflect what Kenvue would have incurred as an independent company. [S2], "Basis of Presentation" and MD&A.

The 10-Q balance sheet reported \$1.062 billion of cash and cash equivalents on 1 October 2023. Separately, the filing described approximately \$1.17 billion retained immediately after the May 8 IPO and distribution to Johnson & Johnson; that earlier figure was not the quarter-end cash balance. Kenvue also reported \$513 million outstanding under a commercial-paper

program authorized up to \$4 billion. Management said cash, operating cash flow, borrowing, and capital-market access were expected to be sufficient for at least the next 12 months. The filing listed brand and digital investment, talent and growth strategies, debt repayment, and general corporate purposes among expected uses of cash. [S2], balance sheet; MD&A, “Liquidity and Capital Resources.”

These disclosures establish that Kenvue was funding its growth as a new stand-alone company. They do not identify an incremental marketing budget, how much could be shifted among segments, or the return expected from a particular program.

Three segments, different results

Kenvue’s third-quarter net sales were \$3.915 billion. The company reported the following segment measures for the three months ended 1 October 2023. Organic growth excludes foreign exchange and acquisitions/divestitures; value realization includes price and mix. Segment adjusted operating income is a company-defined non-GAAP measure. [S1], segment tables and non-GAAP definitions.

Exhibit 1. Third-quarter 2023 segment snapshot

Segment	Net sales	Organic growth	Value realization (price + mix)	Volume	Adjusted operating income
Self Care	\$1.613bn	+6.7%	+5.5%	+1.2%	\$583m
Skin Health & Beauty	\$1.119bn	−0.4%	+6.4%	−6.8%	\$167m
Essential Health	\$1.183bn	+3.8%	+10.0%	−6.2%	\$309m
Total	\$3.915bn	+3.6%	+7.1%	−3.5%	\$1.059bn

Source: Kenvue Q3 2023 release. Values are company-reported. Adjusted operating income should not be treated as a measure of marketing return or incremental contribution.

Management said Self Care growth reflected brand activation and innovation that expanded usage occasions, and it cited share gains for selected brands. For Skin Health & Beauty, management attributed roughly two-thirds of the quarter’s volume decline to portfolio rationalizations and China softness; it said the remaining decline would have been at a low-single-digit rate. In Essential Health, management cited value realization and premiumization, and attributed Listerine momentum in part to innovation and health-professional endorsement. [S1], “Segment Results.”

Those explanations are management’s interpretations. They are not controlled estimates. The release did not disclose campaign spending, SKU-level prices or mix, consumer cohorts, or segment-level marketing returns. The 10-Q described competition from branded products as well as private-label and generic alternatives. [S2], business and risk-factor discussion.

What might explain the pattern?

Several explanations could fit the public results:

- Brand activation or product innovation might have supported volume in Self Care, but the company did not report the incremental spend or causal lift.

- Price, mix, or consumers' willingness to pay might have helped protect sales while unit volume fell in two segments. The reported value-realization measure does not separate these effects.
- Portfolio rationalization, China softness, retailer conditions, distribution, seasonality, and category demand may have affected volume independently of current marketing investment.
- Competitor activity or private-label alternatives could change results by category. Public segment totals cannot identify these effects.

Peer disclosures offered context, but not a control group. In October, Procter & Gamble reported organic growth led by pricing and product mix while total volume was slightly lower; its businesses and reporting period differed from Kenvue's. [S3] Haleon's 2 November trading statement reported organic growth of 5%, with 6.6% price and -1.6% volume/mix; the company cited retailer inventory adjustments and category differences. [S4] These are competitor management explanations, not evidence that Kenvue faced the same drivers.

What research can-and cannot-tell the team

Jedidi, Mela, and Gupta studied marketing policies in one mature nonfood packaged-goods category. Their published 1999 paper used an IRI household panel from 1984-1992, estimated a model of brand choice and purchase quantity, and simulated changes in price, promotions, and advertising. Results differed across the four brands: modeled price cuts could lift sales while reducing profit, and modeled advertising-spend changes had mixed profit effects. The authors' policy changes were simulations from an observational model, not randomized experiments. Their results do not estimate Kenvue's returns. [A1], §§2-6, Tables 5-6, pp. 4-17.

Van Heerde and coauthors' 2013 study examines price and advertising effectiveness across 150 brands and 36 U.K. consumer packaged-goods categories using monthly data from 1993-2010. The publisher abstract reports that effectiveness varied by category and brand over the business cycle. The full article was not reviewed for this case; the abstract does not provide enough detail to assess every design choice or transfer a coefficient. Neither study estimates a Kenvue-specific response or identifies a budget allocation across these three segments. [A2]

Your assignment

Assume you are advising Kenvue's leadership on an incremental 2024 resource-allocation decision. Choose and defend one approach:

1. **Continue momentum:** direct a larger share of incremental resources toward Self Care's reported growth and positive volume.
2. **Prioritize recovery:** direct a larger share toward volume recovery in Skin Health & Beauty and Essential Health.
3. **Stage by segment:** allocate resources to distinct segment hypotheses, release them in stages, and define what evidence would expand, change, or stop each effort.

These are classroom alternatives, not company plans. Do not assume a particular budget, expected lift, target, or profit threshold. You may propose a different approach if it follows from the evidence.

Prepare a short decision memo that:

- explains the strategic logic and the strongest counterargument;

- identifies what the aggregate figures establish and what they do not;
- states which measures and tests you would require before committing further resources; and
- addresses how a newly independent company should preserve learning while balancing growth investment and other cash uses.

Discussion questions

1. What is the most decision-relevant signal in the Q3 segment data? What would be an overclaim?
2. Which of management's causal explanations deserve the most weight, and what independent evidence would you seek?
3. What can the academic studies contribute to this decision? Which findings should not be transferred to Kenvue?
4. Would you concentrate, redirect, or stage incremental resources? What evidence would make you change course?
5. Which leading and lagging measures would distinguish consumer demand, distribution, mix, and profitable growth?

Sources and conventions

S1. Kenvue, [Q3 2023 results release](#), 26 October 2023; results for quarter ended 1 October 2023. Segment table, management commentary and non-GAAP definitions.

S2. Kenvue, [Form 10-Q](#), filed 3 November 2023, accession 0001944048-23-000102; quarter ended 1 October 2023. Balance sheet; MD&A, "Liquidity and Capital Resources"; "Basis of Presentation"; business and risk-factor discussions.

S3. Procter & Gamble, [FY2024 Q1 results](#), 18 October 2023.

S4. Haleon, [Q3 2023 trading statement](#), 2 November 2023.

A1. Jedidi, K., Mela, C.F., & Gupta, S. (1999). "Managing Advertising and Promotion for Long-Run Profitability." *Marketing Science*, 18(1), 1-22. [DOI](#); [full article PDF](#).

A2. van Heerde, H.J., Gijsenberg, M.J., Dekimpe, M.G., & Steenkamp, J.-B.E.M. (2013). "Price and Advertising Effectiveness over the Business Cycle." *Journal of Marketing Research*, 50(2), 177-193. [DOI and publisher abstract](#). Abstract/metadata only; the full text was not read for this case.

The case uses information available through 3 November 2023, 11:59 p.m. ET. Company explanations are attributed. "Value realization" means price plus mix, not pure price. No later results or outcomes are included.