

Kraft Heinz: Where Should the Next Investment Go?

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A planning choice after a difficult year

By October 2026, Kraft Heinz leaders faced a strategic question that could not be answered by looking at one sales number. The company had paused work on its proposed separation and announced a major commercial investment program. After its second quarter, management raised the 2026 incremental investment estimate again. The company described early improvement in some share indicators, while reported sales still showed weak volume/mix in North America and stronger results in Emerging Markets.

As the company looked toward FY2027 planning, a hypothetical leadership team had to decide how to prioritize the next cycle of investment: concentrate on recovering North America, favor platforms and markets showing stronger growth, or release investment in stages across the portfolio. The question was also how to judge whether the spending was working.

This is a hypothetical planning decision, not a disclosed internal budget meeting or an actual FY2027 allocation. Public disclosures do not provide a complete investment allocation by brand, region, channel, or activity.

What is being invested-and what is not known

In February 2026, Kraft Heinz paused work on a previously proposed separation and announced approximately \$600 million of incremental investment for 2026 compared with 2025. Management described the initial investment across marketing, sales capabilities, product development and superiority, and select pricing; it said a majority would be focused on the U.S. turnaround.

On August 5, after Q2 results, management increased the 2026 incremental investment estimate by \$100 million, to approximately \$700 million versus 2025. The company said the added amount would be concentrated in marketing across core brands and innovation. Management also reported that about one-third of the original \$600 million had been spent in the first half, with spending expected to be broadly even in Q3 and Q4. These are management's plans and estimates. The public materials do not disclose the full actual spend by brand, activity, retailer, or region, or a measured causal return.

The approximately \$700 million is a 2026 incremental investment estimate versus 2025. It is not the total advertising budget, a guaranteed final expenditure, a disclosed FY2027

appropriation, or proof of return. The proposed separation remains paused, and the company's filing said whether or when work might resume or the separation be completed was uncertain.

The second-quarter picture

Kraft Heinz's fiscal second quarter ended June 27, 2026. In Q2, the company reported net sales of \$6.262 billion, down 1.4% year over year. Organic Net Sales (ONS), a company-defined non-GAAP measure that excludes applicable currency, acquisitions and divestitures, and a 53rd week, were \$6.207 billion, down 1.3%. In the company's ONS bridge, price contributed 1.3 percentage points while volume/mix reduced sales by 2.6 points.

Those measures describe different things. Net sales include the effect of currency and acquisitions/divestitures; ONS excludes those effects. The ONS price and volume/mix bridge is company-defined, not a consumer-panel measure. GAAP operating income and adjusted operating income are also distinct: the company reported a Q2 GAAP operating loss of \$6.431 billion, chiefly due to \$7.4 billion of noncash impairment losses, while adjusted operating income was \$1.041 billion, down 18.4%.

Results varied by the company's pre-July reporting cuts:

Pre-July reporting cut	Q2 ONS	Price	Volume/mix	H1 ONS
North America	\$4.626bn, -2.7%	+1.1pp	-3.8pp	\$9.064bn, -2.0%
International Developed Markets	\$846m, -0.7%	+0.7pp	-1.4pp	\$1.625bn, -0.4%
Emerging Markets	\$735m, +8.5%	+4.5pp	+4.0pp	\$1.437bn, +6.1%

H1 means the six months ended June 27; it is not another name for Q2. H1 ONS for Kraft Heinz was \$12.126 billion, down 0.9%, with price +1.0 point and volume/mix -1.9 points. In North America, the company cited declines in meats, spreads and cheese and Easter timing. The Q2 presentation also estimated an Easter headwind of about 100 basis points to consolidated ONS and an approximately 80-basis-point consolidated comparison benefit from prior-period inventory pull-forward. These are company explanations; the inventory effect was stated at the consolidated level, not specifically for North America.

The company's Q2 reporting reflected its pre-July structure: North America and International reportable segments, with International Developed Markets and Emerging Markets detail. A new operating structure took effect July 1, with North America, Europe and Pacific Developed Markets, and Emerging Markets regions, plus centralized Procurement and Supply Chain. Kraft Heinz said revised reporting was expected beginning with Q3. Q2 results were not recast into the new regions, and by October 4 there were no post-change Q3 results in this case's information set.

The reporting cuts are also not the same as commercial descriptions such as U.S. Retail, Global Away From Home, brand platforms, or the company's "HOLD / WIN / WIN BIG" framework. A percentage reported for one commercial cut cannot automatically be compared with a financial reporting segment.

Signs of momentum-and uncertainty about the cause

Management said brands were resonating with consumers, share performance was improving, and brands responded well when the company invested behind them. The Q2 presentation reported that the share of portfolio revenue “gaining or holding share” was 36% year-to-date in 2026, compared with 21% for FY2025. It separately reported that revenue associated with its “WIN BIG” platform rose from 28% to 45%, and that a U.S. Retail series increased from 12% to 30% through June 28.

These are company-selected, coverage-weighted indicators drawing on different sources, time periods, geographies, and category hierarchies. “Holding share” is not the same as gaining share. The indicators do not measure incremental sales, profit, or a causal effect of investment. In Q&A, management estimated Q2 consumption at about –2.5%, July consumption at about –1%, and recent share weakness of roughly 20 basis points. It also described positive year-to-date progress in marketing and promotion ROI, but did not disclose the study design, counterfactual, brand-level return, or confidence around that assessment.

Several explanations could coexist. Commercial investment may increase awareness, trial, repeat purchase or distribution over time. Price and promotion can change brand choice, category purchases, basket quantities and purchase timing. Consumer trade-down, retailer negotiations, customer inventory, product mix, out-of-stocks, competitive activity, innovation, quality, supply execution, currency, and seasonal timing may also affect reported outcomes. A consolidated sales bridge cannot distinguish these effects by itself.

Academic research offers useful questions rather than company-specific answers. A study of mature French brands found that modeled sales response varied across advertising, promotion, product breadth, and distribution. A meta-analysis of brand-advertising studies found average elasticities varied with category, maturity, measurement and estimation choices. Studies of promotion and national-brand/private-label pricing describe multiple possible short- and longer-term consumer responses. These studies use different countries, brands, products, periods and methods; none supplies a Kraft Heinz return estimate.

Three possible planning postures

The following options are hypothetical alternatives for the next planning cycle. Each must be tested against the same definitions and time horizon.

A. Concentrate on North American recovery

Give priority to North America, where volume/mix remained negative in Q2 and H1 despite positive price contributions. Support selected brands or categories through brand building, product work, customer execution, price/pack changes, or distribution initiatives.

The question is whether deeper concentration can reverse consumer demand and share, and how long leaders should support initiatives before reallocating. North America’s sales bridge alone does not identify the brands, channels, customers, or causes that need investment.

B. Put more weight behind demonstrated growth platforms and markets

Direct more incremental attention toward platforms, channels, or markets where management reports improving share or stronger volume/mix, including Emerging Markets or selected Away From Home opportunities.

The question is whether observed momentum can scale profitably, and whether regional results reflect consumer response, pricing, currency, mix, distribution, negotiations, or market-specific

conditions. A high growth rate by itself does not prove that the next dollar will earn the best return.

C. Allocate in stages across the portfolio

Maintain investment across regions and platforms, but release the next increments only when agreed consumer, share, volume/mix, customer-execution, and contribution evidence is observed. Stage-gating may preserve flexibility while the company learns which effects persist.

The question is how to set fair gates when brand-building may take time, while avoiding continued support for initiatives whose results are only shipment timing, price effects, or retailer inventory changes.

Your assignment

You are advising a hypothetical FY2027 planning team. Recommend a priority posture and an evidence system that would govern continuation, reallocation, or pause.

Address the following:

1. Which regions, platforms, or commercial activities would receive priority, and why?
2. What consumer, customer, distribution, and financial measures would distinguish investment response from price, promotion, inventory, mix, or timing effects?
3. How would you design a staged test or comparison that accounts for category, brand, retailer, and regional differences?
4. What evidence would make you increase, reallocate, or stop investment?

State assumptions and limits. Do not treat approximately \$700 million as a FY2027 budget or a proven return. Separate quarter from first half; separate ONS from GAAP net sales; preserve the pre-/post-July reporting boundary; and attribute company and management claims.

Public-source basis

This case uses Kraft Heinz's Q2 2026 Form 10-Q, Q2 results release, business update and official prepared-discussion/Q&A transcripts; FY2025 Form 10-K; February 2026 operating-plan and separation-pause announcement; 2026 proxy statement; and June 2026 operating-structure announcement. Exact locators, actual reading depth, study versions, and source limitations appear in the research dossier. Information after October 4, 2026-including Q3 results and November Investor Day materials-is excluded.