

Why Unilever Gave Up Its Most Beloved Food Brands

My father spent 39 years at Nestlé, and often described the food business as one of the most operationally-demanding areas in consumer goods.

Unpredictable costs, complex supply chains, and intense retail competition make it really difficult for even leading brands to keep growing the bottom line.

So Unilever's decision to combine its foods business with McCormick & Company isn't a retreat from food, but a re-focus on areas where it can naturally make more money.

For decades, Unilever's foods portfolio, which included global brands like Hellmann's and Knorr, built deep consumer trust and helped define modern brand management.

But while food categories are culturally relevant, they usually have thinner margins and are much more of a logistical headache than beauty, personal care, and home care.

Where brand legacy and financial returns collide

This type of portfolio realignment has become more common as public CPG giants are pressured to improve margins, and avoid lines of business that don't pay off.

These companies are increasingly separating their low-margin businesses that need massive scale just to break even, from their businesses selling premium products where price increases won't scare customers away.

Unilever is giving ownership of its storied food brands to a

company focused on flavor and seasoning.

McCormick also operates a business model built around ingredients and taste, so it can be more efficient and innovate on its products much better than a diversified conglomerate like Unilever.

Here's what marketers can learn from this

First, companies are going to invest in products that make the most money.

Even iconic brands aren't going to get funded if they're selling low margin products in a sprawling portfolio. Marketers need to understand this to build strategies that align with their organization's financial priorities.

Second, deep focus can create a better future for a brand.

Given McCormick's expertise, Unilever's food products may benefit from a different product roadmap, partnerships with other brands, and different positioning. These factors can impact how quickly new food products are released, where media is allocated, and potentially lead to bolder marketing creative.

Third, this deal reflects a greater trend of CPG businesses trying to simplify

Rather than managing sprawling portfolios across unrelated categories, companies are increasingly concentrating resources where they believe they can be most competitive and maximize value for shareholders.

A win-win for Unilever and McCormick

With this restructuring, Unilever can concentrate on beauty, personal care, and home care—categories that usually have stronger margins and faster global growth.

McCormick has the opportunity to deepen its leadership in flavor and expand its reach across adjacent food segments.

For the broader CPG ecosystem, the move is a reminder that even iconic brands are governed by economic fundamentals.

The power of brand equity doesn't override the basic economics of selling products: they need to be profitable, they can't be too difficult to produce, and they need to grow.

Marketing and brand leaders need to navigate organizations shaped by the financial needs of their companies as much as by consumer insight.

They must understand that balance to make the best case for the brands they support to get the budgets they need.

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