

DECEMBER 2023



A GREEDFLATION REPORT:

# SHRINKFLATION

HOW CORPORATIONS ARE SHRINKING PRODUCTS TO SUPER-SIZE PROFITS



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# INTRODUCTION

Greedflation, when corporations use inflation as cover to raise prices and increase their own profits, has been a significant contributor to rising costs for American families over the past few years. While overall inflation rose by 14 percent from July 2020 to July 2022,<sup>1</sup> **corporate profits grew by 74 percent over that same period**<sup>2</sup> – five times as fast as inflation. In fact, Federal Reserve research shows that 41 percent of inflation over this time was due solely to larger corporate profit-making.<sup>3</sup>

It's not uncommon for a company to try to increase profits by raising prices, but some companies found creative ways to make even more money by simply giving customers less. Shrinkflation is the practice of companies reducing product size while maintaining the same retail price. This practice is especially common among companies that sell consumer goods like household paper products, cleaning products, snacks, and candy. As with inflation and greedflation, shrinkflation eats into the purchasing power of American families.

The Bureau of Labor Statistics, which calculates inflation in the economy through its Consumer Price Index (CPI), has determined which product groups are most affected by shrinkflation. The following table shows what product categories have been downsized—or shrunk—in recent years. Unfortunately for American families, popular purchasing categories like household paper products and snacks are most impacted, with about 10 percent of inflation being driven solely by shrinkflation.

Today, household paper products, like toilet paper and paper towels, are 34.9 percent more expensive per unit than they were in January 2019. Of that total cost increase, 10.3 percent is due to producers shrinking the size of rolls and packages. Similarly, snacks like Oreos and Doritos have become 26.4 percent more expensive since January 2019, and 9.8 percent of that price increase has been accomplished by giving families fewer chips and cookies for their dollar.

These kinds of changes are often intended to obscure the very real fact that American families are getting less for their money. It is obvious that the cost of toilet paper rose; it is harder to detect that rolls shrank in size. But both have the same effect: American families are getting less and corporations are making more. Any trip to the grocery store can turn up plentiful examples of corporate shrinkflation in action.

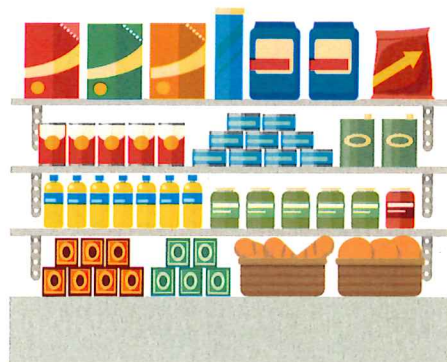




**ITEM CATEGORIES WITH THE HIGHEST SHRINKFLATION,  
BY PERCENT, JAN. 2019–OCT. 2023**

Item	Unit Price Change %, Including Shrinkflation Jan 2019-Oct 2023	Unit Price Change %, Excluding Shrinkflation Jan 2019- Oct 2023	% of Measured Price Increase Attributable to Shrinkflation
Household Paper Products	34.9%	31.2%	10.3%
Snacks	26.4%	23.9%	9.8%
Candy & Chewing Gum	29.7%	27.7%	7.0%
Household Cleaning Products	24.5%	22.7%	7.3%
Coffee	22.0%	20.5%	7.2%
Sugar & Artificial Sweeteners	44.5%	43.0%	3.3%
Ice Cream & Related Products	21.4%	20.0%	7.0%
Fresh Biscuits, Rolls, & Muffins	28.1%	26.8%	4.6%
Other Processed Fruits & Veg.	23.7%	22.4%	5.4%
Frozen Prepared Foods	29.3%	28.1%	4.0%

*BLS data provided to the Office of Senator Casey*





# BREAKFAST

**6% DECREASE  
BY WEIGHT**



**19.3 OZ**



**18.1 OZ**

## COCOA PUFFS FAMILY SIZE

Many cereal makers, including General Mills, maker of Cocoa Puffs, have used shrinkflation on family favorites. In 2021, General Mills dropped the size of its “Family Size” offerings for multiple cereal products.<sup>4</sup> In the case of Cocoa Puffs, General Mills dropped the “Family Size” box from 19.3 ounces to 18.1 ounces of cereal – and charged the same price, at least at first.<sup>5</sup> Shrinkflation was eventually followed by traditional price hikes. In June 2023, General Mills would brag that it was “getting smart about how we look at pricing”<sup>6</sup> after having previously hiked prices five times from June 2021 to June 2022.<sup>7</sup>

“This weird paste doesn’t melt anymore, ... Why the change? Wait, I know...water is cheaper than oil, but charge the same price!...Shareholders rejoice!  
-George from Boulder, Website Review of Smart Balance, as quoted by Retail Brew in 2022.<sup>8</sup>

**40% DECREASE  
IN VEGETABLE OIL CONTENT**



**64%  
VEGETABLE  
OIL**



**39%  
VEGETABLE  
OIL**

## SMART BALANCE

For Americans who prefer toast in the morning, their breakfast isn’t necessarily getting smaller, but may not be as good as it used to be. Sometimes big corporations will try to pull a fast one on American families by using a tactic closely related to shrinkflation – skimpflation. In 2022, ConAgra attempted to quietly reformulate its Smart Balance spread by drastically dropping the product’s vegetable oil content by 40%, resulting in a watery product that sparked consumer backlash.<sup>9</sup> The reception to the new formula was so poor, in fact, that Smart Balance reversed course and went back to the old recipe.<sup>10</sup>



# SNACKS

## 5% DECREASE IN SIZE BY WEIGHT



9.75 OZ



9.25 OZ

## DORITOS

Frito-Lay reduced the size of a bag of Doritos from 9.75 ounces to 9.25 ounces.<sup>11</sup> Frito-Lay blamed the pandemic, but Frito-Lay North America's operating profit increased 9 percent from 2021 to 2022,<sup>12</sup> while Frito-Lay's parent company, PepsiCo, touted the snack-maker's performance.<sup>13</sup> Prices for Doritos increased as volume decreased,<sup>14</sup> and PepsiCo outperformed its earnings expectations.<sup>15</sup>

“We took just a little bit out of the bag so we can give you the same price and you can keep enjoying your chips. -Frito-Lay Representative<sup>16</sup>

## 12% DECREASE IN SIZE BY WEIGHT



16 OZ



14 OZ

## FAMILY SIZE WHEAT THINS

Fans of Wheat Thins are in the same boat as Dorito lovers. Mondelez International, the parent company of Nabisco, shrunk a family size box of Wheat Thins from 16 ounces to 14 ounces, but kept the price the same.<sup>17</sup> The company did the same with the family size version of the reduced fat Wheat Thins, shrinking them from 14.5 ounces to 12.5 ounces.<sup>18</sup> For Q3 2023, Mondelez reported an adjusted gross profit increase of \$648 million, and issued an improved earnings outlook.<sup>19</sup>



**6% DECREASE  
IN SIZE BY WEIGHT**



**1 LB 4 OZ**



**1 LB 2.71 OZ**

**DOUBLE STUF OREOS**

Even iconic snacks have not been spared from shrinkflation. Oreo enthusiasts claim that Mondelez International tampered with the amount of filling in each Oreo – a claim that Mondelez denies.<sup>20</sup> While changes to the cookie's creme ratio remain unverified, Mondelez indisputably shrank its family size packs of Double Stuf Oreos. Where family size packages were once 1 pound, 4 ounces, they are now 1 pound, 2.71 ounces.<sup>21</sup>





# DRINKS

## 12% DECREASE IN DRINK VOLUME



32 OZ

28 OZ

### GATORADE

PepsiCo recently replaced their 32 oz Gatorade bottle with a 28 oz bottle for the same price.<sup>22</sup> While the company tried to claim the bottle redesign made the materials “a bit more expensive,” a marketing expert said the difference in cost between the two bottle shapes was “probably less than 2 cents.”<sup>23</sup> Likewise, the company tried to claim the bottle redesign was driven by a desire to make the bottle “more aerodynamic,”<sup>24</sup> though the company has yet to market the 28 oz Gatorade bottle as a football alternative.

“This is as good an example of shrinkflation as you can see in the consumer goods market, their ability to change the size on certain products, make them a little smaller, keep the price the same.” -*The Motley Fool's Chris Hill*<sup>25</sup>

## 7% DECREASE IN DRINK VOLUME



64 OZ

59 OZ

### GOLD PEAK TEA

PepsiCo's traditional rival, Coca-Cola, has also practiced shrinkflation. The company has a long pre-pandemic history of the domestic and international shrinkflation of its beverages.<sup>26</sup> Over the past few years, Coca-Cola began to reduce its half gallon (64 ounce) Gold Peak Tea bottles to 59 ounces.<sup>27</sup> Coca-Cola's Chairman and CEO stated that “package innovation” is taking a bigger role in their strategy.<sup>28</sup> Modern Retail put it in simpler terms: “Shrinkflation is boosting Coca-Cola's bottom line.”<sup>29</sup> Not that Coca-Cola's enthusiasm for shrinkflation dulled the company's desire to hike prices directly: their CEO proclaimed in February 2023 that his company “earned the right” to hike prices.<sup>30</sup>



# HOUSEHOLD GOODS

**7% DECREASE**  
**IN SHEET COUNT**



**264 SHEETS**

**244 SHEETS**

## CHARMIN ULTRA SOFT

Toilet paper has returned to the shelves after the pandemic shortages of 2020. Unfortunately, American families often get less paper for the same price. Charmin Ultra Soft Mega rolls decreased from 264 double-ply sheets a roll to 244 sheets, while Ultra Soft Super Mega rolls have decreased from 396 sheets to 366.<sup>31</sup> The trend is not limited to a single brand, as Cottonelle's one-ply mega rolls went from 340 to 312 sheets while its two-ply sheets went from 284 to 268.<sup>32</sup> Although Scott's toilet paper has remained at 1,000 sheets per roll, one investigator found it has become thinner, effectively shrinking the product without changing the number of sheets per roll.<sup>33</sup>

**7% DECREASE**  
**IN NUMBER OF TISSUES**



**65 SHEETS**

**60 SHEETS**

## KLEENEX ULTRA SOFT

Families may look to stock up on tissues as we enter cold and flu season, but it will come at the health of their wallets. In the past, a small box of Kleenex tissues had 65 tissues. It now has 60.<sup>34</sup> Kimberly-Clark, the maker of Cottonelle, Scott, and Kleenex, reported a decrease in the cost to make their products – at the same time it spent more on marketing and executive compensation.<sup>35</sup> When asked by the Associated Press, “Kimberly-Clark... didn't respond to requests for comment on the reduced package sizes.”<sup>36</sup>



**28% DECREASE**  
IN NUMBER OF SHEETS



**168 SHEETS    120 SHEETS**

**GREAT VALUE ULTRA STRONG**

Trying to save money by purchasing store-brand paper towels may not help. Walmart's Great Value paper towels shrank from 168 two-ply sheets per roll to 120.<sup>37</sup>

**7% LESS**  
SOAP IN THE SAME BOTTLE



**7 FL OZ    6.5 FL OZ**

**DAWN ULTRA**

One of the sneakiest examples of shrinkflation is a change made to Dawn Ultra & Dawn Ultra Platinum dish soap. Proctor & Gamble, the makers of Dawn, reduced the formerly 7-ounce dish soap to 6.5 ounces but left the bottle the same physical size with the same price.<sup>38</sup> They simply filled the bottle with slightly less liquid and hoped families would not notice. The following year, P&G reported it did not see a need to offer sales or price cuts<sup>39</sup> and celebrated returning "\$3.8 billion of cash to shareowners via approximately \$2.3 billion of dividend payments and \$1.5 billion of common stock repurchases."

Dawn filled the bottle with slightly less liquid and hoped families wouldn't notice.



# CONCLUSION

There is no denying that shrinkflation is real and that it is having a measurable impact on family budgets, but there is still much to learn about the tactic and its full effect on American consumers. To better protect families' pocketbooks, Senator Casey is demanding answers about pricing strategies and package size practices from the trade associations representing household consumer products, and food and beverage corporations. His letters to the Consumer Brands Association, representing food and beverage manufacturers; the American Beverage Association, representing non-alcoholic beverage companies; SNAC International, the trade association for the snack industry; and the Personal Care Products Council, representing personal care products companies, are at the end of this report. American families deserve to know how and when they are getting less for their money, and corporations should not be able to hide price hikes with shrinkflation.

More broadly, Senator Casey believes we can lower costs for working families by doing four simple things:

1. Put more money in the pockets of working families;
2. Make big corporations pay their fair share;
3. Fight unfair corporate pricing gouging; and
4. Take on corporate monopolies to increase competition and lower costs.

Senator Casey will continue to fight to level the playing field for Pennsylvania's working families in Washington.





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# ADDENDUM

ROBERT P. CASEY, JR.  
PENNSYLVANIA

COMMITTEES:  
FINANCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
SELECT COMMITTEE  
ON INTELLIGENCE  
SPECIAL COMMITTEE ON AGING

United States Senate

WASHINGTON, DC 20510

December 13, 2023

David Chavern  
President and CEO  
Consumer Brands Association  
1001 19th St N  
Arlington, VA 22209

Dear Mr. Chavern:

I write to you with growing concern about working families in Pennsylvania and across our Nation being pinched by big corporations raising prices despite reporting a string of record profits. In recent weeks, I have released reports detailing the consequences of greedflation, whereby big corporations have used economic turmoil as cover to raise prices beyond the rate of inflation. While consumers bear higher prices, Federal Reserve data show that corporate profits rose five times as fast as the rate of inflation from July 2020 to July 2022<sup>1</sup> and accounted for 41 percent of inflation during America's post-pandemic recovery.<sup>2</sup> It is hard to square how corporate executives can trumpet record profits at the same time Pennsylvania families have kitchen table conversations about stretching every dollar. The Consumer Brands Association (CBA) represents dozens of companies that produce nearly 2,000 brands ranging from household and personal care to food and beverage products. I therefore seek your assistance in gathering information about steps the association's members can take to reduce economic pressure on working families across our Nation.

My recent reports examining greedflation cited numerous examples of corporate executives touting their ability to hike prices in recent years, including multiple members of the association. For example, General Mills, hiked prices five times between June 2021 and June 2022,<sup>3</sup> reporting on an earnings call that the company was, "getting smart about how we look at pricing."<sup>4</sup> Similarly, the CFO of Conagra Brands, Inc. (Conagra) said that food companies "tend to do better" when times are rough "because people... don't go out to eat as much," which "plays well for us."<sup>5</sup> A Goldman Sachs analyst noted that Conagra "had been able to price its profits above inflation rates and recovered its profit margins."<sup>6</sup> The *Wall Street Journal* noted that the

<sup>1</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 1; see also <https://fred.stlouisfed.org/graph/?g=1aF4V> and <https://fred.stlouisfed.org/graph/?g=1aF9q>

<sup>2</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 2; see also <https://www.kansascityfed.org/research/economic-bulletin/corporate-profits-contributed-a-lot-to-inflation-in-2021-but-little-in-2022/>

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company took a series of double-digit percentage price increases in 2022.<sup>7</sup> Companies outside of the food industry also took similar approaches: Colgate-Palmolive, a major toothpaste and dish soap producer, hiked prices 12 percent throughout the first quarters of 2022 and 2023, driving profits higher even as sales volume fell.<sup>8</sup> Its chief executive touted how the company “led pricing” in the sector, noting that as other competitors followed Colgate-Palmolive’s lead, there was less pressure to cut prices.<sup>9</sup>

In addition to these public pronouncements of price hikes, corporations are also downsizing products without adjusting prices or clearly notifying consumers. Known as shrinkflation, these hidden price increases hurt working families in Pennsylvania and across our Nation by raising the unit cost of everyday items like food and household products. Despite corporate efforts to pass on higher prices without detection, a November poll found that 50 percent of U.S. respondents reported noticing food product sizes getting smaller, while prices remained the same.<sup>10</sup> Reports from multiple states have even shown that families participating in food assistance programs lost access to certain brands of milk,<sup>11</sup> orange juice,<sup>12</sup> oatmeal, and grits,<sup>13</sup> after companies downsized them. Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.<sup>14</sup>

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.<sup>15</sup> For example, corporations may reduce the size of containers by a few ounces,<sup>16</sup> add air to a package, or even increase the divot at the bottom of a jar,<sup>17</sup> all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.<sup>18</sup> If shrunken products are later “upsized,” corporations often advertise them as “bonus buy” or “more for the money,” and sometimes sell them at a higher price.<sup>19</sup> Companies have used shrinkflation for a variety of products, including baby formula,<sup>20</sup> toilet paper,<sup>21</sup> snack food,<sup>22</sup> paper towels,<sup>23</sup> beverages,<sup>24</sup>

<sup>7</sup> <https://www.wsj.com/articles/conagra-cfo-doesnt-see-need-for-big-price-increases-in-near-term-11673561602>

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cleaning products,<sup>25</sup> and even pet food.<sup>26</sup> Procter & Gamble, a CBA member and the maker of Dawn Ultra and Dawn Ultra Platinum dish soap, opted to reduce a 7-ounce Dawn bottle to 6.5-ounces but did not lower the price.<sup>27</sup> Mondelez International, Inc., another association member, chose to shrink family size packages of Double Stuf Oreos from 1 pound, 4 ounces to 1 pound, 2.71 ounces.<sup>28</sup> Rather than paying less and getting more, the veiled corporate tactics of shrinkflation lead consumers to unwittingly pay more and get less, increasing day-to-day costs and reducing the buying power of working families.

Given CBA's convening power among the most influential leaders of the consumer packaged-goods industry, I request that you provide answers to the following questions no later than January 24, 2024:

1. My November report found that association members increased prices by more than 10 percent over the past year.<sup>29</sup> Among all association members, please identify which companies increased the price of individual products by 10 percent or more compared to the previous year at any time since January 1, 2021. Additionally, please provide a detailed description of how association members make product pricing decisions, including factors such as material costs, market demand, target profit margins, and target customers.
2. Bureau of Labor Statistics (BLS) data show that certain item categories have experienced more downsizing, or shrinkflation, than other product categories. For instance, snacks today are 26 percent more expensive compared to January 2019, and ten percent of that change is linked solely to shrinkflation.<sup>30</sup> Similarly, cleaning products prices increased 24 percent over the same period, over seven percent of which is tied to shrinkflation.<sup>31</sup> How do association members evaluate costs to consumers when they choose to effectively increase the unit prices by downsizing products?
3. Public and private actors have adopted commonsense steps to help inform consumers and protect them from shrinkflation.<sup>32</sup> For example, grocery stores typically list unit prices for products<sup>33</sup> and the French government is implementing a label requirement for products that have been reduced in weight.<sup>34</sup> How have association members sought to notify and inform consumers about changes in the size of their products? Has CBA considered the feasibility of adding unit price adjustments to its consumer tool, SmartLabel?

<sup>25</sup> <https://www.pbs.org/newshour/show/manufacturers-use-shrinkflation-to-pass-costs-on-to-consumers>

<sup>26</sup> <https://www.washingtonpost.com/business/2021/06/01/package-sizes-shrink-inflation/>

<sup>27</sup> <https://www.abc15.com/news/local-news/valley-consumers-start-to-notice-shrinkflation>

<sup>28</sup> <https://www.nprillinois.org/illinois/2023-05-30/shrinkflation-still-hitting-store-shelves>

<sup>29</sup> Greedflation report; see also <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html#> and <https://www.reuters.com/business/retail-consumer/clorox-forecasts-strong-annual-profit-higher-prices-steady-demand-2023-08-02/>

<sup>30</sup> BLS Data Prepared at the Request of Senator Casey's Office

<sup>31</sup> BLS Data Prepared at the Request of Senator Casey's office

<sup>32</sup> <https://www.bloomberg.com/opinion/articles/2021-06-24/shrinkflation-is-the-grocery-store-s-inflation-secret>

<sup>33</sup> <https://www.cnbc.com/2023/04/27/how-to-avoid-shrinkflation.html>

<sup>34</sup> <https://www.gamberosointernational.com/news/what-is-shrinkflation-and-how-france-is-fighting-to-reduce-it/>



4. I am concerned about shrinkflation's effect on the efficacy of federal programs, particularly those serving low-income and middle-class Americans. Recent reports from multiple states show how shrinkflation creates barriers for families and older adults purchasing groceries through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). How has the association and its members evaluated the effect of downsizing products on recipients of state-administered food programs such as WIC and the Supplemental Nutrition Assistance Program (SNAP)? What steps has the association and its members taken to work with states to ensure that everyday necessities remain accessible to beneficiaries?

Thank you for your attention to this important issue. If you or your staff have any questions, please contact Corey Husak on my staff at 202-224-6324.

Sincerely,



Robert P. Casey, Jr.  
United States Senator





ROBERT P. CASEY, JR.  
PENNSYLVANIA

COMMITTEES:  
FINANCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
SELECT COMMITTEE  
ON INTELLIGENCE  
SPECIAL COMMITTEE ON AGING

## United States Senate

WASHINGTON, DC 20510

December 13, 2023

Kevin W. Keane  
President & CEO  
American Beverage Association  
1275 Pennsylvania Ave, NW  
Suite 1100  
Washington, DC 20004

Dear Mr. Keane:

I write to you with growing concern about working families in Pennsylvania and across our Nation being pinched by big corporations raising prices despite reporting a string of record profits. In recent weeks, I have released reports detailing the consequences of greedflation, whereby big corporations have used economic turmoil as cover to raise prices beyond the rate of inflation. While consumers bear higher prices, Federal Reserve data show that corporate profits rose five times as fast as the rate of inflation from July 2020 to July 2022<sup>1</sup> and accounted for 41 percent of inflation during America's post-pandemic recovery.<sup>2</sup> It is hard to square how corporate executives can trumpet record profits at the same time Pennsylvania families have kitchen table conversations about stretching every dollar. The American Beverage Association (ABA) represents hundreds of non-alcoholic beverage producers, distributors, and franchise companies. I therefore seek your assistance in gathering information about steps the association's members can take to reduce economic pressure on working families across our Nation.

My recent reports examining greedflation cited numerous examples of corporate executives touting their ability to hike prices in recent years, including multiple members of ABA. For example, the Coca-Cola Company (Coca-Cola) increased the price of its products by 11 percent over the course of 2022.<sup>3</sup> The company's chief executive said at the time that Coca-Cola had "earned the right" to hike prices for consumers.<sup>4</sup> Coca-Cola's rival, and another association member, PepsiCo Inc. (PepsiCo), also significantly increased prices. In April, PepsiCo stated that it had increased prices 16 percent during the first quarter of 2023.<sup>5</sup> On an earnings call, executives went a step further: PepsiCo's chief executive told investors that even though

<sup>1</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 1; see also <https://fred.stlouisfed.org/graph/?g=1aF4V> and <https://fred.stlouisfed.org/graph/?g=1aF9q>

<sup>2</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 2; see also <https://www.kansascityfed.org/research/economic-bulletin/corporate-profits-contributed-a-lot-to-inflation-in-2021-but-little-in-2022/>

<sup>3</sup> <https://www.reuters.com/business/retail-consumer/coca-cola-sees-annual-profit-above-estimates-resilient-demand-price-hikes-2023-02-14/>

<sup>4</sup> <https://www.reuters.com/business/retail-consumer/raise-prices-or-not-consumer-goods-makers-weigh-bets-buyer-strength-2023-02-20/>

<sup>5</sup> <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html>





inflation was declining, their prices would not,<sup>6</sup> a message reinforced by the company's chief financial officer, who said in a television interview that "consumers generally look at our products and say 'you know what – they are worth paying a little bit more for.'"<sup>7</sup>

In addition to these public pronouncements of price hikes, corporations are also downsizing products without adjusting prices or clearly notifying consumers. Known as shrinkflation, these hidden price increases hurt working families in Pennsylvania and across our Nation by raising the unit cost of everyday items like food and household products. Despite corporate efforts to pass on higher prices without detection, a November poll found that 50 percent of U.S. respondents reported noticing food product sizes getting smaller, while prices remained the same.<sup>8</sup> Reports from multiple states have even shown that families participating in food assistance programs lost access to certain brands of milk,<sup>9</sup> orange juice,<sup>10</sup> oatmeal, and grits,<sup>11</sup> after companies downsized them. Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.<sup>12</sup>

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.<sup>13</sup> For example, corporations may reduce the size of containers by a few ounces,<sup>14</sup> add air to a package, or even increase the divot at the bottom of a jar,<sup>15</sup> all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.<sup>16</sup> If shrunken products are later "upsized," corporations often advertise them as "bonus buy" or "more for the money," and sometimes sell them at a higher price.<sup>17</sup> Companies have used shrinkflation for a variety of products, including baby formula,<sup>18</sup> toilet paper,<sup>19</sup> snack food,<sup>20</sup> paper towels,<sup>21</sup> beverages,<sup>22</sup> cleaning products,<sup>23</sup> and even pet food.<sup>24</sup> In addition to hiking prices, PepsiCo engaged in shrinkflation: the company opted to change the size of one of its most popular products, Gatorade. PepsiCo unveiled a new "aerodynamic" 28-ounce bottle in lieu of its standard 32-

<sup>6</sup> <https://seekingalpha.com/article/4596343-pepsico-inc-pep-q1-2023-earnings-call-transcript>

<sup>7</sup> <https://www.bloomberg.com/news/videos/2023-04-25/people-are-willing-to-pay-more-for-pepsi-cfo-says-video>

<sup>8</sup> <https://www.ipsos.com/sites/default/files/ct/news/documents/2023-11/Ipsos-global-inflation-monitor-Nov-23.pdf>, at 23.

<sup>9</sup> <https://alaskapublic.org/2023/06/07/darigolds-milk-size-change-limits-choices-for-wic-participants/>; <https://doh.wa.gov/sites/default/files/2023-01/963-117-RetailerE-Bulletin-Jan2023.pdf?uid=6438df821782f>, at 2

<sup>10</sup> <https://www.modernretail.co/marketing/its-dishonest-how-shrinkflation-took-over-shoppers-minds-and-social-media-accounts/>

<sup>11</sup> <https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Assistance-Programs/WIC-Media/Vendor-Communications/Vendor-Newsletters/2022-Winter.pdf?rev=cfd9153b98ad4a7cb197cbb6b5aed112&hash=9D8DA9558C6355A58DCD0202C008D420> at 4.

<sup>12</sup> <https://www.merriam-webster.com/wordplay/shrinkflation-words-were-watching>

<sup>13</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>14</sup> <https://finance.yahoo.com/news/shrinkflation-does-impact-shoppers-150015512.html>

<sup>15</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>16</sup> <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>

<sup>17</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>18</sup> <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>

<sup>19</sup> <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-20220315.html>

<sup>20</sup> <https://www.forbes.com/advisor/personal-finance/what-is-shrinkflation/>

<sup>21</sup> <https://www.aarp.org/money/budgeting-saving/info-2022/products-impacted-by-shrinkflation.html>

<sup>22</sup> <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

<sup>23</sup> <https://www.pbs.org/newshour/show/manufacturers-use-shrinkflation-to-pass-costs-on-to-consumers>

<sup>24</sup> <https://www.washingtonpost.com/business/2021/06/01/package-sizes-shrink-inflation/>



ounce size.<sup>25</sup> Despite the change in size, PepsiCo did not change the price—increasing costs for consumers by 14 percent.<sup>26</sup> Rather than paying less and getting more, the veiled corporate tactics of shrinkflation lead consumers to unwittingly pay more and get less, increasing day-to-day costs and reducing the buying power of working families.

Given the ABA's convening power among the most influential leaders of the beverage industry, I request that you provide answers to the following questions no later than January 24, 2024:

1. My November report found that association members increased prices by more than 10 percent in the last year.<sup>27</sup> Among all association members, please identify which companies increased the price of individual products by 10 percent or more compared to the previous year at any time since January 1, 2021. Additionally, please provide a detailed description of how association members make product pricing decisions, including factors such as material costs, market demand, target profit margins, and target customers.
2. Bureau of Labor Statistics (BLS) data show that certain item categories have experienced more downsizing, or shrinkflation, than other product categories. For instance, coffee is 22 percent more expensive today than it was in January 2019; seven percent of that increase is tied to shrinkflation.<sup>28</sup> Similarly, sugar and artificial sweetener prices increased 45 percent over the same period, three percent of which is tied to shrinkflation.<sup>29</sup> How do association members evaluate costs to consumers when they choose to effectively increase the unit prices by downsizing products?
3. Public and private actors have adopted commonsense steps to help inform consumers and protect them from shrinkflation.<sup>30</sup> For example, grocery stores typically list unit prices for products<sup>31</sup> and the French government is implementing a label requirement for products that have been reduced in weight.<sup>32</sup> How have association members sought to notify and inform consumers about changes in the size of their products?
4. I am concerned about shrinkflation's effect on the efficacy of federal programs, particularly those serving low-income and middle-class Americans. Recent reports from multiple states show how shrinkflation creates barriers for families and older adults purchasing groceries through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). How has the association and its members evaluated the effect of downsizing products on recipients of state-administered food programs such as WIC and the Supplemental Nutrition Assistance Program (SNAP)? What steps has the

<sup>25</sup> <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

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<sup>27</sup> Greedflation report; see also <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html> and <https://www.reuters.com/business/retail-consumer/coca-cola-sees-annual-profit-above-estimates-resilient-demand-price-hikes-2023-02-14/>

<sup>28</sup> BLS Data Prepared at the Request of Senator Casey's office

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<sup>30</sup> <https://www.bloomberg.com/opinion/articles/2021-06-24/shrinkflation-is-the-grocery-store-s-inflation-secret>

<sup>31</sup> <https://www.cnbc.com/2023/04/27/how-to-avoid-shrinkflation.html>

<sup>32</sup> <https://www.gamberorossointernational.com/news/what-is-shrinkflation-and-how-france-is-fighting-to-reduce-it/>



association and its members taken to work with states to ensure that everyday necessities remain accessible to beneficiaries?

Thank you for your attention to this important issue. If you or your staff have any questions, please contact Corey Husak on my staff at 202-224-6324.

Sincerely,



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Robert P. Casey, Jr.  
United States Senator



ROBERT P. CASEY, JR.  
PENNSYLVANIA

COMMITTEES:  
FINANCE  
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LABOR, AND PENSIONS  
SELECT COMMITTEE  
ON INTELLIGENCE  
SPECIAL COMMITTEE ON AGING

## United States Senate

WASHINGTON, DC 20510

December 13, 2023

Ms. Christine Cochran  
President & CEO  
SNAC International  
1300 17th Street North  
Suite 540  
Arlington, VA 22209

Dear Ms. Cochran:

I write to you with growing concern about working families in Pennsylvania and across our Nation being pinched by big corporations raising prices despite reporting a string of record profits. In recent weeks, I have released reports detailing the consequences of greedflation, whereby big corporations have used economic turmoil as cover to raise prices beyond the rate of inflation. While consumers bear higher prices, Federal Reserve data show that corporate profits rose five times as fast as the rate of inflation from July 2020 to July 2022<sup>1</sup> and accounted for 41 percent of inflation during America's post-pandemic recovery.<sup>2</sup> It is hard to square how corporate executives can trumpet record profits at the same time Pennsylvania families have kitchen table conversations about stretching every dollar. SNAC International (SNAC) represents more than 400 companies in the snack industry worldwide, including suppliers and manufacturers. I therefore seek your assistance in gathering information about steps SNAC members can take to reduce economic pressure on working families across our Nation.

My recent reports examining greedflation cited numerous examples of corporate executives touting their ability to hike prices in recent years, including multiple members of SNAC. For example, PepsiCo, Inc. (PepsiCo), a SNAC member, raised the average price of its products by 16 percent during the first three months of 2023, following similar price increases at the end of 2022.<sup>3</sup> PepsiCo's chief executive told investors that even though inflation was declining, their prices would not,<sup>4</sup> a message reinforced by the company's chief financial officer (CFO), who said in a television interview that "consumers generally look at our products and say 'you know what – they are worth paying a little bit more for.'"<sup>5</sup> Similarly, the CFO of Conagra Brands, Inc. (Conagra) said that food companies "tend to do better" when times are rough "because people... don't go out to eat as much," which "plays well for us."<sup>6</sup> A Goldman Sachs analyst noted that

<sup>1</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 1; see also <https://fred.stlouisfed.org/graph/?g=1aF4V> and <https://fred.stlouisfed.org/graph/?g=1aF9q>

<sup>2</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 2; see also <https://www.kansascityfed.org/research/economic-bulletin/corporate-profits-contributed-a-lot-to-inflation-in-2021-but-little-in-2022/>

<sup>3</sup> <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html>

<sup>4</sup> <https://seekingalpha.com/article/4596343-pepsico-inc-pep-q1-2023-earnings-call-transcript>

<sup>5</sup> <https://www.bloomberg.com/news/videos/2023-04-25/people-are-willing-to-pay-more-for-pepsi-cfo-says-video>

<sup>6</sup> <https://www.wsj.com/articles/conagra-cfo-doesnt-see-need-for-big-price-increases-in-near-term-11673561602>





Conagra “had been able to price its profits above inflation rates and recovered its profit margins.”<sup>7</sup> The *Wall Street Journal* further noted that the company took a series of double-digit percentage price increases in 2022.<sup>8</sup>

In addition to these public pronouncements of price hikes, corporations are also downsizing products without adjusting prices or clearly notifying consumers. Known as shrinkflation, these hidden price increases hurt working families in Pennsylvania and across our Nation by raising the unit cost of everyday items like food and household products. Despite corporate efforts to pass on higher prices without detection, a November poll found that 50 percent of U.S. respondents reported noticing food product sizes getting smaller, while prices remained the same.<sup>9</sup> Reports from multiple states have even shown that families participating in food assistance programs lost access to certain brands of milk,<sup>10</sup> orange juice,<sup>11</sup> oatmeal, and grits,<sup>12</sup> after companies downsized them. Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.<sup>13</sup>

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.<sup>14</sup> For example, corporations may reduce the size of containers by a few ounces,<sup>15</sup> add air to a package, or even increase the divot at the bottom of a jar,<sup>16</sup> all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.<sup>17</sup> If shrunken products are later “upsized,” corporations often advertise them as “bonus buy” or “more for the money,” and sometimes sell them at a higher price.<sup>18</sup> Companies have used shrinkflation for a variety of products, including baby formula,<sup>19</sup> toilet paper,<sup>20</sup> snack food,<sup>21</sup> paper towels,<sup>22</sup> beverages,<sup>23</sup> cleaning products,<sup>24</sup> and even pet food.<sup>25</sup> PepsiCo subsidiary Frito-Lay North America (Frito-Lay), has also utilized shrinkflation as a tactic. Frito-Lay reduced the size of Doritos bags by five

<sup>7</sup> <https://www.nytimes.com/2022/11/01/business/food-prices-profits.html>

<sup>8</sup> <https://www.wsj.com/articles/conagra-cfo-doesnt-see-need-for-big-price-increases-in-near-term-11673561602>

<sup>9</sup> <https://www.ipsos.com/sites/default/files/ct/news/documents/2023-11/Ipsos-global-inflation-monitor-Nov-23.pdf>, at 23.

<sup>10</sup> <https://alaskapublic.org/2023/06/07/darigolds-milk-size-change-limits-choices-for-wic-participants/>; <https://doh.wa.gov/sites/default/files/2023-01/963-117-RetailerE-Bulletin-Jan2023.pdf?uid=6438df821782f>, at 2

<sup>11</sup> <https://www.modernretail.co/marketing/its-dishonest-how-shrinkflation-took-over-shoppers-minds-and-social-media-accounts/>

<sup>12</sup> <https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Assistance-Programs/WIC-Media/Vendor-Communications/Vendor-Newsletters/2022-Winter.pdf?rev=cfd9153b98ad4a7cb197cbb6b5aed112&hash=9D8DA9558C6355A58DCD0202C008D420> at 4.

<sup>13</sup> <https://www.merriam-webster.com/wordplay/shrinkflation-words-were-watching>

<sup>14</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>15</sup> <https://finance.yahoo.com/news/shrinkflation-does-impact-shoppers-150015512.html>

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<sup>18</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

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<sup>20</sup> <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-20220315.html>

<sup>21</sup> <https://www.forbes.com/advisor/personal-finance/what-is-shrinkflation/>

<sup>22</sup> <https://www.aarp.org/money/budgeting-saving/info-2022/products-impacted-by-shrinkflation.html>

<sup>23</sup> <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

<sup>24</sup> <https://www.pbs.org/newshour/show/manufacturers-use-shrinkflation-to-pass-costs-on-to-consumers>

<sup>25</sup> <https://www.washingtonpost.com/business/2021/06/01/package-sizes-shrink-inflation/>

percent without adjusting the price.<sup>26</sup> The company publicly acknowledged the change, saying, “we took just a little bit out of the bag so we can give you the same price and you can keep enjoying your chips.”<sup>27</sup> Rather than paying less and getting more, the veiled corporate tactics of shrinkflation lead consumers to unwittingly pay more and get less, increasing day-to-day costs and reducing the buying power of working families.

Given SNAC’s convening power among the most influential leaders of the snack industry, I request that you provide answers to the following questions no later than January 24, 2024:

1. My November report found that SNAC members increased prices by more than 10 percent over the last year.<sup>28</sup> Among all association members, please identify which companies increased the price of individual products by 10 percent or more compared to the previous year at any time since January 1, 2021. Additionally, please provide a detailed description of how association members make product pricing decisions, including factors such as material costs, market demand, target profit margins, and target customers.
2. Bureau of Labor Statistics (BLS) data show that certain item categories have experienced more downsizing, or shrinkflation, than other product categories. For instance, snacks today are 26 percent more expensive compared to January 2019, and 10 percent of that change is linked solely to shrinkflation.<sup>29</sup> Similarly, household cleaning products prices increased 24 percent over the same period, seven percent of which is tied to shrinkflation.<sup>30</sup> How do SNAC members evaluate costs to consumers when they choose to effectively increase the unit prices by downsizing products?
3. Public and private actors have adopted commonsense steps to help inform consumers and protect them from shrinkflation.<sup>31</sup> For example, grocery stores typically list unit prices for products<sup>32</sup> and the French government is implementing a label requirement for products that have been reduced in weight.<sup>33</sup> How have association members sought to notify and inform consumers about changes in the size of their products?
4. I am concerned about shrinkflation’s effect on the efficacy of federal programs, particularly those serving low-income and middle-class Americans. Recent reports from multiple states show how shrinkflation creates barriers for families and older adults purchasing groceries through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). How has the association and its members evaluated the effect of downsizing products on recipients of state-administered food programs such as WIC and the Supplemental Nutrition Assistance Program (SNAP)? What steps has

<sup>26</sup> <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

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<sup>28</sup> Greedflation report; see also <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html#> and <https://www.wsj.com/articles/conagra-cfo-doesnt-see-need-for-big-price-increases-in-near-term-11673561602>

<sup>29</sup> BLS Data Prepared at the Request of Senator Casey's office

<sup>30</sup> BLS Data Prepared at the Request of Senator Casey's office

<sup>31</sup> <https://www.bloomberg.com/opinion/articles/2021-06-24/shrinkflation-is-the-grocery-store-s-inflation-secret>

<sup>32</sup> <https://www.cnbc.com/2023/04/27/how-to-avoid-shrinkflation.html>

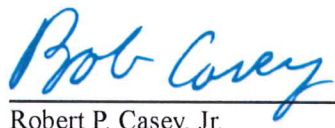
<sup>33</sup> <https://www.gamberorosointernational.com/news/what-is-shrinkflation-and-how-france-is-fighting-to-reduce-it/>



SNAC and its members taken to work with states to ensure that everyday necessities remain accessible to beneficiaries?

Thank you for your attention to this important issue. If you or your staff have any questions, please contact Corey Husak on my staff at 202-224-6324.

Sincerely,



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Robert P. Casey, Jr.  
United States Senator



ROBERT P. CASEY, JR.  
PENNSYLVANIA

COMMITTEES:  
FINANCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
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ON INTELLIGENCE  
SPECIAL COMMITTEE ON AGING

## United States Senate

WASHINGTON, DC 20510

December 13, 2023

Ms. Lezlee Westine  
President & CEO  
Personal Care Products Council  
1620 L Street, NW  
Suite 1200  
Washington, DC 20036

Dear Ms. Westine:

I write to you with growing concern about working families in Pennsylvania and across our Nation being pinched by big corporations raising prices despite reporting a string of record profits. In recent weeks, I have released reports detailing the consequences of greedflation, whereby big corporations have used economic turmoil as cover to raise prices beyond the rate of inflation. While consumers bear higher prices, Federal Reserve data show that corporate profits rose five times as fast as the rate of inflation from July 2020 to July 2022<sup>1</sup> and accounted for 41 percent of inflation during America's post-pandemic recovery.<sup>2</sup> It is hard to square how corporate executives can trumpet record profits at the same time Pennsylvania families have kitchen table conversations about stretching every dollar. The Personal Care Products Council (PCPC) represents 600 companies in the beauty and personal care industry. I therefore seek your assistance in gathering information about steps PCPC's members can take to reduce economic pressure on working families across our Nation.

My recent reports examining greedflation cited numerous examples of corporate executives touting their ability to hike prices in recent years, including multiple members of PCPC. For example, Colgate-Palmolive, a major toothpaste and dish soap producer, hiked prices 12 percent between the first quarters of 2022 and 2023, driving profits higher even as sales volume fell.<sup>3</sup> Its chief executive touted how the company "led pricing" in the sector, noting that as other competitors followed Colgate-Palmolive's lead, there was less pressure to cut prices.<sup>4</sup> One of those competitors, Procter & Gamble (P&G), which sells Crest toothpaste and numerous other products, increased prices an average of seven percent across multiple product categories between the fourth quarters of 2022 and 2023.<sup>5</sup> Another council member, Kimberly-Clark Corporation, credited a combination of higher prices—and lower input costs—for higher profits,

<sup>1</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 1; see also <https://fred.stlouisfed.org/graph/?g=1aF4V> and <https://fred.stlouisfed.org/graph/?g=1aF9q>

<sup>2</sup> <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf> at 2; see also <https://www.kansascityfed.org/research/economic-bulletin/corporate-profits-contributed-a-lot-to-inflation-in-2021-but-little-in-2022/>

<sup>3</sup> <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html>

<sup>4</sup> Q3 2022 ColgatePalmolive Co Earnings Call, LexisNexis, accessed 11/3/2023

<sup>5</sup> <https://apnews.com/article/pg-earnings-inflation-7dbf16980b3aa22462d6ff84fand212a>





which increased \$100 million between the third quarters of 2022 and 2023.<sup>6</sup> In fact, Kimberly-Clark raised prices by 10 percent for two straight quarters in 2023.<sup>7</sup>

In addition to these public pronouncements of price hikes, corporations are also downsizing products without adjusting prices or clearly notifying consumers. Known as shrinkflation, these hidden price increases hurt working families in Pennsylvania and across our Nation by raising the unit cost of everyday items like food and household products. Despite corporate efforts to pass on higher prices without detection, a November poll found that 50 percent of U.S. respondents reported noticing food product sizes getting smaller, while prices remained the same.<sup>8</sup> Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.<sup>9</sup>

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.<sup>10</sup> For example, corporations may reduce the size of containers by a few ounces,<sup>11</sup> add air to a package, or even increase the divot at the bottom of a jar,<sup>12</sup> all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.<sup>13</sup> If shrunken products are later “upsized,” corporations often advertise them as “bonus buy” or “more for the money,” and sometimes sell them at a higher price.<sup>14</sup> Companies have used shrinkflation for a variety of products, including baby formula,<sup>15</sup> toilet paper,<sup>16</sup> snack food,<sup>17</sup> paper towels,<sup>18</sup> beverages,<sup>19</sup> cleaning products,<sup>20</sup> and even pet food.<sup>21</sup> Kimberly-Clark and P&G have engaged in this tactic. In the past, a small box of Kimberly-Clark’s tissue brand, Kleenex, had 65 tissues compared to the 60 tissues in a box today.<sup>22</sup> P&G, the makers of Dawn Ultra and Dawn Ultra Platinum dish soap, opted to reduce a 7-ounce Dawn bottle to 6.5-ounces and chose not to adjust the price.<sup>23</sup> Rather than paying less and getting more, the veiled corporate tactics of shrinkflation lead consumers to unwittingly pay more and get less, increasing day-to-day costs and reducing the buying power of working families.

<sup>6</sup> <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000055785/000005578523000064/kmb-20230930.htm> at 16

<sup>7</sup> <https://www.marketwatch.com/story/greedflation-is-replacing-inflation-as-companies-raise-prices-for-bigger-profits-report-finds-bfb51060>

<sup>8</sup> <https://www.ipsos.com/sites/default/files/ct/news/documents/2023-11/Ipsos-global-inflation-monitor-Nov-23.pdf>, at 23.

<sup>9</sup> <https://www.merriam-webster.com/wordplay/shrinkflation-words-were-watching>

<sup>10</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>11</sup> <https://finance.yahoo.com/news/shrinkflation-does-impact-shoppers-150015512.html>

<sup>12</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>13</sup> <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>

<sup>14</sup> <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

<sup>15</sup> <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>

<sup>16</sup> <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-2023115.html>

<sup>17</sup> <https://www.forbes.com/advisor/personal-finance/what-is-shrinkflation/>

<sup>18</sup> <https://www.aarp.org/money/budgeting-saving/info-2022/products-impacted-by-shrinkflation.html>

<sup>19</sup> <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

<sup>20</sup> <https://www.pbs.org/newshour/show/manufacturers-use-shrinkflation-to-pass-costs-on-to-consumers>

<sup>21</sup> <https://www.washingtonpost.com/business/2021/06/01/package-sizes-shrink-inflation/>

<sup>22</sup> <https://why.org/articles/shrinkflation-packaging-sizes-smaller-inflation/>


<sup>23</sup> <https://www.abcl5.com/news/local-news/valley-consumers-start-to-notice-shrinkflation>

Given the council's convening power among the most influential leaders of the personal care industry, I request that you provide answers to the following questions no later than January 24, 2024:

1. My November report found that PCPC members increased prices by more than 10 percent over the last year.<sup>24</sup> Among all council members, please identify which companies increased the price of individual products by 10 percent or more compared to the previous year at any time since January 1, 2021, and if there were specific input cost increases that forced them to raise the price to that level. Additionally, please provide a detailed description of how council members make product pricing decisions, including factors such as material costs, market demand, target profit margins, and target customers.
2. Bureau of Labor Statistics (BLS) data show that certain item categories have experienced more downsizing, or shrinkflation, than other product categories. For instance, household paper products are 35 percent more expensive compared to January 2019, and over 10 percent of that change is linked solely to shrinkflation.<sup>25</sup> Similarly, cleaning products prices increased 24 percent over the same period, over seven percent of which is tied to shrinkflation.<sup>26</sup> How do PCPC members evaluate costs to consumers when they choose to effectively increase the unit prices by downsizing products?
3. Public and private actors have adopted commonsense steps to help inform consumers and protect them from shrinkflation.<sup>27</sup> For example, grocery stores typically list unit prices for products<sup>28</sup> and the French government is implementing a label requirement for products that have been reduced in weight.<sup>29</sup> How have council members sought to notify and inform consumers about changes in the size of their products?

Thank you for your attention to this important issue. If you or your staff have any questions, please contact Corey Husak on my staff at 202-224-6324.

Sincerely,



Robert P. Casey, Jr.  
United States Senator

<sup>24</sup> Greedflation Report; see also <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html> and <https://www.reuters.com/business/retail-consumer/clorox-forecasts-strong-annual-profit-higher-prices-steady-demand-2023-08-02/>

<sup>25</sup> BLS Data Prepared at the Request of Senator Casey's office

<sup>26</sup> BLS Data Prepared at the Request of Senator Casey's office

<sup>27</sup> <https://www.bloomberg.com/opinion/articles/2021-06-24/shrinkflation-is-the-grocery-store-s-inflation-secret>

<sup>28</sup> <https://www.cnn.com/2023/04/27/how-to-avoid-shrinkflation.html>

<sup>29</sup> <https://www.gamberorossointernational.com/news/what-is-shrinkflation-and-how-france-is-fighting-to-reduce-it/>







NOVEMBER 2023

A SPECIAL REPORT ON  
**GREEDFLATION**

HOW CORPORATIONS ARE MAKING RECORD  
PROFITS ON THE BACKS OF AMERICAN FAMILIES



**SENATOR BOB CASEY**  
**CHAIRMAN, SUBCOMMITTEE ON CHILDREN & FAMILIES**  
**HEALTH, EDUCATION, LABOR, & PENSIONS COMMITTEE**



# A DAY IN THE LIFE

## MEET ANNE

Anne is a Pennsylvania mom of two kids, ages six and two. She has a middle class job and took home the median household income in Pennsylvania: approximately \$68,000.<sup>1</sup> In 2021 she spent nearly \$67,000 for herself and her family, the national average.<sup>2</sup> With the right amount of budgeting, Anne's family has been able to live comfortably and pay their bills. But lately, Anne has noticed that her dollar isn't going as far as it used to. Some of this can be attributed to inflation, which has squeezed the budget of families like Anne's over the last few years. But Anne can't shake the feeling that something else is going on. Even as inflation has moderated in the last year, Anne still struggles to make ends meet and wonders whether she is being taken advantage of.

Anne's intuition is correct: like millions of Americans, Anne is falling victim to greedflation. Corporations are using inflation as a cover to raise prices, while raking in record profits at the expense of Anne and middle class families like hers. This report will follow Anne through her typical day to show how greedflation is hurting her family.



## GREEDFLATION

While monthly inflation has slowed with the help of Democrats' passage of the *Inflation Reduction Act*,<sup>3</sup> families like Anne's are still living with artificially high prices. From July 2020 through July 2022, inflation rose by 14 percent,<sup>4</sup> but corporate profits rose by 75 percent over those two years,<sup>5</sup> five times as fast as inflation.

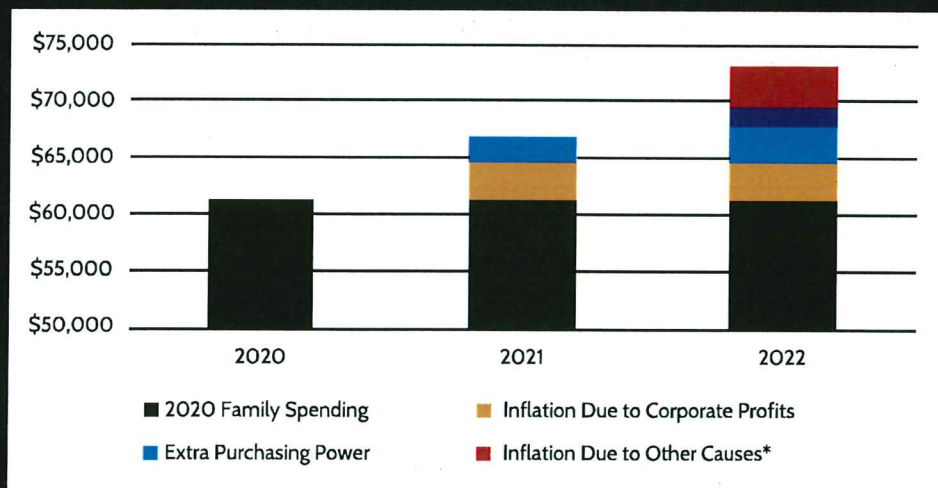


Corporations raised prices on consumers – not to offset inflation – but to increase their own profits. Federal Reserve research found that “corporate profits contributed a large percentage to inflation in the first year and contributed much less in the second” after the pandemic. In particular, they found that corporate profits accounted for all the inflation in the first year of the pandemic recovery (roughly July 2020 to July 2021) and 41 percent of inflation overall in the first two years of the post-pandemic recovery (July 2020 to July 2022).<sup>6</sup>

**Putting that in terms of Anne’s family budget: Anne’s family expenses went up by \$3,194 in 2021 and by \$3,546 in 2022 just due to corporate profiteering.**

According to the Bureau of Labor Statistics (BLS) the average family spent \$61,332 in 2020. Average family spending grew to \$66,928 in 2021,<sup>7</sup> or 9.1 percent. It would seem like Anne was able to spend a lot more in 2021, but inflation also rose by 5.2 percent from July 2020 to July 2021. That means of the \$5,596 extra she spent in 2021, about \$3,194 was due to inflation. According to the Federal Reserve research, all of that \$3,194 in inflation was due to corporate profit-taking.

## ANNE'S FAMILY SPENDING



\*A number of additional factors contributed to inflation in recent years, including the war in Ukraine, supply chain disruptions, and chip shortages.

Sources: Bureau of Labor Statistics: Consumer Expenditures in 2022, Consumer Price Index; Federal Reserve Bank of Kansas City

In 2022, Anne’s family spending grew with the national average to \$72,967. That means that since 2020, her annual spending had grown \$11,633, a 19 percent increase. Of her total increase in spending since 2020, \$8,587 or 14.1 percent just went to catching up with inflation.

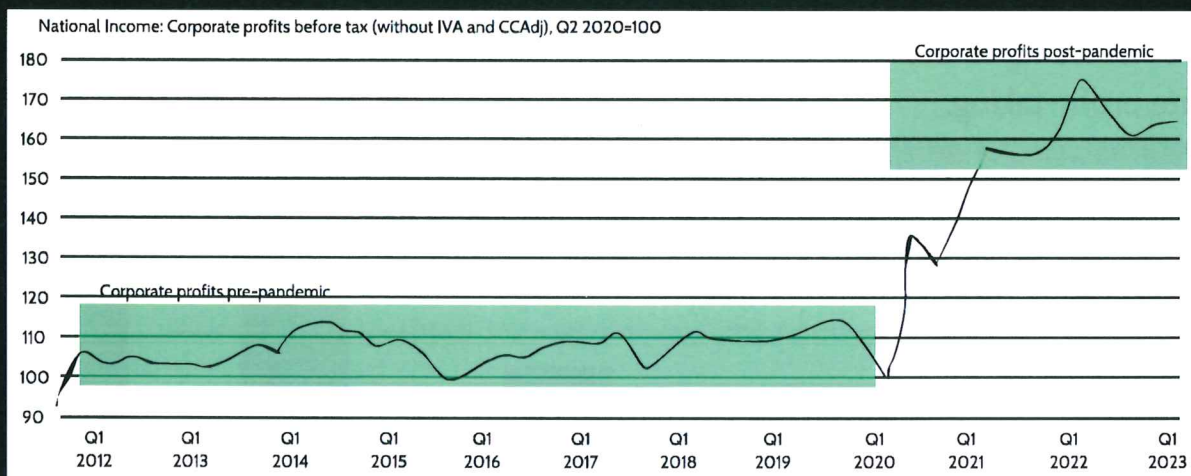




The year 2022 did see some inflationary events like the war in Ukraine and various supply chain disruptions for micro processing chips, lumber and other goods. But still, according to the Federal Reserve research, Anne's family paid \$3,546 just toward corporate profiteering in 2022, above what she had paid in 2020.

In total in 2021 and 2022, Anne paid \$6,740 more as a result as a result of greedflation. That \$6,740 could have gone to new winter coats for her kids, or to enroll her oldest in after-school activities, or even a few family dinners out so that Anne could take a night off from cooking. Instead, it lined the pockets of corporate executives and wealthy shareholders. Corporate profits in 2023 remain well above their pre-pandemic levels. That means Anne will continue paying at least \$3,546 for corporate greed this year.

## CORPORATE PROFITS (2012-2023)



Other analysts have reached similar conclusions as the Federal Reserve research and our report, finding that increased corporate profits comprise a large portion of increased inflation in the post-pandemic period. These analysts include the President of the European Central Bank,<sup>8</sup> the International Monetary Fund (IMF),<sup>9</sup> the Economic Policy Institute (EPI), and Roosevelt Institute, among others.<sup>10</sup>

# MORNING ROUTINE: GETTING KIDS DRESSED AND FED

Anne starts each day by waking up her two kids to them get ready for school and day care before she drives to work. Her morning routine is the same as many Pennsylvania families—changing diapers, brushing teeth, pouring cereal, and rushing out the door. These days, for Anne and many others, mornings are no longer just hectic, they're also more expensive.

## RECEIPT

### HUGGIES DIAPERS



↑ 6%

from April to June 2023

In its Q3 2023 quarterly report Kimberly-Clark, the maker of Huggies, reported that the cost to make its products fell by \$75 million, including in the segment that makes diapers. Instead of passing those savings along to consumers, Kimberly-Clark banked \$168 million in operating profits in Q3 2023.<sup>12</sup>

### CREST TOOTHPASTE



↑ 7%

from October to December 2022

In a filing with the Securities and Exchange Commission, Proctor and Gamble noted that a net sales increase in fiscal 2023 was driven by “higher pricing.”<sup>14</sup> During a recent earnings call with investors, Proctor and Gamble reported that it does not see a need to offer sales or price cuts on their products.<sup>15</sup>

### FROSTED FLAKES



↑ 14%

from June 2022 to June 2023

In its 2022 fiscal fourth quarter, Kellogg reported better-than-expected profit.<sup>17</sup> During its Q4 2022 earnings call, the company stated that “Our cash flow increased year-on-year” and discussed how it would spend more on buybacks and increased dividends.<sup>18</sup>





# GROCERY STORE

On her way home from work, Anne stops by the grocery store to do her weekly shopping. She buys a chicken to roast for dinner that evening, snacks to pack in her kids' lunches, and a few pints of ice cream as a treat. She also stocks up on household products like dish soap, toilet paper, and surface cleaner.

Tyson doubled their profits from Q1 2021 to Q1 2022<sup>21</sup> and had record revenue in 2022, which it attributed to "improved performance in our chicken segment."<sup>22</sup>

Over the past 3 years Tyson Foods has been ordered to pay hundreds of millions in penalties and restitution by federal<sup>23</sup> and state<sup>24</sup> authorities for "illegally conspiring to inflate chicken prices."

In the first half of 2023, Ben & Jerry's parent company, Unilever, saw its sales volume decline, yet its operating profits increased by 20%.<sup>26</sup>

PepsiCo's CFO admitted in April 2023 that even though inflation was going down, their prices would not.<sup>28</sup> Later that month, he bragged in an TV interview that he didn't "think [PepsiCo's profit] margins are going to deteriorate at all" and that "consumers generally look at our products and say 'you know what – they are worth paying a little bit more for.'"<sup>29</sup>

## RECEIPT

### CHICKEN



↑ 20%

in 2021

### BEN & JERRY'S ICE CREAM



↑ 12%

from April to June 2023

### SUN CHIPS



↑ 16%

from January to March 2023



Colgate-Palmolive's CEO admitted on a 2022 earnings call that price increases have helped them improve their gross margins. He later bragged that Colgate-Palmolive has "led pricing" compared to other companies, and that "We have seen competitors begin to follow," reducing pressure on his own company to cut prices.<sup>31</sup>

Clorox's CEO has noted that its products are "household essentials' that can withstand" inflation.<sup>33</sup> On an investor call, she discussed how the company is "coming off four rounds" of "significant price increase." When asked if Clorox might roll back price increases as commodity prices fall, the company admitted it "anticipate[s] the pricing increases will stick."<sup>34</sup>

Kimberly-Clark saw profit increase by more than \$100 million when comparing Q3 2023 to Q3 2022. The company attributed the increase in profit to higher prices.<sup>36</sup> According to the Kimberly-Clark CEO, the increased profits despite price increases "reflect the essential nature of our categories."<sup>37</sup>

#### PALMOLIVE DISH SOAP



# 12%

from March 2022 to March 2023

#### CLOROX MULTI-SURFACE CLEANER



# 16%

from June 2022 to June 2023

#### SCOTT TOILET PAPER



# 10%

from October 2022 to March 2023





# MOVIE NIGHT

Friday night is movie night in Anne's house. After a spirited debate at the dinner table between Anne and her six-year-old, they decide to watch a classic: Finding Nemo. Anne grabs the popcorn from the pantry, cracks a Diet Coke to keep herself awake, and they settle in for movie night. It's a perfect evening for Anne's family, except that it's costing more than it used to.

## RECEIPT

### ORVILLE REDENBACHER'S POPCORN



↑ 17%

from October to December 2022

Conagra's CFO noted that "Food companies tend to do better" when consumers are watching their household budgets "because people... don't go out to eat as much" which "plays well for us."<sup>39</sup> An analyst at Goldman Sachs noted that Conagra "has been able to price its profits above inflation rates and recovered its profit margins."<sup>40</sup>

### DIET COKE



↑ 11%

from October 2022 to October 2023

The CEO of Coca-Cola claimed that the company had "earned the right" to push price hikes because its sodas are popular.<sup>42</sup>

### DISNEY+



↑ 27%

in 2022

Price increases would continue to "better reflect the value of our content offerings," said Disney's CEO.<sup>44</sup>



# CONCLUSION

Greedflation is costing Anne's family every day. While Anne is budgeting and finding it harder to save for the future, corporations are getting richer – and greedier. Corporate executives have openly bragged that they will keep prioritizing their profits over their customers like Anne. These companies charge artificially high prices for classic brands and staple products simply because they can. And because they believe they have “earned the right” to charge families like Anne's more to line their shareholders' pockets.

Senator Casey believes enough is enough: It's time to put a stop to greedflation. He knows that we can lower costs for working families like Anne's by doing four simple things:

## PUT MORE MONEY IN THE POCKETS OF WORKING FAMILIES

Congress should take immediate steps to provide middle-class American with more disposable income and to ensure that they are equal participants in a growing economy.

- The Child Tax Credit monthly payments from the American Rescue Plan, which Senator Casey strongly supported, drastically reduced child poverty, dipping to the lowest level on record.<sup>45</sup> Over 2.2 million Pennsylvania parents used those payments for food, rent, school supplies, and child care.<sup>46</sup> Reinstating the Child Tax Credit monthly payments will help families like Anne's breathe easier.
- Over the past few years, Senator Casey has fought to pass laws like the *American Rescue Plan*, *CHIPS and Science Act*, *Infrastructure Investment and Jobs Act*, and *Inflation Reduction Act*, which have grown Pennsylvania jobs numbers to the highest on record and sent the Pennsylvania unemployment rate down to the lowest level on record.<sup>47</sup> Senator Casey will keep fighting to provide good-paying job opportunities for Pennsylvania families.
- Senator Casey supports raising the minimum wage, which has been stuck at \$7.25 since 2009, to at least \$15 an hour. He is also fighting to eliminate the subminimum wage, which would raise wages for workers with disabilities, some of whom are being paid as little as a few cents an hour.





## MAKE BIG CORPORATIONS PAY THEIR FAIR SHARE

The 2017 Republican tax bill, which Senator Casey firmly opposed, lowered the corporate tax rate from 35 percent to 21 percent while adding at least \$1.8 trillion to the national debt.<sup>48</sup> Proponents claimed that the corporate tax cuts would trickle down to a \$4,000 raise for the average family, but that benefit never materialized for most families.<sup>49</sup> Instead, corporations bought back stocks from shareholders. The S&P 500 companies spent a record \$806 billion on stock buybacks in 2018 alone.<sup>50</sup>

- The 2017 tax law clearly failed to bring any significant relief to American consumers. Senator Casey believes that raising the corporate tax rates and making corporations pay their fair share would give families like Anne a fighting chance.<sup>51</sup>
- Senator Casey introduced the *Tax Fairness for Workers Act*, legislation to reverse a provision in the 2017 tax bill that stripped workers of their ability to deduct common expenses incurred because of their work. Furthermore, it would improve upon the previous deduction so all workers can deduct the cost of their union dues “above the line.”<sup>52</sup>



## FIGHT UNFAIR CORPORATE PRICE GOUGING

There needs to be real, concrete consequences when corporations engage in the price gouging.

- Senator Casey supports legislation like the *Big Oil Windfall Profits Tax Act*<sup>53</sup> and the *Price Gouging Prevention Act*<sup>54</sup> to bring price relief to consumers like Anne. The *Big Oil Windfall Profits Tax Act* would provide quarterly rebates of excess profits to working families.
- Senator Casey also fought to pass historic legislation in 2022 allowing Medicare to negotiate prescription drug prices for the first time. The law also capped the price of insulin for Medicare recipients at \$35, all of which will save consumers billions.

# TAKE ON CORPORATE MONOPOLIES TO INCREASE COMPETITION AND LOWER COSTS

When corporations grow large enough to control an entire market, they reduce competition and can harm customers and workers alike.

- Senator Casey voted for legislation to empower antitrust enforcement and protect consumers, including substantially increasing outdated merger filing fees for large transactions, requiring disclosure of foreign subsidies in premerger filings, and increasing funding for antitrust enforcement.<sup>55</sup>
- Senator Casey also led several of his colleagues in urging the Biden Administration to utilize all of its oversight tools to ensure that hospital consolidation does not lead to harm for patients, nurses, and doctors.<sup>56</sup> He also supports banning corporate practices that keep workers from leaving to find new jobs at competitors.<sup>57</sup>
- Senator Casey wrote to the Federal Trade Commission urging it to investigate whether pending mergers of huge oil and gas companies would drive up oil and gasoline prices and violate antitrust law and, if so, to oppose the mergers.<sup>58</sup>





# ADDENDUM

## EXTRA INFORMATION ON PRODUCT PRICE RAISES

- **Huggies Diapers:** The cost of Huggies diapers rose 6% from April to June 2023.<sup>11</sup>
- **Crest Toothpaste:** Proctor and Gamble, maker of Crest toothpaste, increased prices by about 7 percent in Q4 2022, year over year.<sup>13</sup>
- **Frosted Flakes:** Kellogg raised prices on its products over 14 percent between Q2 2022 and Q2 2023.<sup>16</sup>
- **Chicken:** Tyson Foods, the nation's largest chicken producer, raised prices by 20 percent in 2021.<sup>19</sup> Prices for boneless chicken rose to a record high of \$4.75 per pound wholesale in 2022 and remain over a dollar per pound higher than they were pre-pandemic.<sup>20</sup>
- **Ben & Jerry's Ice Cream:** Unilever, maker of Ben & Jerry's ice cream, raised prices by 12 percent during a single quarter in 2023.<sup>25</sup>
- **SunChips:** PepsiCo, maker of SunChips, raised the average price of its snacks and beverages by 16 percent in the first three months of 2023.<sup>27</sup>
- **Palmolive Dish Soap:** Prices for Colgate-Palmolive products increased 12 percent between first quarter 2022 and first quarter 2023.<sup>30</sup>
- **Clorox Multi-Surface Cleaner:** Clorox raised prices in their Health and Wellness segment by 16 percent between fiscal Q4 2022 and fiscal Q4 2023. This price raise meant that customers bought 2 percent fewer of their products. But the net result of higher prices and lower sales was good for Clorox's bottom line: their revenue rose 12 percent, beating expectations.<sup>32</sup>
- **Scott Toilet Paper:** Kimberly-Clark Corp, the maker of Scott, Cottonelle, and Viva toilet paper raised prices by 10 percent for two straight quarters.<sup>35</sup>
- **Orville Redenbacher's Popcorn:** Conagra, which owns the Orville Redenbacher brand, increased its prices by 17 percent in the quarter leading to January 2023. In the three previous quarters, it increased prices by 14 percent, 13 percent, and 9 percent.<sup>38</sup>
- **Diet Coke:** Last year, Coca-Cola increased the average selling price of its products by 11 percent.<sup>41</sup>
- **Disney+:** Disney+ increased its ad-free subscription service by \$30 a year to a whopping \$140. Disney also owns Hulu, which increased its ad-free price by \$36 a year.<sup>44</sup>



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3. <https://apnews.com/article/inflation-prices-interest-rates-economy-federal-reserve-8ab5c75e191a31942f2fcf1eeb8fa44c>, <https://democrats-budget.house.gov/resources/reports/inflation-reduction-act-one-year-later-lower-costs-cleaner-communities#:~:text=Under%20President%20Biden%2C%20more%20than,inclusive%20growth%20as%20wages%20rise>. The Inflation Act included several provisions to lower families' expenses and also placed new taxes on excess profiteering by large corporations.
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NOVEMBER 2023

# A GREEDFLATION REPORT: **STUFFING THEIR POCKETS**

HOW BIG FOOD AND AGRICULTURE BUSINESSES ARE  
MAKING YOUR HOLIDAY MEALS MORE EXPENSIVE



**SENATOR BOB CASEY**  
**CHAIRMAN, SUBCOMMITTEE ON CHILDREN & FAMILIES**  
**HEALTH, EDUCATION, LABOR, & PENSIONS COMMITTEE**



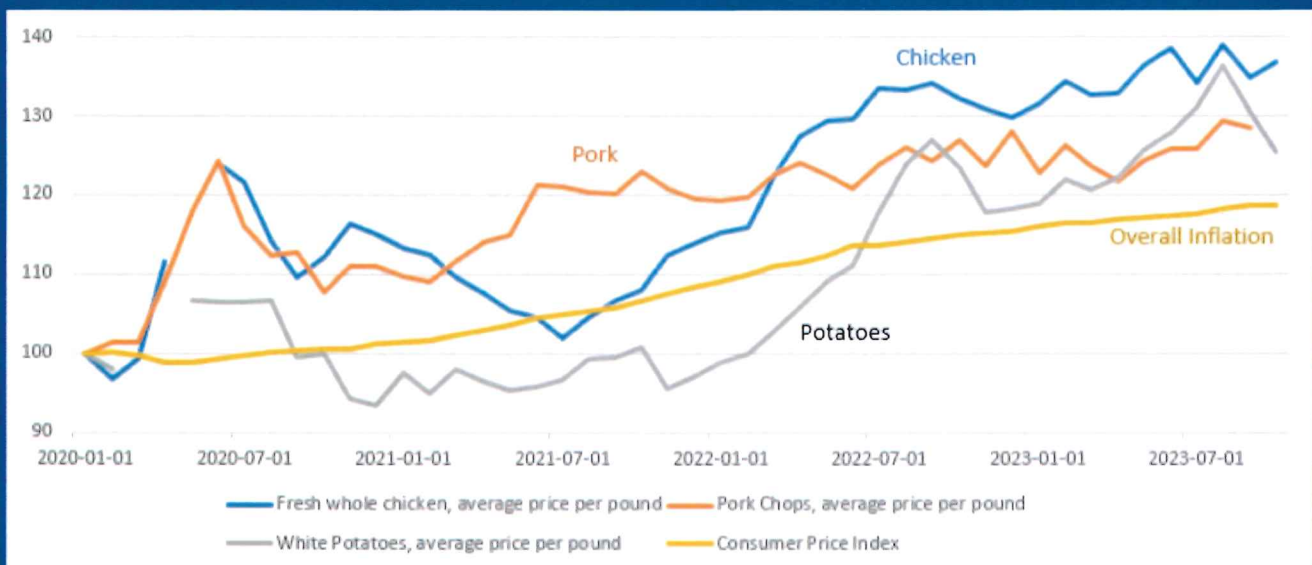
# INTRODUCTION

As the holiday season approaches, many families will find that their favorite foods are more expensive than at almost any point before. While the price of many goods have increased in recent years, the price of food has risen faster than most others, straining family budgets and taking a bite out of holiday celebrations. While turkey prices have fallen this year, families are still paying higher prices than they did in 2020.<sup>1</sup> Prices for other holiday meal staples, including chicken, pork, and potatoes, are rising faster than headline inflation,<sup>2</sup> earning companies billions and costing consumers.

This report examines how the agribusiness companies that process Americans' food have increased prices for everyday staple foods and raises questions about why those price increases are necessary. These same companies have a history of engaging in price-fixing,<sup>3</sup> colluding to raise prices,<sup>4</sup> anti-competitive conduct,<sup>5</sup> and touting their ability to raise prices without limit.<sup>6</sup>

## PERCENT PRICE CHANGE SINCE JANUARY 2020

SOURCE: FEDERAL RESERVE FRED DATABASE



# CHICKEN

## PRICES ARE UP

Chicken processing corporations are raising their prices above the cost of inflation. Since January 2020, inflation overall has risen 19 percent.<sup>7</sup> But over the same period of time the price for boneless chicken rose 38 percent, twice as much as inflation.<sup>8</sup> In October 2023, *Reuters* reported that:



Chicken prices at U.S. grocery stores have hit **record highs and should stay elevated** as Tyson Foods and other companies dial back poultry production to boost margins while inflation-weary shoppers buy chicken instead of beef and pork.<sup>9</sup>

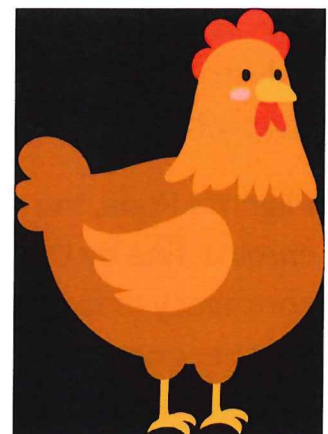
As *Reuters* reports and government data confirms,<sup>10</sup> the price for whole chickens has reached record highs, meaning that Americans now pay 35 percent more for a pound of chicken than they did in 2020.

## PROFITS ARE UP

Higher prices have meant higher profits for chicken producers. Tyson Foods, the largest producer of chicken in the US and one of the largest producers of beef and pork, doubled its profits in the final quarter of 2021<sup>11</sup> and then reported record sales and earnings 2022, the last full year available.<sup>12</sup>

Pilgrim's Pride, the second-largest chicken producer in the US, saw its net revenue increase by 53 percent in just three years from 2019-2022.<sup>13</sup>

Even as consumer prices remain high, today it is cheaper for companies to feed their chickens. Corn is one of most common ingredients in chicken feed.<sup>14</sup> Last month, corn feed prices were down 27 percent from the previous year<sup>15</sup> and global corn prices are at the lowest level since December 2020.<sup>16</sup>





## DEMAND IS HIGH

For decades now, Americans have consumed more chicken per capita than any other meat.<sup>17</sup> Even as chicken prices rose to historic highs in 2022,<sup>18</sup> demand for chicken continued to grow. The US Department of Agriculture now projects that consumption of chicken will surpass 100 pounds per person in 2023, which would be a record.<sup>19</sup> Persistent and growing demand for chicken is reflected in the National Chicken Council's 2023 "Chicken Wing Report," which predicted that during the Super Bowl LVII weekend Americans would eat a "record-breaking" 1.45 billion chicken wings, or four for every person in the United States.<sup>20</sup>



## WHAT ARE COMPANIES DOING TO KEEP PRICES HIGH?

With prices high, demand high, and feed costs falling, it would be reasonable to think that companies would expand production. The opposite seems to be true in some cases, and certain companies are restricting supply to drive prices even higher. Businesses can inflate prices and profits by eliminating competition and coordinating with competitors to raise prices. The chicken industry has been accused or found guilty of doing all of the above in recent years.

- In 2021, Cargill Inc. and Continental Grain Company purchased Sanderson Farms Inc., the number three chicken producer in the Nation, merging it with Continental subsidiary Wayne Farms to create a new poultry business.<sup>21</sup> Per Forbes, this move "push[ed] the market share of the top four competitors to more than 60% from about 50%."<sup>22</sup> This increasingly leaves growers, workers, and consumers at the mercy of a consolidated industry that can constrict supply to increase profits rather than focus on increasing supply to meet rising demand.
- Pilgrim's Pride, the number two chicken producer, was ordered to pay a \$107 million criminal fine by the Department of Justice (DOJ) in 2021 for its participation in a conspiracy to fix prices and rig bids for broiler chicken products.<sup>23</sup> In 2021, Tyson, the number one chicken producer in the US, paid \$221.5 million to restaurants and supermarkets to settle claims it illegally conspired to inflate chicken prices,<sup>24</sup> and then in 2022 it paid to settle a similar lawsuit brought by the state of Washington.<sup>25</sup>



- Tyson announced in mid-2023 its plans to close six chicken plants across Virginia, Arkansas, Missouri, and Indiana, laying off thousands of workers.<sup>26</sup> In October, Tyson also said that it would be laying off hundreds of additional workers at a plant in North Carolina.<sup>27</sup> With demand and prices still at or near record highs, cuts to operations are expected to boost the bottom lines of companies like Tyson and Pilgrim's Pride while continuing to harm everyday Americans.<sup>28</sup> Other producers have also closed multiple chicken plants since 2021.<sup>29</sup>

Finally, the Department of Justice recently initiated a lawsuit that suggests almost the entire chicken, turkey, and pork industry are engaged in price-fixing practices. The DOJ says the industry sent "sensitive information related to price, cost and output" to a firm called Agri Stats Inc., which then told them

how much they should charge for their products. According to the Department of Justice: "Executives at some of the country's largest meat processors testified that they could not recall any examples in which their companies used Agri Stats information to lower their sales prices to gain market share. An executive at Smithfield, a pork processor, summarized Agri Stats' consulting advice in four words: **"Just raise your price."**<sup>30</sup>





# PORK

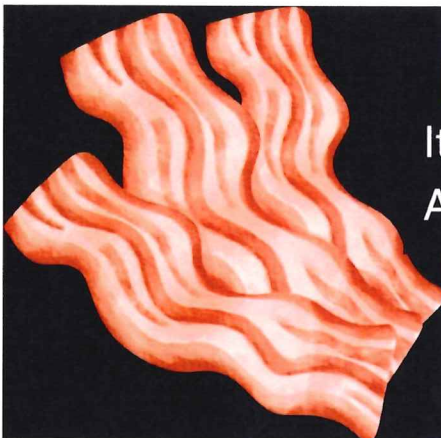
## PRICES ARE UP

If Pennsylvanians want a pork roast on the holiday table this year, they will have to pay extra. Pork chop costs are up 28 percent since 2020<sup>31</sup> and bacon prices were up 30 percent for most of 2022 and are now up 29 percent since 2020.<sup>32</sup> It has, quite literally, gotten harder for working Americans to bring home the bacon.

## PROFITS HAVE BEEN STRONG

Smithfield, the largest pork producer in the US, which is owned by Chinese company WH Group, made profits of over \$1 billion in 2021,<sup>33</sup> which then grew 34 percent to \$1.4 billion in 2022.<sup>34</sup>

As pork prices grew and U.S. demand dipped, American pork processors were able to lean on foreign markets to sell their products, particularly in China. However, China's restoration of higher tariffs on pork imports in 2022 reduced international demand and increased the domestic supply of pork.<sup>35</sup> Per the basic idea of supply and demand, we would expect that a sudden increase in supply would result in lower prices for consumers. Yet, as with chicken, that is not the case. As the Wall Street Journal noted, "the glut of pork on the market has yet to translate into lower prices for consumers."<sup>36</sup>



It has, quite literally, gotten harder for working Americans to bring home the bacon.

## WHAT ARE COMPANIES DOING TO KEEP PRICES HIGH?

Like the chicken industry, the pork processing industry is similarly concentrated. Per data from the U.S. Department of Agriculture's Economic Research Service, 67 percent of pork processing in 2019 went through the four largest companies, compared to 34 percent in 1980.<sup>37</sup>

Rather than cutting prices, the industry seems determined to cut production, reducing capacity while keeping costs high for consumers. In August, Perdue Farms announced that it would be closing a factory in Michigan that processed ham, sausage, and other pork products, laying off 132 workers.<sup>38</sup> Smithfield Foods Inc., the world's largest pork producer, is closing 35 farms across Missouri,<sup>39</sup> and in October announced it would be closing its Charlotte-based processing plant.<sup>40</sup> While these decisions might help reduce the overhead costs and overall supply for producers and processors, it will only exacerbate demand issues by keeping prices high for consumers.

Unfortunately for consumers, the industry has a history of illegally inflating prices and has faced some consequences for price-fixing. In 2021 and 2022, pork giant JBS settled price-fixing lawsuits for \$20 million and \$13 million, while Smithfield paid two different groups of pork consumers \$83 million and \$42 million in 2021 and 2022.<sup>41</sup> In another lawsuit late last year, McDonald's, the maker of the McRib, accused the pork giants of working together to inflate the price of their product.<sup>42</sup> Pork producers are also implicated by the Department of Justice in the Agri Stats price collusion lawsuit. This suit argues that they have been, and are currently, working with their competitors to keep prices high.





# POTATOES

## PRICES ARE UP

This holiday season, it will cost more than ever to put mashed potatoes on the dinner table. According to news reports,<sup>43</sup> the price of potatoes are up over 60 percent compared to last year.

## PROFITS ARE UP

Higher potato prices have meant huge profits for Lamb Weston Holdings, the largest frozen potato provider in the country. Its most recent quarterly report notes that net income soared 111 percent compared to a year before, which their CEO attributed to “the carryover benefit of pricing actions initiated last year.”<sup>44</sup>



In its yearly shareholder statements, Lamb Weston noted that it has greatly outperformed the S&P 500 over the past several years because its potatoes are “one of the highest-margin food items on the menu.”<sup>45</sup>

## CONSUMERS HAVE NOWHERE TO GO

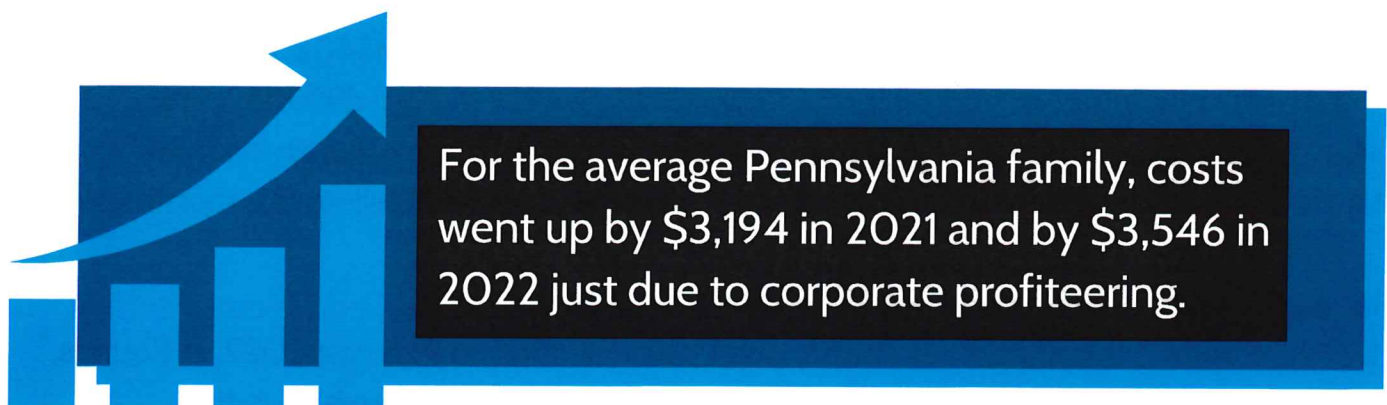
Potatoes are historically an inexpensive food people can turn to when prices rise. With prices for most other foods increasing as well, while potatoes are no longer the budget-friendly option they used to be, consumers don't have many other low-cost choices. As one analyst notes, “Although consumers will pay higher prices for fresh potatoes, french fries, and other frozen potato products, they are not expected to reduce their potato consumption. The potato is extra precious during a period of inflation, when consumer purchasing power is eroded.”<sup>46</sup> They note that despite record prices, this season's crop is the smallest since 2010. Potato production has been falling every year since 2018.<sup>47</sup>



# CONCLUSION

Consumers pay the price for corporate greed. While inflation has stressed family budgets in recent years, data shows that it has recently moderated. Despite this drop, consumers are still feeling pinched because many corporations continue to raise prices on consumers—not to offset inflation—but to increase their own profits. This practice, known as greedflation, is costing American consumers more than ever. Senator Casey's previous report on greedflation found that corporate profits accounted for all the inflation in the first year of the pandemic recovery (roughly July 2020 to July 2021) and 41 percent of inflation overall in the first two years of the post-pandemic recovery (July 2020 to July 2022). For the average Pennsylvania family, costs went up by \$3,194 in 2021 and by \$3,546 in 2022 just due to corporate profiteering.<sup>48</sup>

As we can see in the food industry, there is no shortage of ways for corporations to raise prices on consumers. Senator Casey has a four-pronged strategy to provide hardworking American families with relief from greedflation: putting more money in the pockets of working families, making big corporations pay their fair share, fighting unfair price gouging, and taking on corporate monopolies to increase competition and lower costs. Senator Casey also believes we need stronger enforcement of our existing consumer protection laws by the Federal Trade Commission, Department of Justice, and Department of Agriculture. Senator Casey will continue to fight to lower prices for consumers, especially at the dinner table, and to put money back in the pockets of working families—where it belongs.





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