

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

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 2022¹ and accounted for 41 percent of inflation during America's post-pandemic recovery.² 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.³ 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.⁴ 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 2023.⁵ Another council member, Kimberly-Clark Corporation, credited a combination of higher prices—and lower input costs—for higher profits,

¹ <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>

² <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/>

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

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

⁵ <https://apnews.com/article/pg-earnings-inflation-7dbf16980b3aa22462d6ff84faad212a>

which increased \$100 million between the third quarters of 2022 and 2023.⁶ In fact, Kimberly-Clark raised prices by 10 percent for two straight quarters in 2023.⁷

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.⁸ Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.⁹

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.¹⁰ For example, corporations may reduce the size of containers by a few ounces,¹¹ add air to a package, or even increase the divot at the bottom of a jar,¹² all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.¹³ 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.¹⁴ Companies have used shrinkflation for a variety of products, including baby formula,¹⁵ toilet paper,¹⁶ snack food,¹⁷ paper towels,¹⁸ beverages,¹⁹ cleaning products,²⁰ and even pet food.²¹ 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.²² 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.²³ 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.

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

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

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

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

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

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

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

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

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

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

¹⁶ <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-20220315.html>

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

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

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

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

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

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

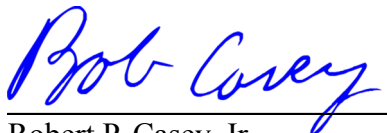
²³ <https://www.abc15.com/news/local-news/valley-consumers-start-to-notice-shrinkflation>

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.²⁴ 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.²⁵ Similarly, cleaning products prices increased 24 percent over the same period, over seven percent of which is tied to shrinkflation.²⁶ 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.²⁷ For example, grocery stores typically list unit prices for products²⁸ and the French government is implementing a label requirement for products that have been reduced in weight.²⁹ 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

²⁴ 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/>

²⁵ BLS Data Prepared at the Request of Senator Casey's office

²⁶ BLS Data Prepared at the Request of Senator Casey's office

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

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

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