

ROBERT P. CASEY, JR.
PENNSYLVANIA

COMMITTEES:
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HEALTH, EDUCATION,
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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 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 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 2022,³ reporting on an earnings call that the company was, "getting smart about how we look at pricing."⁴ 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."⁵ A Goldman Sachs analyst noted that Conagra "had been able to price its profits above inflation rates and recovered its profit margins."⁶ The *Wall Street Journal* noted that the

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.foodbusinessnews.net/articles/21484-general-mills-has-taken-pricing-five-times>

⁴ <https://www.marketwatch.com/story/greedflation-is-replacing-inflation-as-companies-raise-prices-for-bigger-profits-report-finds-bfb51060>

⁵ <https://www.wsj.com/articles/conagra-cfo-doesnt-see-need-for-big-price-increases-in-near-term-11673561602>

⁶ <https://www.nytimes.com/2022/11/01/business/food-prices-profits.html>

company took a series of double-digit percentage price increases in 2022.⁷ 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.⁸ 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.⁹

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.¹⁰ Reports from multiple states have even shown that families participating in food assistance programs lost access to certain brands of milk,¹¹ orange juice,¹² oatmeal, and grits,¹³ after companies downsized them. Shrinkflation has become so commonplace that *Merriam-Webster* added the word to its dictionary in 2022.¹⁴

Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.¹⁵ For example, corporations may reduce the size of containers by a few ounces,¹⁶ add air to a package, or even increase the divot at the bottom of a jar,¹⁷ all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.¹⁸ 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.¹⁹ Companies have used shrinkflation for a variety of products, including baby formula,²⁰ toilet paper,²¹ snack food,²² paper towels,²³ beverages,²⁴

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

⁸ <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html>

⁹ Q3 2022 ColgatePalmolive Co Earnings Call, LexisNexis, accessed 11/3/2023

¹⁰ <https://www.ipsos.com/sites/default/files/ct/news/documents/2023-11/Ipsos-global-inflation-monitor-Nov-23.pdf>, at 23.

¹¹ <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

¹² <https://www.modernretail.co/marketing/its-dishonest-how-shrinkflation-took-over-shoppers-minds-and-social-media-accounts/>

¹³ <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.

¹⁴ <https://www.merriam-webster.com/wordplay/shrinkflation-words-were-watching>

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

¹⁶ <https://finance.yahoo.com/news/shrinkflation-does-impact-shoppers-150015512.html>

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

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

¹⁹ <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>

²⁰ <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>

²¹ <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-20220315.html>

²² <https://www.forbes.com/advisor/personal-finance/what-is-shrinkflation/>

²³ <https://www.aarp.org/money/budgeting-saving/info-2022/products-impacted-by-shrinkflation.html>

²⁴ <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>

cleaning products,²⁵ and even pet food.²⁶ 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.²⁷ Mondelēz 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.²⁸ 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.²⁹ 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.³⁰ Similarly, cleaning products prices increased 24 percent over the same period, over seven percent of which is tied to shrinkflation.³¹ 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.³² For example, grocery stores typically list unit prices for products³³ and the French government is implementing a label requirement for products that have been reduced in weight.³⁴ 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?

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

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

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

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

²⁹ 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/>

³⁰ BLS Data Prepared at the Request of Senator Casey's Office

³¹ BLS Data Prepared at the Request of Senator Casey's office

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

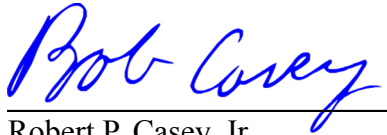
³³ <https://www.cnbc.com/2023/04/27/how-to-avoid-shrinkflation.html>

³⁴ <https://www.gamberorossointernational.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