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United States Senate

WASHINGTON, DC 20510

January 10, 2024

The Honorable Gene L. Dodaro
Comptroller General
United States Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Comptroller General Dodaro:

I write to request that the Government Accountability Office (GAO) examine the consequences of corporate greed on American consumers. In recent months, I have released reports showing that working families across our Nation are paying higher prices due to greedflation, whereby big corporations use economic turmoil as cover to raise prices beyond the rate of inflation, and shrinkflation, which occurs when big corporations downsize products without adjusting prices or notifying consumers. These corporate strategies to hide price increases and raise the unit cost of everyday items like food and household products are hurting families in Pennsylvania. And consumers are noticing, as evidenced by a November 2023 poll in which 50 percent of U.S. respondents noticed food product sizes getting smaller, while price remained the same.¹ The American people should not have to tolerate corporate executives squeezing them for every last nickel and dime. Accordingly, I ask the GAO to examine how greedflation and shrinkflation are affecting consumers and evaluate transparency measures the federal government can implement to help consumers identify both practices.

In November 2023, I released two reports that found corporate profits rose five times as fast as the rate of inflation from July 2020 to July 2022,² and accounted for a significant portion of inflation during America's post-pandemic recovery.³ The price of food increased faster than other products,⁴ including price hikes pushed by four large meat producers that, combined, have

¹ "Ipsos Global Inflation Monitor," Ipsos, November 2023, at 23, 28,

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

² Subcommittee on Children & Families, Senate Committee on Health, Education, Labor & Pensions, *A Special Report on Greedflation: How Corporations are Making Record Profits on the Backs of American Families*, November 2023, at 1, <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf>; Subcommittee on Children & Families, Senate Committee on Health, Education, Labor & Pensions, *A Greedflation Report: Stuffing Their Pockets: How Big Food and Agriculture Businesses are Making Your Holiday Meals More Expensive*, November 2023, (hereinafter "Stuffing Their Pockets"),

https://www.casey.senate.gov/imo/media/doc/stuffing_their_pockets.pdf.

³ Subcommittee on Children & Families, Senate Committee on Health, Education, Labor & Pensions, *A Special Report on Greedflation: How Corporations are Making Record Profits on the Backs of American Families*, November 2023, at 2, <https://www.casey.senate.gov/imo/media/doc/greedflation1.pdf>.

⁴ Mike Patton, "Food Prices Outpace General Inflation: Here's What You Need to Know," *Forbes*, August 30, 2023, <https://www.forbes.com/sites/mikepatton/2023/08/30/food-prices-outpace-general-inflation-heres-what-you-need->

paid nearly \$500 million to settle lawsuits over price-fixing claims in recent years.⁵ My reports showed that greedflation is hurting middle-class families even as it lines the pockets of executives and wealthy shareholders. For example, the Coca-Cola Company increased the price of its products by 11 percent over the course of 2022.⁶ The company’s chief executive said at the time that Coca-Cola had “earned the right” to hike prices for consumers.⁷ Coca-Cola’s rival, PepsiCo Inc., also significantly increased prices. In April, PepsiCo stated that it had increased prices 16 percent during the first quarter of 2023.⁸ On an earnings call, executives went a step further: PepsiCo’s chief executive told investors that even though inflation was declining, their prices would not,⁹ 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.’”¹⁰ These aggressive price increases led a major European grocer with more than 12,000 stores in 30 countries to stop carrying PepsiCo’s products this month in France, Spain, Belgium, and Italy.¹¹

In addition to these public pronouncements of price hikes, corporations are also engaging in shrinkflation by downsizing products without adjusting prices or clearly notifying consumers. Shrinkflation has become so common that *Merriam-Webster* added the word to its dictionary in 2022.¹² Experts have found that corporations use a variety of methods to carry out shrinkflation, many of which are hard for everyday consumers to identify.¹³ For example, corporations may reduce the size of containers by a few ounces,¹⁴ add air to a package, or even increase the divot at the bottom of a jar,¹⁵ all while maintaining the same prices – or even raising them. Unfortunately, product sizes do not typically return to normal with time.¹⁶ If shrunken products are later

[to-know/?sh=7ee495ef6fbd.](https://www.merriam-webster.com/dictionary/shrinkflation)

⁵ *Supra*, note 2, Stuffing Their Pockets, at 3 and 6.

⁶ Ananya Mariam Rajesh, “Coca-Cola to Push Ahead with Price Hikes as PepsiCo Hits Pause,” Reuters, February 14, 2023, <https://www.reuters.com/business/retail-consumer/coca-cola-sees-annual-profit-above-estimates-resilient-demand-price-hikes-2023-02-14/>.

⁷ Jessica DiNapoli, “To Raise Prices or Not? Consumer Goods Makers Weigh Bets While Retailers Fret,” Reuters, February 21, 2023, <https://www.reuters.com/business/retail-consumer/raise-prices-or-not-consumer-goods-makers-weigh-bets-buyer-strength-2023-02-20/>.

⁸ Talmon Joseph Smith and Joe Rennison, “Companies Push Prices Higher, Protecting Profits but Adding to Inflation,” *New York Times*, May 30, 2023, <https://www.nytimes.com/2023/05/30/business/economy/inflation-companies-profits-higher-prices.html>.

⁹ “PepsiCo, Inc. (PEP) Q1 2023 Earnings Call Transcript,” Seeking Alpha, April 25, 2023, <https://seekingalpha.com/article/4596343-pepsico-inc-pep-q1-2023-earnings-call-transcript>.

¹⁰ “People Are Willing to Pay More for Pepsi, CFO Says,” *Bloomberg*, April 25, 2023, <https://www.bloomberg.com/news/videos/2023-04-25/people-are-willing-to-pay-more-for-pepsi-cfo-says-video>.

¹¹ Sylvie Corbet and Dee-Ann Durbin, “PepsiCo Products are Being Pulled from Some Carrefour Grocery Stores in Europe Over Price Hikes,” Associated Press, <https://apnews.com/article/pepsico-carrefour-food-prices-521d10fb6226fd7bd03262f34835ce5d>.

¹² “That Shrinking Feeling: Shrinkflation,” *Merriam-Webster*, last accessed January 9, 2024, <https://www.merriam-webster.com/wordplay/shrinkflation-words-were-watching>.

¹³ Kari McNair, “Getting Less for the Same Price? Explore How the CPI Measures ‘Shrinkflation’ and its Impact on Inflation,” *Beyond the Numbers*, February 2023, (hereinafter “CPI and Shrinkflation”), <https://www.bls.gov/opub/btn/volume-12/measuring-shrinkflation-and-its-impact-on-inflation.htm>.

¹⁴ Heather Taylor, “What is Shrinkflation and How Does it Impact Shoppers,” Yahoo!Finance, April 8, 2022, <https://finance.yahoo.com/news/shrinkflation-does-impact-shoppers-150015512.html>.

¹⁵ *Supra*, note 13, CPI and Shrinkflation.

¹⁶ Alexis Benveniste, “‘Shrinkflation’ Isn’t a Trend – It’s a Permanent Hit to Your Wallet,” *BBC News*, September 24, 2023, (hereinafter “BBC Shrinkflation Article”), <https://www.bbc.com/worklife/article/20230922-shrinkflation-isnt-a-trend-its-a-permanent-hit-to-your-wallet>.

“upsized,” corporations often advertise them as “bonus buy” or “more for the money,” and sometimes sell them at a higher price.¹⁷

Companies have used shrinkflation for a variety of products, including baby formula,¹⁸ toilet paper,¹⁹ snack food,²⁰ paper towels,²¹ beverages,²² cleaning products,²³ and even pet food.²⁴ In December, I sent letters to major trade associations including the Consumer Brands Association,²⁵ SNAC International,²⁶ the American Beverage Association,²⁷ and the Personal Care Products Council,²⁸ pressing their leadership on instances of shrinkflation among member companies’ product portfolios. In one such case, PepsiCo subsidiary Frito-Lay North America reduced the size of Doritos bags by five percent without adjusting the price.²⁹ 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.”³⁰ In another instance, Procter & Gamble, 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.³¹ Similarly, a small box of Kimberly-Clark’s tissue brand, Kleenex, had 65 tissues compared to the 60 tissues in a box today.³² 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.

¹⁷ *Supra*, note 13, CPI and Shrinkflation.

¹⁸ *Supra*, note 16, BBC Shrinkflation Article.

¹⁹ Erin Arvedlund, “How Shrinkflation Hurts Us, From More Expensive Toilet Paper to Fewer Doritos in a Bag,” *Philadelphia Inquirer*, March 15, 2022, <https://www.inquirer.com/business/shrinkflation-2022-rising-prices-inflation-profits-20220315.html>.

²⁰ Kelly Anne Smith, “Smaller Sizes, Same Price: How Shrinkflation Affects Consumers,” *Forbes*, April 26, 2022, <https://www.forbes.com/advisor/personal-finance/what-is-shrinkflation/>.

²¹ Donna Fuscaldò, “7 Products Hit Worst by Shrinkflation,” AARP, December 2, 2022,

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

²² Clarisa Diaz, “How Companies are Hiding Inflation Without Charging You More,” *Quartz*, March 10, 2022, (hereinafter “Quartz Shrinkflation Article”), <https://qz.com/2129426/inflation-and-supply-chain-snags-are-shrinking-your-products>.

²³ Paul Solman and Diane Lincoln Estes, “Manufacturers Use Shrinkflation to Pass Costs on to Consumers,” *PBS News Hour*, July 29, 2022, <https://www.pbs.org/newshour/show/manufacturers-use-shrinkflation-to-pass-costs-on-to-consumers>.

²⁴ Abha Bhattarai, “One Way Companies are Concealing Higher Prices: Smaller Packages,” *Washington Post*, June 1, 2021, <https://www.washingtonpost.com/business/2021/06/01/package-sizes-shrink-inflation/>.

²⁵ Letter from Senator Casey to David Chavern, December 13, 2023,

https://www.casey.senate.gov/imo/media/doc/consumer_brands_associated_greedflation_letter.pdf.

²⁶ Letter from Senator Casey to Christine Cochran, December 13, 2023,

<https://www.casey.senate.gov/imo/media/doc/SNAC%20Greedflation%20Letter.pdf>.

²⁷ Letter from Senator Casey to Kevin W. Keane, December 13, 2023,

<https://www.casey.senate.gov/imo/media/doc/American%20Beverage%20Association%20Greedflation%20Letter.pdf>.

²⁸ Letter from Senator Casey to Lezlee Westine, December 13, 2023,

<https://www.casey.senate.gov/imo/media/doc/Personal%20Care%20Products%20Council%20Greedflation%20Letter.pdf>.

²⁹ *Supra*, note 22, Quartz Shrinkflation Article.

³⁰ *Id.*

³¹ Jordan Bontke, “Valley Consumers Start to Notice ‘Shrinkflation,’” ABC 15 Arizona, last updated July 22, 2022, <https://www.abc15.com/news/local-news/valley-consumers-start-to-notice-shrinkflation>.

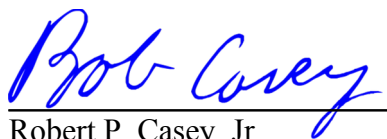
³² Dee-Ann Durbin, “No You’re Not Noticing It – Package Sizes Are Shrinking,” Associated Press, June 8, 2022, <https://apnews.com/article/india-prices-business-d2c8279d39e1304f5623b3a99b56b8cc>.

Given the ongoing economic harm greedflation and shrinkflation pose to consumers, I ask the GAO to examine and report on the following issues:

1. How has corporate use of greedflation and shrinkflation affected the price and unit price of consumer products, including food and household staples? What are common methods that corporations use to shrink the size of products without consumers noticing? How has the frequency of shrinkflation changed over time, and how has the use of shrinkflation affected gross margins of products?
2. How do greedflation and shrinkflation affect American consumers? Please consider consumer awareness of changes in product cost and size, consumer adaptation to product changes, and the impact of corporate consolidation on the ability of consumers to adapt.
3. Public and private actors have adopted commonsense steps that can help protect consumers from greedflation and shrinkflation, according to public reports.³³ For example, grocery stores typically list unit prices for products;³⁴ a federal agency reports that 11 states have mandatory unit pricing provisions;³⁵ and France is implementing a label requirement for products that have been reduced in weight.³⁶ Please provide information about best practices identified from governmental and non-governmental entities to protect consumers from greedflation and shrinkflation, and to bring transparency to those corporate tactics. To what extent has the federal government instituted consumer protections from greedflation, shrinkflation, and other covert or overt corporate price increases?

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
Chairman, Subcommittee on
Children and Families

³³ Stephen Mihm, “Shrinkflation Is an Economic Monster Worth Watching,” *Bloomberg*, June 24, 2021, <https://www.bloomberg.com/opinion/articles/2021-06-24/shrinkflation-is-the-grocery-store-s-inflation-secret>.

³⁴ Mike Winters, “Grocery ‘Shrinkflation’ is Worse Now ‘Than in Any Other Period in Memory’ Says Expert – 3 Ways to Avoid It,” *CNBC*, last updated April 27, 2023, <https://www.cnn.com/2023/04/27/how-to-avoid-shrinkflation.html>.

³⁵ “A Guide to U.S. Retail Pricing Laws and Regulations,” National Institute of Standards and Technology, last updated May 11, 2023, <https://www.nist.gov/pml/owm/laws-and-regulations/us-retail-pricing-laws-and-regulations>.

³⁶ “What is Shrinkflation and How France is Fighting to Reduce It,” *Gamber Rosso*, September 20, 2023, <https://www.gamberrossointernational.com/news/what-is-shrinkflation-and-how-france-is-fighting-to-reduce-it/>.