



MONEYWISE

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SHRINKFLATION:

INCREASING PRICES, DECREASING QUANTITY

You have likely noticed increased prices when shopping lately, but have you also noticed packaging sizes are shrinking? This is known as “shrinkflation.” Let’s unpack what this means for your household and explore ways to be more mindful when shopping.

UNDERSTANDING SHRINKFLATION

Sometimes called downsizing, *shrinkflation* occurs when companies maintain current prices (or even increase prices ever so slightly) while giving you less product. The size differences are often small enough to keep the physical packaging the same, such as a bag of chips shrinking from 13 ounces to 11 ounces, or a package of bacon shrinking from 16 ounces to 12 ounces. These small changes can easily go unnoticed. In fact, manufacturers are counting on consumers not paying attention to the amount of product in their packages, especially when it comes to shrinking sizes.

WHY SHRINKFLATION MATTERS

Even small changes in the amount of a food or household item can add up quickly and impact your monthly budget. The less of the item you receive, the more often you need to repurchase it. Take toilet paper, for example, which was quite the commodity in 2020. Would you notice if your toilet paper contained just 312 sheets per roll instead of its usual 340 sheets? For the same price, there would be less than 92% as many sheets per roll



than before it was downsized, and you will likely go through each package approximately 8% faster.

TIP #1: NOTICE PACKAGING CHANGES

To combat shrinkflation, pay attention to slight changes in packaging on the products you buy, from cereal to toilet paper to shampoo. While not all shrinking products will come with new packaging or a “new look,” some companies may make boxes or bottles taller and narrower to trick the eye into believing it holds more product than it does. Also, be wary of ‘bonus buys’ that promise additional product. Compare the ‘bonus buy’ to the regular product to ensure it contains more.

TIP #2: CALCULATE UNIT PRICE

Shrinkflation is a legal tactic companies can use to save money from a production standpoint. The Fair Packaging and Labeling Act requires businesses to clearly label an accurate weight



CALCULATING AND COMPARING UNIT PRICES HELPS YOU COMBAT SHRINKFLATION



on its packaging so that customers can comparison shop between like items. However, it doesn't prohibit companies from decreasing an item's weight if they clearly label the amount of product contained in the package.

Calculating and comparing unit prices helps you combat shrinkflation. Unit prices help you compare different brands and different sizes of the same brand. Unit prices show you the price per unit, such as pounds or ounces, and are located on the shelf price tag, not on individual packages. You can also calculate the unit price of an item by dividing the price of the item by the number of units.

For example, let's compare the unit price of two packages of bacon. Bacon #1 is priced at \$4.69 and contains 12 ounces. Bacon #2 is priced at \$5.38 and contains 16 ounces. When we divide price by units, Bacon #1 has a unit price of \$0.39 per ounce, and Bacon #2 has a unit price of \$0.33 per ounce. Although Bacon #2 costs more, you get more bacon in the pack, and it has a lower unit price than Bacon #1.

TIP #3: SAVE WHEN YOU CAN

Finally, keep an eye out for sales and consider stocking up on freezer or self-stable household staples when you find a deal. Between inflation (the rising costs of goods and services) and shrinkflation (the shrinking amount of goods we receive), many households may find it difficult to "bring home the bacon" because it's getting harder to afford it! Using smart shopping strategies like couponing, buying generic brands, and utilizing customer loyalty programs can also help you maximize your resources.

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