

Shrinkflation

Shrinkflation refers to the tampering of a product while maintaining retail price

Word of the day

Mull

to reflect deeply on a subject

Synonyms: speculate, meditate, muse, ponder, contemplate

Usage:

I mulled over the events of the afternoon

Pronunciation:

<https://forvo.com/search/mull/en/>



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Shrink inflation is when a product downsizes its quantity while keeping the price the same. For example, reducing the scoops of ice cream in a container or reducing the number of chips in a packet would count as shrinkflation. In other words, shrinkflation occurs when goods shrink in size but consumers pay the same price. It occurs when manufacturers downsize products to offset higher production costs but keep retail prices same.

The effect of inflation

The effects of inflation on consumers' daily lives are numerous. Rent, food, gas, and other living expenses are some of the ways inflation negatively impacts consumers. Shrinkflation deceives consumers into believing that the brands they buy are not affected by inflation, since container and vessel sizes are reduced by very small amounts, saving manufacturers more money in the long run. From toilet paper to

yogurt and coffee to corn chips, manufacturers worldwide are quietly shrinking package sizes without lowering prices.

Shrinkflation occurs when materials or ingredients used to make products become more expensive and when there is intense competition in the market. As a result, instead of raising prices, they might just give you less of the product so as to maintain their profit margins. Companies think that they can keep profits rolling in by keeping the change under the radar — all while the consumer is unaware.

Shrinkflation can occur in different ways. It's not just the weight that will be compromised as it is not uncommon for companies to look for alternative options. If consumers are aware that the quantity is constantly declining, they would switch or change brands. To prevent this, a product can reformulate or remove ingredients while maintaining its price. For example, Cadbury Dairy Milk stopped using foil which it used to prevent chocolate from losing its quality and flavour in order to save expense. Though downsizing products reduces costs for manufacturers, it is an unfair practice toward consumers. It can lead to a loss of trust if companies fail to properly communicate with them. Shrinkflation can lead to customer frustration and deterioration of consumer sentiment towards a producer's brand. However, it is quite common nowadays for producers to practise shrinkflation.

Various implications

In the event of shrinkflation, it is more difficult to accurately measure price changes or inflation. Price points become misleading when the basket of goods cannot always be measured by considering the product size. Tackling shrinkflation means tackling inflation. In India especially, inflation is a complex phenomenon caused by several factors, such as demand-pull factors, cost-push factors, and structural factors. Therefore, we need a mix of macroeconomic policies to manage demand and supply, as well as address structural rigidities in the economy. In India, the Right to Information has been recognised as a consumer right under the Consumer Protection Act, 2019. This means that the consumer has the right to know the quality, quantity, potency, purity, standard, and price of goods. Therefore, the Central Consumer Protection Authority needs to bring some guidelines to inform consumers when the weight of a product is reduced, instead of letting consumers be fooled by companies.

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