

Smaller packs, same price: curse of 'shrinkflation' hits shoppers' baskets

Food suppliers are cutting pack sizes and raising checkout prices in response to rising costs



Smith's Frazzles and Chipsticks now sell in a multipack of six bags for £1 instead of eight. Photograph: Sophia Evans/The Observer

Shoppers should watch out for supermarkets and food brands sneaking through price rises by shrinking pack sizes – known as “shrinkflation” – as they wrestle with rising commodity, energy and labour costs, analysts have warned.

Food giants, facing surging prices of commodities such as oil and flour, as well as record power prices, are opting to cut pack sizes as well as hike checkout prices, adding to the wave of inflationary pressures hitting households.

Recent examples include Walkers, which cut two bags of crisps from its 24-bag multipacks while the price stayed at £3.50. Smith's Frazzles and Chipsticks now sell in a pack of six bags instead of eight for £1. Bags of KP peanuts are now 225g instead of 250g for £2.50.

Persil now has 75g less washing powder in a box for the same price of about £5, meaning that shoppers now get 37 washes from a pack, down from 40. Tesco cut the weight of its 70p mozzarella cheese pack from 270g to 240g, an effective 12.5% price increase.

A spokesperson for Persil said it had reduced the amount of powder in its packs after making the formula more concentrated so a smaller amount could be used for each wash. Persil added: “Pricing is always at the discretion of the retailer.”

Steve Dresser, an analyst at Grocery Insight, said: “Ultimately the customer, despite not paying more, is not getting the same value, so they lose out. Your shopping bill may not have gone up but your pack has gone down by 20g to 30g.”

Savoury snacks saw some of the biggest rise in prices in the grocery aisles in the four weeks to 5 September, up 7.6% according to analysts at Kantar, while crisps rose 5.4%. Oil price rises are also likely to affect the price of laundry products, while other areas likely to see price rises include cat food, canned colas, yoghurt and skincare, as well as pasta and other products based on wheat, for which prices have shot up in recent weeks.

Pack sizes are often cut by brands because of short-term pressures such as a rise in the cost of ingredients, but they are rarely increased in size once that pressure diminishes.

A recent study suggested that 90% of British adults were angered by signs of shrinkflation, which led to Cadbury putting five Creme Eggs in a box this Easter instead of six.

But Bryan Roberts, a retail analyst at Shopfloor Insights, said supermarket suppliers often see it as an easier way to offset higher costs than a straight price rise.

Dresser said: "No one wants to put prices up but if you look at the pressures coming down the track, it is hard. There is a combination of factors: oil, which is used in a lot of products, is up through the roof; fuel, the issues with CO2, which has meant significant price rises for producers of fresh food and fizzy pop, labour shortages and wage rises – those costs are now in the supply chain.

"Retailers and suppliers have a specific price point they want to hit, say £1, and may have to gear packaging or pack sizes to hit that £1."

Dresser said brands and retailers were likely to be tempted to introduce shrinkflation to offset those price rises but adapting packaging and products took longer than other methods of putting up prices.

Dresser said that retailers could, and already had, turned to other techniques beyond absolute price rises, including cutting down on the number of promotions or reducing the level of discount, for example shifting away from offers of three items for the price of two to four for the price of three. They might also introduce a broader range of own-label goods, where retailers earn higher profits, as a cheaper alternative to brands.

Sue Davies at consumer rights group Which? said: "Consumers are facing enough financial pressure from the rising cost of living without having to check packet sizes when they're doing the weekly shop.

"Manufacturers and retailers may have legitimate reasons to make changes to the size of their products, but they must be upfront with their customers so that people can make an informed choice about how to spend their money."

KP declined to comment. Walkers and Tesco were approached for comment.