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'Shrinkflation' now widespread in goods and services – 4th April, 2022

Level 4

"Shrinkflation" is spreading worldwide. Companies are reducing the size of products or range of services due to the price of raw materials rising. They are also place smaller numbers of items in larger boxes, so shoppers think they are getting more for their money. Shrinking the size of products cuts costs. Consumers are more sensitive to price than quantity or quality. Most people will buy something if the price is the same, even if it has shrunk.

A chocolate bar maker has shrunk the size of its products to protect profits. It said it is absorbing costs by "slightly reducing the weight of chocolate bars" so that it can remain competitive. The service industry is also trying to avoid price rises. Hotels have made housekeeping services "opt in". This means that guests must now ask to get their room cleaned. Other free services we take for granted are disappearing or being shrunk.

Level 5

The phenomenon of "shrinkflation" is spreading worldwide. Companies are reducing the size of their products or range of services while maintaining prices. The prices of raw materials are rising. Another example is to place smaller numbers of items in larger boxes, so shoppers think they are getting more for their money. Shrinking the size of products is a cost-cutting strategy. Manufacturers know that consumers are more sensitive to price than quantity or quality. Most people will make a regular purchase, even if it has shrunk, as long as the price is the same.

A chocolate bar maker has shrunk the size of its flagship product by 10 per cent to maintain its bottom line. The company said: "We look to absorb costs...in this difficult environment [so] we've had to...slightly reduce the weight of [chocolate] bars for the first time since 2012, so that we can keep them competitive." The service industry is trying to avoid price rises. Hotels have made daily housekeeping services "opt in". This means that guests must now ask to get their room cleaned. Many other free services we have taken for granted are disappearing or being shrunk.

Level 6

A new phenomenon is taking hold across the world - "shrinkflation". This is when companies reduce the size of their products or range of services while maintaining prices. It is in reaction to the rising prices of raw materials needed in the production process. Another tactic being used is to place smaller numbers of items in larger boxes, providing an illusion to shoppers that they are getting more for their money. Shrinking the size of products is in effect a cost-cutting strategy. Manufacturers are relying on psychology here. They know that consumers are more sensitive to price than quantity or quality. Most shoppers will still make a regular purchase, even if it has shrunk, as long as the price has not risen.

The chocolate bar maker Cadbury has resorted to shrinking the size of one of its flagship products by 10 per cent to maintain its bottom line. A company spokesperson said: "We look to absorb costs...in this difficult environment [so] we've had to make the decision to slightly reduce the weight of [chocolate] bars for the first time since 2012, so that we can keep them competitive." The service industry is also being inventive to try to refrain from raising prices. The hotel chains Hilton and Marriott have made daily housekeeping services "opt in". This means that guests must now request the cleaning of their room. Many other free services we have taken for granted are on the wane and being shrunk.