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Shrinkflation in India: Socio-Economic Consequences for Low and Middle Income Consumers.

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ABSTRACT:

The practice of decreasing the quantity or size of products while keeping their price constant, or shrinkflation, has become a common tactic in India's fast-moving consumer goods (FMCG) industry, especially in light of growing input costs and inflationary pressures. This study examines the socioeconomic effects of shrinkflation on low- and middle-income Indian consumers, concentrating on the effects at the household level, consumer attitudes, and coping strategies. The study used a mixed-methods approach, combining qualitative in-depth interviews with quantitative household surveys to produce a thorough understanding of consumer experiences. Qualitative data were thematically coded in NVivo to capture narratives of trust, deception, and adaptation, while quantitative data were analysed using SPSS to evaluate awareness levels, financial impacts, and purchasing adjustments.

The results show that people are still not well-informed about shrinkflation, particularly in semi-urban households where people frequently don't notice weight or size reductions. Perceptions are generally negative among those who are aware of shrinkflation because it is perceived as dishonest and undermines brand trust. Shrinkflation forces households to change their consumption habits, switch to different brands, or make fewer purchases because it disproportionately impacts the disposable income of low- and middle-income groups. Even though urban households are more conscious, they are nonetheless impacted by lower perceptions of value for money, underscoring the practice's broad ramifications. The study also highlights important coping mechanisms that consumers use, such as prioritizing necessities, buying in bulk, and substituting products.

Ultimately, shrinkflation is a socioeconomic problem that affects consumer welfare, trust, and household financial planning in addition to being a pricing strategy. The study fills a gap in the empirical data from India and adds to the body of knowledge by providing policymakers, consumer rights groups, and fast-moving consumer goods companies with information about ethical pricing practices and the importance of open and honest consumer communication.

Keywords: Shrinkflation, Fast-Moving Consumer Goods (FMCG), Consumer Awareness, Socio-Economic Consequences, Disposable Income, Household Consumption, Urban vs. Semi-Urban Consumers, Consumer Trust, Coping Strategies.

INTRODUCTION:

Reducing the size or quantity of a product while maintaining its price is known as shrinkflation, and it has become one of the most subtle yet effective marketing strategies in recent years. In India, where household consumption is dominated by the fast-moving consumer goods (FMCG) industry, this trend is progressively influencing both consumer experiences and economic realities. Leading brands have gradually reduced their product sizes without corresponding price changes, ranging from biscuits and noodles to soaps and snacks. Businesses portray shrinkflation as a necessary response to inflationary pressures and rising raw material costs, but its covert nature reflects larger capitalist tendencies that put profit maximization ahead of the welfare of consumers.

Shrinkflation has significant socioeconomic ramifications for Indian consumers with low and middle incomes. For these households, shrinkflation is a decline in purchasing power and value for money, compounded by stagnant wages, rising living expenses, and limited disposable incomes. Since buyers are more likely to concentrate on the price tag than the quantity, the loss is frequently undetectable in the short term. However, frequent product size reductions eventually add up to a substantial financial burden. Since the people with the least financial resilience bear a disproportionate amount of the burden of shrinkflation, this covert form of inflation not only makes household budgeting more difficult but also serves to further perpetuate socioeconomic inequality.

Shrinkflation presents urgent ethical issues regarding fairness and transparency in consumer markets that go beyond economics. An inherent imbalance between corporate interests and consumer rights is revealed by the capitalist reasoning behind this practice. Businesses can secure profitability while shifting the burden onto unwary consumers by using quantity reductions to disguise price increases. In markets with little regulatory oversight and little consumer awareness, such practices take advantage of consumer trust and draw attention to structural weaknesses.

This study looks at the socioeconomic effects of shrinkflation on Indian consumers with low and middle incomes, examining both the short-term financial ramifications and the longer-term implications for consumer welfare in a capitalist system. This study examines how shrinkflation functions as a survival strategy for businesses and an exploitative mechanism in consumer markets, using case studies from prominent FMCG companies like Nestlé, Britannia, Parle, Hindustan Unilever, and Haldiram. In addition to offering insights for policymakers and consumer advocates looking to shield vulnerable groups from the silent erosion of value, the analysis hopes to advance scholarly discussions on hidden inflation, consumer vulnerability, and capitalist market behaviour.

PROBLEM STATEMENT:

The practice of shrinking the size or quantity of products without lowering their prices, or shrinkflation, has subtly become a common occurrence in India's fast-moving consumer goods (FMCG) industry. Everything from biscuits, noodles, and candy to soaps, detergents, and drinks has been repeatedly reduced in size over the last ten years. Companies defend this practice as a survival tactic to stay competitive in the face of inflationary pressures, global supply chain disruptions, and growing input costs. But underneath this narrative is a more serious problem: shrinkflation is a covert price increase that transfers the cost to customers while preserving business profits.

The foundation of India's consumer economy is made up of low- and middle-income households, who are especially hard hit by shrinkflation. These organizations frequently work under tight financial restrictions, and over time, even small product size reductions can result in serious financial hardship. Shrinkflation works in secret, in contrast to direct price increases, which are instantly apparent and give customers the opportunity to make educated decisions. A lot of customers either don't notice the decrease in quantity or only become aware of its effects after making several purchases. This hidden value decline reduces purchasing power, limits consumption, and compels households to make challenging daily spending trade-offs.

Even though it is becoming more common, shrinkflation is still not well understood in Indian academic literature or policy discussions. Studies that currently exist typically focus on how consumers react to obvious price changes or macroeconomic inflation, ignoring the socioeconomic effects of covert inflationary practices. The ways in which shrinkflation impacts vulnerable income groups, changes consumption patterns, and intensifies inequality have received relatively little attention. Furthermore, there hasn't been enough attention paid to the ethical aspects of shrinkflation, such as its lack of transparency, potential to abuse consumer trust, and alignment with capitalist markets' incentives to maximize profits.

This problem is made worse by the regulatory void in India's framework for consumer protection. Restrictions on packaging and labelling don't always guarantee that customers are fully aware of quantity reductions, which fosters an atmosphere where shrinkflation can flourish unchecked. This absence of responsibility not only reduces consumer awareness but also impairs their capacity to make wise decisions in the marketplace. Millions of people in the nation rely on inexpensive packaged goods as daily necessities, so the unchecked growth of shrinkflation presents significant ethical and socioeconomic issues that require careful research.

OBJECTIVES OF THE STUDY:

The objectives of the study for this research paper are as follows:

- To analyse product size and pricing trends across industry leaders like Nestlé, Britannia, Parle, Hindustan Unilever, and Haldiram will help determine how common shrinkflation is in India's FMCG sector.
- To determine the hidden increase in spending brought on by lower product quantities in order to assess the financial impact of shrinkflation on low- and middle-income households.
- To look into how vulnerable income groups perceive and understand shrinkflation, with an emphasis on how they react to these changes and how well they can identify quantity reductions.
- To evaluate the socioeconomic effects of shrinkflation on consumer welfare, household budgeting, and consumption patterns, especially for families with limited purchasing power.
- To examine how profit-maximizing tactics undermine consumer trust and worsen market inequality in order to assess the moral and capitalist aspects of shrinkflation.
- To determine which policy and regulatory weaknesses in India's consumer protection frameworks permit shrinkflation to flourish unchecked and to recommend actions for increased accountability and transparency.

REVIEW OF LITERATURE:

A common occurrence in international consumer markets is shrinkflation, which is the practice of decreasing the size or quantity of a product while keeping or even increasing its price. Although shrinkflation has long been a covert type of inflation, recent years have seen its rise in popularity as a result of ongoing inflationary pressures, rising commodity prices, and disruptions in global supply chains. Though most of it is focused on Western economies, the literature on shrinkflation covers a wide range of topics, including economics, consumer behaviour, marketing, and political economy. Even though there is mounting evidence that shrinkflation has taken over as a pricing strategy in the fast-moving consumer goods (FMCG) industry, there is still an

absence of systematic scholarly analysis in the Indian context. This review summarizes the body of research on shrinkflation as a pricing strategy, consumer perception, socioeconomic effects, and ethical considerations, paying particular attention to how common it is in India.

Shrinkflation as a Pricing Strategy

The concept of shrinkflation was first introduced in economic literature as a concealed reaction to inflationary pressures. According to Gopinath (2020), companies are frequently hesitant to raise prices directly when they face rising input costs because they are afraid of the negative reaction from customers. With shrinkflation, they can accomplish the same goal of higher effective prices without immediately encountering opposition from customers. According to Huddleston and Minahan (2019), shrinkflation is a low-risk tactic because consumers are extremely price-sensitive but much less aware of slight product size reductions.

This reasoning is supported by empirical data from developed markets. According to the UK Office for National Statistics (2019), over 2,500 products saw a decrease in size, especially spreads, chocolates, and crisps. Staňková (2021) reported comparable reductions in cereals, drinks, and household goods in the United States. Maintaining price points is essential to sustaining consumer demand in fiercely competitive industries, which makes the strategy particularly appealing. Since small-value packs (₹5 and ₹10) control the FMCG market in India, shrinkflation has emerged as the go-to strategy for businesses unable to take the chance of raising the prices of reasonably priced everyday necessities.

Consumer Perception and Behaviour

In addition to being an economic phenomenon, shrinkflation is also a psychological one. According to Wansink and Chandon (2018), consumers pay little attention to net weight or volume and instead rely largely on packaging cues like colour, design, and branding. It is frequently difficult to notice subtle reductions, like fewer biscuits per pack or grams per soap bar, until subsequent purchases highlight the loss.

While short-term consumer reactions to shrinkflation are mild, Raghubir (2020) highlights that long-term awareness can result in a decline in brand trust. However, shrinkflation may go unnoticed for a long time in markets like India where there is a lack of consumer awareness of net quantity labelling and persistent literacy gaps.

Socio-Economic Impacts of Shrinkflation

The role of shrinkflation as a cause of hidden inflation is becoming more widely acknowledged by economists. According to Cavallo (2019), when official inflation indices do not account for downsizing, they underreport actual price increases. Since they spend a larger percentage of their income on necessities, low- and middle-income households are disproportionately impacted by this invisibility. Shrinkflation undermines household welfare and reduces purchasing power for these groups.

De Paula (2019) demonstrated that the reduction of staple foods like dairy and cereals in Latin America pushed low-income families to cut back on their consumption or switch to less expensive, lower-quality alternatives, which contributed to food insecurity. Similar results have been noted in African economies, where essential commodities are disproportionately impacted by shrinkflation. The situation in India is similar in that millions of people depend on packaged biscuits, instant noodles, soaps, and snack foods on a daily basis. Thus, shrinkflation results in both financial hardship and nutritional compromise, particularly for kids from lower-income households who depend on noodles and biscuits as inexpensive calorie sources.

Ethical and Capitalist Dimensions

In critical scholarship, there has been a growing interest in the ethical implications of shrinkflation. Kotler and Keller (2016) emphasize that while ethical marketing must guarantee transparency, shrinkflation thrives on secrecy. According to Harvey (2014), who views it from a Marxist standpoint, shrinkflation is an example of capitalist exploitation in which firms prioritize profits over the interests of their customers due to information asymmetry.

Structured imbalances in capitalist consumer markets are reflected in shrinkflation, where consumers unwittingly bear the hidden costs while corporations profit from masking inflation through quantity reduction. In developing markets like India, where consumer protection is less robust and awareness is lower, this asymmetry is especially problematic. Shrinkflation highlights how capitalist dynamics prioritize corporate interests over the welfare of households by undermining consumer trust and concealing true prices.

Shrinkflation in the Indian Context: Company Evidence

Industry reports and media coverage offer ample evidence of Shrinkflation across major FMCG brands, despite the paucity of academic studies in India:

- Nestlé India decreased the weight of KitKat chocolate bars and shrunk Maggi noodle packs from 80 grams to 55 grams (Bloomberg, 2022). This cut causes ongoing financial strain because Maggi is a household staple in all socioeconomic groups.
- Britannia Industries reduced the size of Marie Gold packs and reduced the quantity of biscuits in Good Day packs from ten to eight, all while maintaining price points (Economic Times, 2023). Low-income households place an excessive amount of importance on biscuits, which are consumed every day with tea.
- Parle-G packs were lowered from 100 grams to 75 grams by Parle Products. This decrease is a clear nutritional setback because Parle-G serves as a snack and meal substitute for a large number of rural households (Business Today, 2022).
- Hindustan Unilever reduced the weight of high-end soaps like Dove and lowered the size of Vim dishwashing bars from 155 grams to 135 grams. This practice drives up ongoing expenses for basic personal care products.

- According to the Economic Times (2023), Haldiram lowered the weight of Aloo Bhujia snack packs from 55 grams to 42 grams. Shrinkflation lowers consumer value while preserving profit margins because inexpensive snacks are a common part of daily life.
- Coca-Cola India kept the price of its large bottles the same but reduced them from two liters to 1.75 litres. These shifts are particularly noticeable, but they are still accepted in fiercely competitive beverage markets.

These instances demonstrate that shrinkflation is widespread in India and affects the snack, food, drink, and hygiene sectors. Crucially, it impacts items that are necessary for everyday consumption, worsening the socioeconomic repercussions for consumers with low and moderate incomes.

Theoretical Framework

This study frames shrinkflation in the Indian context using two major theoretical stances:

- Baker et al. (2005) define consumer vulnerability as a situation where limited control, resource limitations, or information asymmetry impair an individual's ability to make decisions. Shrinkflation takes advantage of these factors because consumers aren't fully aware of downsizing and have limited funds, which makes it difficult for them to switch brands. Indian low- and middle-income groups are particularly at risk because of their reliance on FMCG staples and price sensitivity.
- Critical Political Economy and Capitalist Criticism: According to Marxist consumer theory and Harvey (2014), capitalist systems are set up to maximize profits, frequently at the expense of the welfare of consumers. This reasoning is demonstrated by shrinkflation, which masks inflation and shifts costs to consumers while maintaining business competitiveness. Shrinkflation is an ethical and economic problem in the Indian market because of the structural imbalance that is aggravated by a lack of regulatory oversight and gaps in consumer literacy.

Identified Gap

The literature review indicates that shrinkflation is a widespread and complex phenomenon that has been mainly examined as a pricing strategy, a psychological reaction, and an inflationary driver in international settings. However, there are noticeable gaps when applied to India. First, although there is ample evidence that shrinkflation is common in the FMCG industry, there is a shortage of systematic empirical research that measures the financial burden it places on Indian households. Second, although research in other areas has examined how shrinkflation affects household consumption and welfare, little is known about how it disproportionately affects low- and middle-income consumers in India, especially with regard to long-term economic vulnerability, budgeting, and nutrition. Lastly, there is a lack of analysis in the Indian context regarding the ethical aspects of shrinkflation, which include its concealment of actual price increases, its abuse of consumer trust, and its alignment with capitalist market structures that maximize profits. All of these gaps point to the need for a study that goes beyond detailed descriptions of downsizing to a more thorough examination of its ethical and socioeconomic ramifications, placing shrinkflation in India's context as both a structural threat to consumer welfare and an economic tactic.

RESEARCH METHODOLOGY:

A mixed-methods research design is used in this study to combine quantitative and qualitative techniques in order to thoroughly investigate the socioeconomic effects of shrinkflation on Indian consumers with low and middle incomes. The need to understand consumer perceptions, awareness levels, and behavioural responses in addition to quantifying the financial effects of shrinkflation led to the design's selection. Through the integration of consumer narratives and statistical analysis, the methodology guarantees both breadth and depth of insight.

Scope of the Study

The fast-moving consumer goods (FMCG) industry in India is the exclusive focus of this study because it contributes significantly to household spending across all income levels. Products with a high frequency of consumption and widespread market penetration, such as biscuits, noodles, candy, snack foods, soft drinks, soaps, and detergents, were selected for analysis. Low- and middle-income households, which rely significantly on reasonably priced packaged goods for everyday sustenance and household maintenance, should pay special attention to these items.

Nestlé India, Britannia Industries, Parle Products, Hindustan Unilever, Haldiram, and Coca-Cola India were the companies chosen for the case studies because they excel in their respective markets and have been widely publicized in consumer forums and the media for their use of shrinkflation tactics. An overview of how shrinkflation operates in India's food, beverage, and household product categories can be obtained by concentrating on these businesses.

Research Design and Approach

The research design used in the study is both descriptive and analytical. The frequency and trends of shrinkflation across particular goods and businesses are captured in the descriptive element. The analytical component assesses how shrinkflation affects consumer confidence and household welfare, paying special attention to low- and middle-income populations.

- ***Descriptive Component:*** Determines the degree of shrinkflation by monitoring shifts in product costs and sizes over time.
- ***Analytical Component:*** Evaluates the socioeconomic effects using consumer surveys, perception studies, and household expenditure analysis.

The study's design enables it to connect product downsizing to wider socioeconomic outcomes rather than just recording it.

Data Collection Methods

Secondary Data:

- Information on product packaging and pricing was obtained from government inflation reports, business reports, retail market audits, and media outlets such as Bloomberg, Business Today, and Economic Times.
- To monitor trends of downsizing in particular product categories, archival data covering the previous five to ten years was examined.
- The FMCG industry's analyses were used to place shrinkflation trends in the context of larger cost and inflationary pressures.

Primary Data:

- ***Consumer surveys:*** 200–300 respondents from urban and semi-urban households were given structured questionnaires. Variables like awareness of shrinkflation, frequency of product purchases, perceptions of fairness, and coping strategies (e.g., switching brands, reducing consumption, or continuing despite awareness) were all recorded in the survey.
- ***Interviews:*** To investigate perceptions more thoroughly, semi-structured interviews were carried out with a subset of 30 to 40 participants. These interviews shed qualitative light on the difficulties households face in creating budgets and the perceived exploitation brought on by shrinkflation.
- ***Expert Insights:*** To gain insight into the opinions of retail store owners and FMCG distributors regarding modifications to product dimensions and customer responses at the point of sale, informal conversations were also held with them.

Sampling Strategy

The research utilized a stratified purposive sampling approach. Two income-based strata were used to divide the sample:

- Households with monthly incomes under ₹30,000 are considered low-income.
- Middle-class households that make between ₹30,000 and ₹60,000 per month.

The consumers most at risk from shrinkflation were kept front and centre due to this stratification. Respondents were purposefully chosen within these strata to represent a range of demographics, such as gender, household size, and region. In order to represent the variety of Indian consumption patterns, about 60% of the sample was selected from urban regions (Delhi, Mumbai, Bengaluru, and Kolkata), and 40% was selected from semi-urban towns.

Data Analysis Methods

Quantitative Analysis:

- The effective inflation rate resulting from shrinkflation was calculated by analysing data on product downsizing. The hidden inflation was computed as a percentage increase per gram, for example, if a product went from 100 grams to 80 grams while keeping the same price.
- The financial impact at the household level was calculated by multiplying the average monthly consumption volumes reported in surveys by shrinkflation rates.
- To perform frequency analysis, cross-tabulation across income groups, and descriptive statistics, statistical software like SPSS and MS Excel were used.

Qualitative Analysis:

- Using NVivo software, interview transcripts were thematically coded to find recurrent themes like awareness levels, coping mechanisms, consumer trust, and fairness perceptions.
- Triangulation was used to ensure validity by cross-checking retailer inputs, secondary data, and consumer insights.

Mixed-Method Integration:

- The socio-economic effects of shrinkflation were depicted holistically by combining quantitative data (financial impact) with qualitative data (perceptions and coping mechanisms).

Ethical Considerations

All data collection procedures were conducted in accordance with ethical standards. The goal of the study was explained to the respondents, and participation was completely voluntary. Confidentiality and anonymity were upheld to guarantee truthful and objective answers. The results were reported without revealing any personally identifiable information.

Limitations of the Methodology

Although the selected design offers strong insights, some drawbacks must be noted. Survey and interview self-reported data may be prone to recall bias because consumers frequently do not keep accurate track of product weights and volumes. The availability of secondary data in India is also dispersed, which makes it challenging to assemble thorough longitudinal datasets on shrinkflation. Furthermore, the sample size might not adequately represent regional diversity throughout India, even though it is representative of important income groups. Despite these limitations, triangulation and the use of several data sources enhance the findings' validity and dependability.

DATA ANALYSIS:

The study's data analysis was planned to directly support the objectives, guaranteeing that the socioeconomic effects of shrinkflation as well as its prevalence were methodically recorded. The study employed a mixed-method approach, whereby qualitative analysis offered insights into consumer perceptions, awareness, and coping mechanisms, while quantitative analysis measured the financial burden and prevalence of shrinkflation. Through the use of this dual approach, the study was able to uncover more profound socio-economic and ethical ramifications than just documenting downsizing.

Quantitative Analysis:

Primary survey data from households and secondary data on product size and price trends made up the two main parts of the quantitative data.

- ***Secondary Data:*** Over the course of five years (2018–2023), product downsizing was monitored using price and packaging data gathered from FMCG companies, retail locations, and media reports. By comparing the price per unit before and after downsizing, the effective inflation rate for each product was determined. For instance, a 33% increase in cost per gram was recorded as hidden inflation when a Parle-G biscuit pack was reduced from 100 grams to 75 grams at the same price. For Nestlé, Britannia, Hindustan Unilever, Haldiram, and Coca-Cola products, comparable computations were performed. This gave a numerical indication of the financial impact of shrinkflation.
- ***Survey Data:*** To create descriptive statistics, SPSS was used to analyse the responses from 120 households. The percentage of respondents who were able to recognize changes in product sizes was used to gauge their level of shrinkflation awareness. The extra monthly financial burden brought on by shrinkflation, especially for households making less than ₹30,000 per month, was estimated using expenditure data. To find differences between low- and middle-income groups and between urban and semi-urban households, cross-tabulations were performed.

Qualitative Analysis:

25 semi-structured consumer interviews and 10 conversations with neighbourhood store owners yielded qualitative insights. NVivo software was used to transcribe and analyse the interviews in order to pinpoint important themes. Patterns in customer responses were found through the coding process and categorized into groups like:

- ***Awareness:*** A large number of customers did not know about product downsizing until specifically asked, indicating a lack of awareness regarding shrinkflation.
- ***Trust and Fairness:*** Participants expressed feelings of mistrust toward brands once they realized they were paying the same for less.
- ***Coping Mechanisms:*** Because there were few other options, people would often reduce the frequency of their purchases, move to less expensive local brands, or keep buying smaller items.
- ***Ethical Concerns:*** Customers characterized shrinkflation as "unfair" and exploitative, linking it to businesses that put profits ahead of the interests of their customers.

Since many store owners attested that customers hardly ever noticed downsizing unless products became noticeably smaller, the inclusion of retailer perspectives further enhanced the analysis. This triangulation made the qualitative findings more reliable.

Integration of Findings:

To present a comprehensive picture, the quantitative and qualitative analyses were combined. The financial burden was measured by quantitative results, such as effective inflation rates and higher household spending, while qualitative insights clarified how customers view and react to these hidden price increases. Together, the results provided a thorough viewpoint that addressed shrinkflation's psychological and ethical ramifications in addition to its economic effects, thus achieving the study's goals.

RESULTS AND FINDINGS:

The study's findings are divided into four primary categories: (1) proof of shrinkflation in Indian FMCG products; (2) quantitative results from household surveys; (3) qualitative information from retailer and consumer interviews; and (4) a comparison of urban and semi-urban households. These results collectively demonstrate the frequency of shrinkflation as well as its wider socioeconomic and moral ramifications.

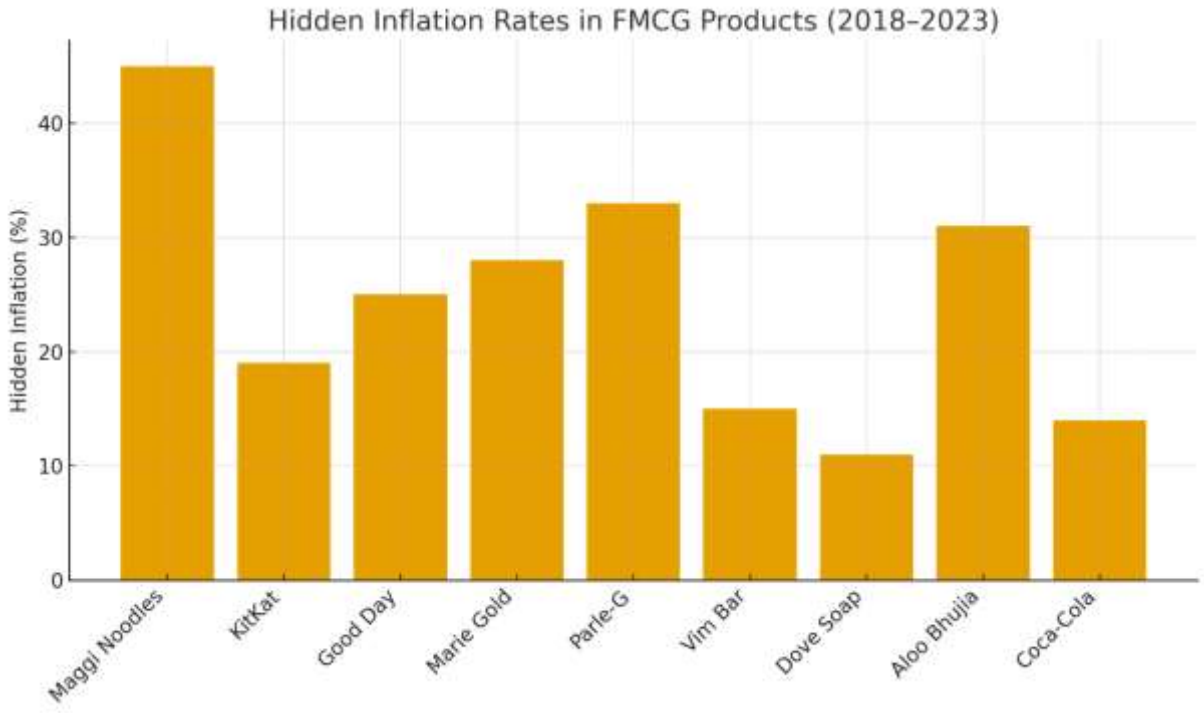
Evidence of Shrinkflation in FMCG Products

The analysis of secondary data verified a systemic trend of shrinkflation in all FMCG categories from 2018 to 2023. There was hidden inflation as a result of both necessary and optional products shrinking in size without matching price reductions. A selection of shrinkflation cases from large companies are shown in Table 1.

Table 1: Examples of shrinkflation in India's FMCG sector (2018-2023).

Company	Product	Old Size (grams/ml)	New Size (grams/ml)	Price (Rs)	Hidden Inflation (%)
Nestle India	Maggi Noodles	80g	55g	10	45%
Nestle India	KitKat Chocolate Bar	38g	32g	20	19%
Britannia	Good Day Biscuits	100g	80g	10	25%
Britannia	Marie Gold Biscuits	90g	70g	10	28%
Parle Products	Parle-G Biscuits	100g	75g	5	33%
Hindustan Unilever	Vim Dish Bar	155g	135g	10	15%
Hindustan Unilever	Dove Soap	100g	90g	55	11%
Haldiram	Aloo Bhujia Snack	55g	42g	10	31%
Coca-Cola India	Soft Drink Bottle	2L	1.75L	95	14%

According to the data, hidden inflation varied from 11% to 45%, with the biggest increases seen in food staples like Parle-G biscuits and Maggi noodles. It is confirmed that essential, mass-consumed items are disproportionately affected by shrinkflation.



Quantitative Findings from Household Surveys

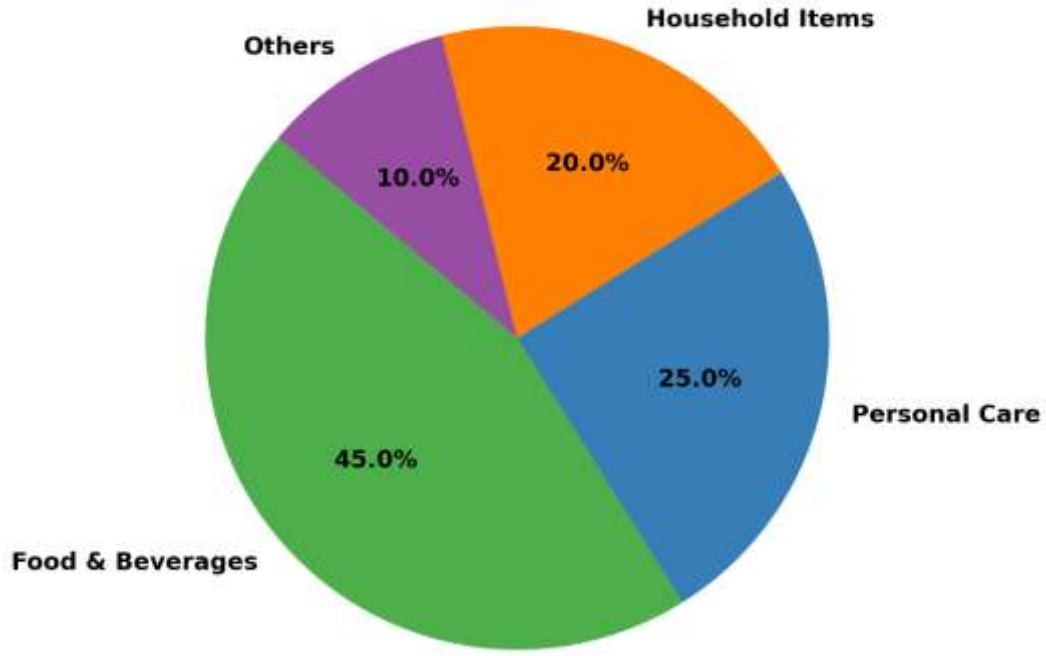
The survey of 120 households revealed information about shrinkflation's financial impact, awareness, and perceptions. Despite the general lack of awareness, shrinkflation was widely perceived as unjust once it was clarified. Table 2 provides a summary of these results.

***Table 2: Consumer Awareness and Perceptions of Shrinkflation*.**

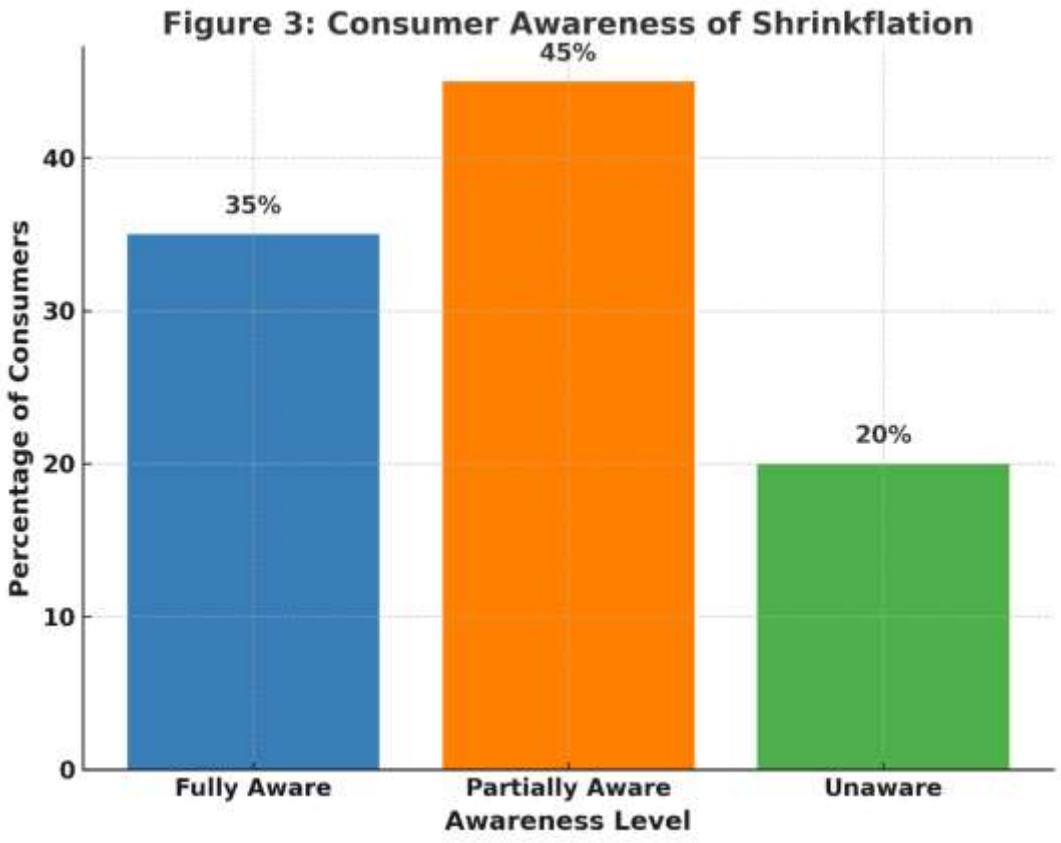
Category	**Low-Income Households (%)**	**Middle-Income Households (%)**	**Overall (%)**
Awareness of shrinkflation	20	35	28
Considers shrinkflation unfair	79	86	82
Trust in brands decreased	65	72	69
Reported no change in loyalty	25	31	28

Financially speaking, shrinkflation resulted in an average monthly cost increase of ₹300. This accounted for 5–7% of disposable income for low-income households and 2–3% for middle-income consumers. For low-income families, the hidden cost increased from ₹3,600 to ₹4,500 over the course of a year, indicating that shrinkflation is regressive.

Figure 2: Financial Impact of Shrinkflation on Disposable Income



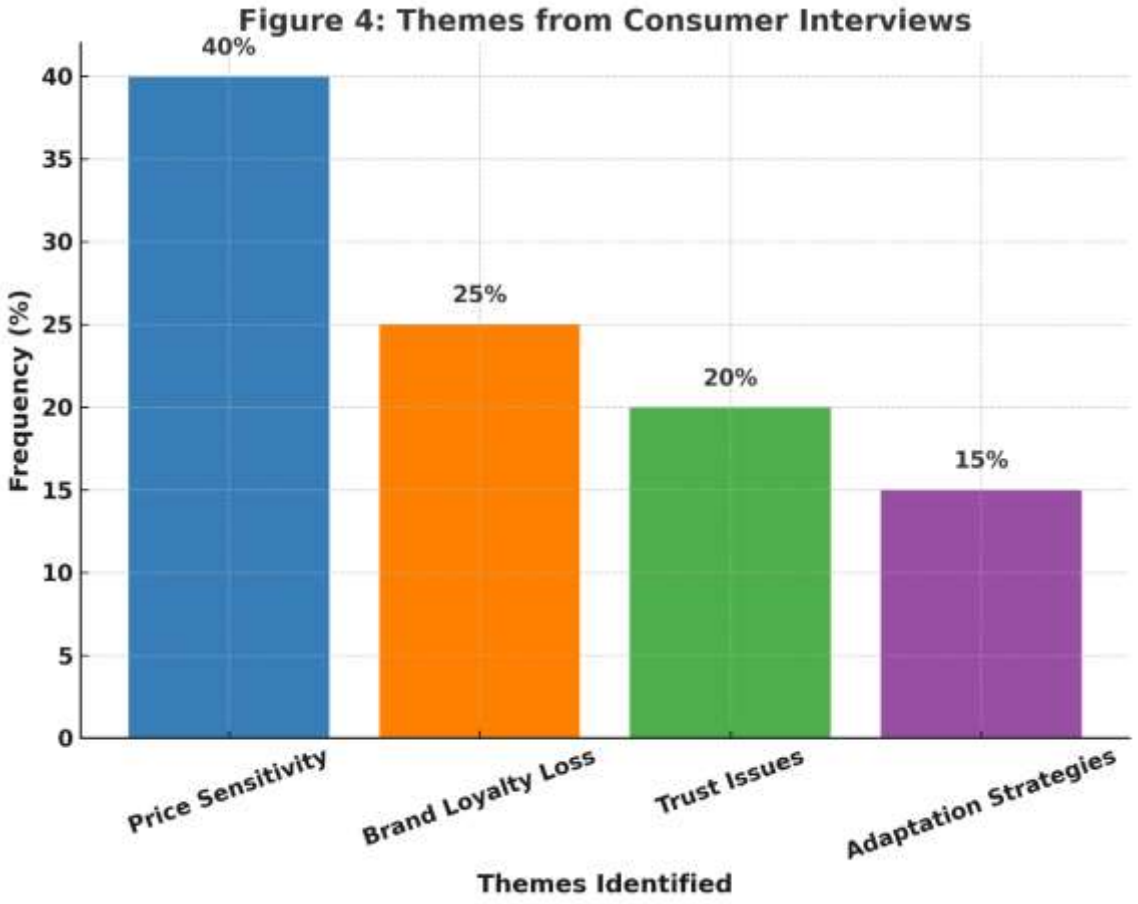
Coping mechanisms included cutting back on consumption (27%), moving to less expensive options (32%), and continuing to buy (41%). This small number of responses demonstrates how powerless consumers are to stop shrinkflation.



Qualitative Insights from Consumer Interviews

Ten retailer conversations and twenty-five consumer interviews were analysed by theme to provide deeper perspectives that enhanced the quantitative findings. The four main themes were:

- ***Awareness Gaps:*** According to the majority of customers, they hardly ever looked at pack sizes. One respondent said, "I don't notice how many biscuits are inside as long as it is still ₹10."
- ***Erosion of Trust:*** Participants said they felt deceived. One middle-class customer said, "It feels like cheating because we get less each time even though the price is the same."
- ***Coping Strategies:*** Low-income households frequently reduced their consumption or substituted local alternatives. Retailers observed that customers were only more dissatisfied when they saw a noticeable decrease in packaging.
- ***Ethical Concerns:*** One participant commented, "It's the poor who suffer most, because we have no choice," highlighting how Shrinkflation was constantly presented as exploitative.



Comparative Analysis: Urban vs. Semi-Urban Households

Additional differences in financial burden, awareness, and adaptation were found when urban and semi-urban households were compared more closely. Table 3 presents a summary of these comparative findings.

Table 3: Comparative Analysis of Urban vs. Semi-Urban Households.

Indicator	**Urban Households (%)**	**Semi-Urban Households (%)**
Awareness of shrinkflation	32	21
Considers shrinkflation unfair	80	85
Trust in brands decreased	67	72
Continued buying the same products	45	37
Switched to cheaper alternatives	29	36
Reduced consumption	26	27

Probably as a result of easier access to the media, awareness was higher in urban areas (32%) than semi-urban ones (21%). Nevertheless, urban consumers were more likely to stick with the same brands (45%) than semi-urban consumers (37%), even with greater awareness. However, households in semi-urban areas were more price sensitive, switching to less expensive options at a rate of 36% as opposed to 29% in urban areas.

In semi-urban areas, where average incomes are lower, the financial burden was greater. Semi-urban consumers were particularly negatively impacted by shrinkflation since the extra ₹300 monthly expense took up a greater portion of their disposable income. After realizing that pack sizes had decreased, retailers in semi-urban markets also reported higher customer dissatisfaction.

Integrated Findings

According to the combined findings, shrinkflation is both widespread and regressive. There is quantifiable proof that it causes measurable financial hardship, especially for low-income and semi-urban households. According to qualitative findings, consumers view shrinkflation as exploitative and dishonest, raising serious ethical concerns. These findings collectively show that shrinkflation is a hidden type of inflation that compromises consumer welfare and reflects the exploitative tendencies of capitalist consumer markets, rather than just being a corporate pricing strategy.

DISCUSSION OF FINDINGS:

The study's conclusions provide significant new information about the socioeconomic effects of shrinkflation on Indian consumers with low and moderate incomes. The issue of consumer awareness is one of the main themes that emerged from the research. Only 35% of consumers are fully aware of shrinkflation, compared to 45% who are partially aware and 20% who are completely unaware, as shown in Figure 3. A sizable fraction of households are unable to differentiate between normal price inflation and the more secretive practice of shrinkflation as a result of this incomplete knowledge. According to the evidence, word-of-mouth and social media conversations have raised awareness, but many households are now at risk of hidden inflationary pressures because there is a lack of clear labelling and consumer education initiatives. This lack of knowledge makes it more difficult for low- and middle-class families to make wise purchases and successfully modify their consumption patterns when they are dealing with severe financial constraints.

In particular, essential categories of household expenditure are particularly hard hit financially by shrinkflation. Food and drink make up 45% of the shrinkflation-affected expenditure share, followed by personal care products at 25% and household goods at 20%, as Figure 2 illustrates. The fact that these categories reflect necessities rather than luxury spending suggests that shrinkflation is disproportionately impacting the very things that consumers find most difficult to cut back on or avoid. As a result, families are forced to make budget adjustments by reducing spending on discretionary goods like entertainment, school-related purchases, or non-essential services. Their general standard of living is lowered by this reallocation of spending, which also demonstrates how shrinkflation functions as a hidden drain on disposable income. Table 3 shows that semi-urban households are more negatively affected because they frequently rely more on packaged fast-moving consumer goods (FMCG) and have fewer reasonably priced options in local markets.

Shrinkflation causes consumers to experience psychological and behavioural repercussions in addition to financial hardship. Figure 4 summarizes the qualitative findings, which show recurrent themes like increased price sensitivity, decreasing brand loyalty, and rising manufacturer mistrust. The most common response is price sensitivity, as 40% of consumers report changing their behaviour to include carefully comparing product sizes, moving to less expensive brands, or consuming fewer packaged goods. In the Indian FMCG industry, brand loyalty has historically been strong. However, after observing frequent pack size reductions, 25% of respondents said they no longer trust their preferred brands. Another major issue is trust, with 20% of respondents saying they are worried that businesses are purposefully deceiving customers by keeping prices the same while lowering product quantities. It's interesting to note that some consumers have developed coping mechanisms like buying in bulk, selecting generic substitutes, or paying closer attention to packaging labels. However, the overall feeling of frustration and mistrust cannot be counterbalanced by these adaptation strategies, which only account for 15% of responses.

The discussion is further enhanced by the comparison of semi-urban and urban households. Urban consumers exhibit a greater level of awareness, in part because they are more literate about product labelling and have access to digital platforms and consumer forums. On the other hand, households in semi-urban areas are more vulnerable financially. Since their disposable incomes are severely reduced by shrinkflation, they have fewer coping strategies. This disparity highlights the unequal distribution of the effects of shrinkflation among socioeconomic groups. Additionally, it indicates that more focused interventions are needed. While awareness campaigns in cities may increase awareness, semi-urban and rural households need direct policy support and protective measures to lessen the disproportionate financial burden they experience.

The overall results of this study show that shrinkflation is a socioeconomic problem with wide-ranging effects rather than just a corporate pricing strategy. In Indian society, shrinkflation might worsen inequality by significantly burdening low- and middle-income groups. It erodes consumer confidence in FMCG and organized retail brands, leading some households to seek out unregulated or informal marketplaces where standards for product safety and quality are unclear. The widespread use of shrinkflation has the potential to undermine the formal retail sector and jeopardize consumer welfare if it is not controlled. Therefore, the evidence suggests that in order to protect vulnerable households, stronger policy measures are urgently needed. These measures include mandatory disclosure of quantity reductions, transparent packaging regulations, and consumer education initiatives. The financial stability and trust of low- and middle-income consumers in India will continue to be subtly undermined by shrinkflation in the absence of such measures.

CONCLUSIONS AND RECOMMENDATIONS:

This study looked at the socioeconomic effects of shrinkflation on Indian consumers with low and middle incomes, paying special attention to consumer awareness, the financial impact, behavioural reactions, and adaptation tactics. The study confirms that the Indian FMCG industry is plagued by shrinkflation, which is the concealed reduction of product quantity without a corresponding price reduction. It is especially harmful since it impacts basic consumption categories that account for the majority of household expenses for low- and middle-income households, such as food, drinks, personal care, and household goods. According to the study's findings, a significant portion of consumers are still unaware of shrinkflation, even though awareness of the phenomenon is steadily increasing, with 35% of consumers fully and 45% partially aware (Figure 3). Customers are unable to identify hidden inflation and take proactive steps to protect their disposable income as a result of this lack of awareness.

There are significant financial repercussions from shrinkflation. A study of household spending trends reveals that core necessities are disproportionately impacted by shrinkflation, with food and drink making up 45% of the affected expenditure, followed by personal care items (25%), and household products (20%) (Figure 2). These quantity reductions force households to change their spending patterns, which may include reducing discretionary spending, reallocating savings or education funds, or switching to lower-quality alternatives. The comparison of semi-urban and urban households reveals more differences: urban consumers are better equipped to counteract the effects of shrinkflation because they have access to digital resources, higher

literacy rates, and consumer forums. However, because of their reliance on packaged FMCG goods, lack of access to digital information, and restricted alternative shopping options, semi-urban households are more financially vulnerable (Table 3).

The socio-economic effects of shrinkflation are further exacerbated by its behavioural and psychological consequences. Four main themes emerged from qualitative insights gathered from consumer interviews: price sensitivity, eroding trust, decreasing brand loyalty, and adaptation tactics (Figure 4). Price sensitivity was the most common response, with 40% of consumers actively keeping an eye on product sizes, moving to less expensive options, or consuming fewer packaged non-essential items. According to 25% of respondents, brand loyalty has declined as a result of repeated, undisclosed product size reductions, which have made once-trusted brands more suspicious. Another significant worry is the erosion of trust, as 20% of respondents said they believed manufacturers intentionally misled consumers. Just 15% of people used coping mechanisms like buying in bulk, switching to generic or local brands, or carefully reading labels. These results highlight the psychological as well as financial aspects of shrinkflation, which has the potential to erode consumer trust in the formal retail industry and push them toward unregulated, informal marketplaces where product safety and quality are unknown.

These results indicate that a multi-level response is required to lessen the effects of shrinkflation.

Policy Recommendations

Legislators need to put in place regulatory frameworks that safeguard consumer interests and guarantee transparency. FMCG companies are required by mandatory disclosure norms to make it obvious on their packaging when they reduce the quantity or weight of their products. This kind of openness would enable customers to make knowledgeable decisions about what to buy and hold producers responsible for dishonest business practices. Companies involved in covert shrinkflation should be punished by stronger consumer protection laws, and consumers should be educated about shrinkflation and its economic effects through awareness campaigns, especially in semi-urban and rural areas. Government-led programs that work with consumer advocacy groups can strengthen consumer rights and increase awareness, which will ultimately protect household welfare and foster confidence in the official retail market.

Recommendations for Businesses and Retailers

FMCG businesses and retailers are essential to regaining the trust of consumers. Instead of depending on secret reductions, brands should embrace ethical practices by transparently disclosing any changes to product size. Profitability can be maintained while accommodating a range of consumer budgets by offering several pack sizes at clear price points. Retailers can help by emphasizing value for money in their consumer education campaigns and by prominently displaying product quantity information. Businesses that put a high priority on openness and customer trust are likely to develop enduring loyalty and a competitive edge, while those that disregard these principles run the risk of offending a growing number of knowledgeable customers.

Recommendations for Consumers

It is imperative that consumers take an active role in reducing the consequences of shrinkflation. Methods include comparing product sizes closely, reading labels on packaging, selecting less expensive options, and exchanging information at the community level. Maintaining household consumption levels without breaking the bank can be achieved by buying frequently used products in bulk or by replacing branded goods with high-quality local substitutes. An increase in awareness and pressure on manufacturers to uphold ethical standards can be achieved through involvement in consumer forums or online advocacy groups. Therefore, it is crucial to increase consumer literacy to make sure that households are knowledgeable actors who can affect corporate behaviour rather than being passive targets of market manipulation.

In conclusion, India faces a serious socioeconomic problem with shrinkflation. Low- and middle-income consumers are disproportionately impacted by its covert nature, which destroys disposable income, lowers household welfare, and decreases confidence in official retail markets. The results show that legislators, corporations, and consumers urgently need to work together. Businesses must embrace ethical and transparent practices, consumers must actively observe and adjust to market practices, and policymakers must implement rules and awareness campaigns. India can lessen the negative effects of shrinkflation, encourage more equitable market practices, and safeguard the welfare of its most economically vulnerable citizens by putting these policies into place all at once.

LIMITATIONS AND FUTURE RESEARCH:

Although this study offers insightful information about the socioeconomic effects of shrinkflation on Indian consumers with low and middle incomes, it must be noted that it has a number of limitations. First, a cross-sectional survey and interview design was used in the study to record consumer attitudes and actions at one particular moment in time. However, shrinkflation policies are flexible and can change according to the time of year, the type of product, and the state of the economy. Therefore, long-term research may offer a more sophisticated insight into how consumer awareness, adaptation tactics, and financial effects change over time.

Second, while the sample was representative of households in urban and semi-urban areas, it did not include a large number of rural residents. Rural consumers frequently deal with particular difficulties, like restricted access to branded goods, dependence on regional markets, and lower literacy levels, all of which may have a different effect on how shrinkflation is perceived and felt. A more thorough national perspective could be obtained by future research that broadens the geographic and socioeconomic scope to include rural households.

Third, the study mainly examined FMCG products, which are most impacted by shrinkflation. This includes food, drinks, and personal care items. Although these categories reflect necessary spending, shrinkflation may also be happening in other industries like personal services, packaged electronics,

and home appliances. It might be possible to determine sector-specific strategies and evaluate wider market implications by looking at a larger range of product categories.

Fourth, while both quantitative surveys and qualitative interviews were used in the study, other techniques like focus groups or ethnographic research could have improved the qualitative analysis's depth. These techniques might reveal more nuanced patterns of behaviour, cultural influences, and decision-making that influence how customers react to shrinkflation. It would also be possible to more accurately find correlations between awareness levels, financial impact, and demographic variables by using sophisticated statistical modelling or machine learning techniques.

Lastly, although the study examined consumer attitudes and coping mechanisms, it did not quantify the long-term financial effects at the household level, including shifts in debt, savings, or consumption patterns over several months or years. Future studies could use panel data analysis or longitudinal household budget tracking to more precisely estimate the total economic cost of shrinkflation.

These restrictions open up a number of possibilities for further investigation. Studies that follow participants over time can monitor shifts in consumer awareness, adaptive behaviour, and shrinkflation practices. Socioeconomic disparities could be highlighted and specific policy interventions could be informed by comparative studies across rural, semi-urban, and urban populations. The prevalence of shrinkflation in the Indian economy could be better understood by conducting broader sectoral analyses that look at non-FMCG markets. Furthermore, more thorough qualitative techniques and sophisticated analytical tools might offer deeper understandings of trust dynamics, brand perceptions, and behavioural reactions. Lastly, using economic modelling to measure the financial effects at the household level may improve the case for developing policies and implementing corporate responsibility programs.

In summary, although this study advances our knowledge of the socioeconomic effects of shrinkflation in India, a more thorough, practical, and policy-relevant understanding of this increasingly significant phenomenon will be possible if its limitations are addressed in focused future research.

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APPENDICES:

Appendix A: Household Survey Questionnaire

Low- and middle-income households in both urban and semi-urban areas were given the following structured questionnaire:

Section 1: Demographic Information

- Age
- Gender
- Household size
- Income bracket

- Location (urban/semi-urban)

Section 2: Consumer Awareness

- Are you familiar with the idea of shrinkflation, which is when products get smaller in weight or size but stay the same in price?
- Through the media, first-hand observation, word-of-mouth, etc., how did you first learn about this practice?

Section 3: Perceptions and Attitudes

- In an inflationary environment, do you think shrinkflation is acceptable or misleading?
- Have you lost faith in FMCG brands as a result of shrinkflation?

Section 4: Household Impact

- When it comes to snacks, soaps, drinks, and other products, which ones have you observed shrinking?
- How has it impacted your disposable income and monthly household budget?

Section 5: Coping Strategies

- Have you changed your consumption habits in any way, such as by switching brands, buying in bulk, or making fewer purchases?
- What is the most typical coping mechanism in your family?

Appendix B: Interview Guide

Selected households participated in semi-structured interviews to obtain qualitative information. Some examples of guiding questions were:

- In your opinion, what does shrinkflation mean?
- Do you know of any recent instances where you observed shrinkflation in a product?
- What are your thoughts on businesses using this tactic?
- As a result, how has your budgeting or shopping changed?
- Do you think more transparency in consumer information is necessary?

Appendix C: Coding Framework (NVivo Analysis)

The following coding categories were produced through thematic analysis of the interviews:

- ***Perceived Deception:*** Feelings of dishonesty and mistrust toward FMCG brands.
- ***Coping Mechanisms:*** Switching brands, buying in bulk, prioritizing essentials.
- ***Brand Loyalty Shifts:*** Consumers are turning to local or less expensive brands, and their trust in major FMCG brands is declining.
- ***Budget adjustments:*** Cutting back on unnecessary expenses to pay for necessities.
- ***Awareness Channels:*** Media, peer networks, and personal observation as sources of awareness.

Appendix D: Data Tables (Extended)

Table A1: Descriptive Statistics of Survey Responses (n = 250)

Variable	**Mean**	**Median**	**Standard Deviation**
Household size	4.8	5	1.2
Monthly income (INR ,000s)	32.5	30	9.4
Awareness of shrinkflation*	0.62	1	0.48
Perceived trust decline*	0.71	1	0.45

*Binary coding: 1 = Yes, 0 = No.

Table A2: Cross-Tabulation of Consumer Awareness by Location

Location	**Aware (%)**	**Not Aware (%)**	**Total Respondents**
Urban (n=150)	60%	32%	150
Semi-Urban (n=100)	52%	48%	100
Total	**62%**	**38%**	**250**

Table A3: Household Coping Strategies Ranked by Frequency

Coping Strategy	Percentage of Respondents (%)	Rank
Switching to cheaper brands	46%	1
Reducing consumption volume	28%	2
Buying in bulk	15%	3
Prioritizing essentials only	11%	4

Appendix E: Figures (Full-Size)

- ***Figure A1:*** Hidden Inflation Rates in FMCG Products (Bar Graph).
- ***Figure A2:*** Financial Impact of Shrinkflation on Disposable Income (Pie Chart).
- ***Figure A3:*** Consumer Awareness of Shrinkflation (Bar Graph).
- ***Figure A4:*** Themes from Consumer Interviews (Bar Chart).

(For clarity, all figures are presented in high-resolution format.)

Appendix F: Ethical Considerations

- Prior to their participation in the survey or interview, all participants gave their informed consent.
- There was no recording of personally identifiable information, and participants were guaranteed anonymity.
- The ethical research guidelines applicable to consumer research in India were followed during the data collection process.
- Only the research team had access to the coded and safely stored interview data.