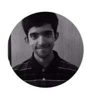
DISCOURSE ECONOMY

Giant food companies are quietly ruining your favorite snacks — and hoping you don't notice

Chelsea Jia Feng/BI



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As a child, I was excited when Sunday rolled around. After playing in the scorching heat all day, my friends and I would cool off with a chilled glass bottle of Coca-Cola. It was the one day of the week I was allowed to have it.

I quit my soda habit a few years ago to be healthier. But recently I decided to treat myself to a chilled can of Coke, in a small attempt to recapture the joy of those hot summer days.

But the Coke didn't taste as good as it used to — and it left a weird aftertaste. I thought there might be something wrong with the can, or perhaps my rosy childhood memories clouded my judgment. But as I indulged my urge, I found the same thing. Even Coke-drinking friends I spoke to agreed: The taste had changed.

It wasn't just Coke; other foods from my childhood taste different now. The Dairy Milk chocolate bars I used to enjoy after school aren't as creamy and taste too sweet. Lay's potato chips don't pack the same flavor punch they used to. A stroll through Reddit shows I'm not alone: Thousands of people have noticed the quality of their favorite snacks getting worse.

"Ritz crackers. For some inexplicable reason, maybe around 5 years ago the crackers went from being nice and firm and dippable to nowadays easily crumbling to bits with even the lightest dip," one user complained a few years ago.

"You could bite into a Twix and feel your teeth travel through a heavy layer of caramel," another Redditor lamented, adding, "Now they snap in half and taste like a sugar cookie with some chocolate on it."

"Breyers used to be the best for store-bought ice-cream, but now it's just a crappy mess," a third said.

People aren't imagining these changes — manufacturers are quietly modifying their recipes to save money and maintain their profit margins. The phenomenon, which has been called "skimpflation" and "flavorflation," is a way to hide the impact of inflation and avoid passing higher costs on to the consumer. But by replacing expensive ingredients with cheaper ones, companies are also making food less tasty, less healthy, and less satisfying.

When costs go up, companies skimp on ingredients

For the most part, companies aren't required to announce when they change their recipes, so it can be hard to tell when the snacks you enjoy undergo a transformation. Fortunately, journalists and observant consumers have uncovered enough pieces of the puzzle to get an idea of what's happening.

In a notable example, last year the food-processing giant Conagra reduced the vegetable-oil content in its Smart Balance margarine to 39% from 64%, replacing the rest with water. The company didn't broadcast this shift, but consumers were furious when they noticed the change in flavor. After getting almost 1,000 one-star reviews on its website, Conagra promised to bring back the old formula.

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But this sort of mass movement is an exception to the rule. Companies have for years skimped on ingredients, and leaving a bad review is unlikely to turn the tides. In 2013, Breyers reduced the amount of dairy fat in its ice cream by enough that it no longer legally qualified as ice cream; the company had to relabel its products "frozen dairy desserts." While it denied changing the recipe for cost reasons, a competitor that made a similar change said it was to cut production costs. Reports have described chocolate manufacturers replacing cocoa butter with palm oil or sunflower oil, causing chocolate lovers to complain about "waxy and artificial" texture. Ferrero angered fans in 2017 by reducing the amount of cocoa in Nutella. Even Coke's formula has changed: By 1984, the company had replaced sugar with high-fructose corn syrup. Import restrictions on sugar and government subsidies on corn had made sugar far pricier than corn products.

> **When the cost of ingredients goes up, the decision to adjust the makeup of a snack is ultimately a calculus of what consumers will be more willing to accept: higher prices or a different flavor.**

These sudden replacements seem to have picked up in recent years, as disruptions caused by the pandemic caused the cost of ingredients to spike. For instance, this year Conagra again changed one of its recipes: It reduced fat content in its Wish-Bone House Italian salad dressing by 10%, replacing oil with water and more salt. And journalists at The Guardian recently compiled a list of companies reducing the amounts of key ingredients in their products — avocado in guacamole, egg in mayonnaise, and olive oil in various spreads.

Over-the-counter medicines aren't exempt either. Edgar Dworsky, a lawyer and consumer advocate, has compiled examples of changed recipes like a cough syrup that contained half as much of its active ingredient as it did six years ago. One brand of mouthwash, meanwhile, had half as much sodium fluoride in its bottles in 2022 as it had the previous year. To get the same effects of these products, you'd have to read the fine print and double your dosage.

The complicated math of skimpflation

While it's tempting to blame corporate greed for cutting corners and making products worse, the blame for skimpflation doesn't rest solely on the shoulders of foodmakers — factors like inflation can play a role. After all, by changing their recipes, companies risk losing their customers to competitors. So when the cost of ingredients goes up, the decision to adjust the makeup of a snack is ultimately a calculus of what consumers will be more willing to accept: higher prices or a different flavor.

Dennis Neveling, a research analyst at Lazard Asset Management, explained in a post that when the cost of goods like sugar, cocoa, and other ingredients goes up, companies can't simply raise prices to cover the costs. When the price of a product suddenly jumps, consumers tend to opt for a cheaper version of the product or go to another store to try to find a better deal. Many grocery stores and retailers worried about customers moving to discount chains will put pressure on manufacturers to keep prices low by threatening to delist their products and not display them on shelves. This two-pronged push, Neveling said, meant firms passed only about 10% to 15% of increased costs to consumers via higher prices. He said that figure was at a multi-decade high, meaning companies usually absorb even more of the inflation.

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Since they can't raise prices too much, foodmakers have to find other ways to stay profitable. This usually means cutting costs, which includes modifying their products to use cheaper ingredients. A 2022 survey by TraceGains, a company that helps manufacturers procure ingredients, found that of more than 300 food and beverage brands, 37% had changed the recipes of more than 20 products since 2020, while another 25% had changed between six and 20 recipes. Ninety percent of the respondents blamed inflation for these changes.

These adjustments often fly under the radar, making them more attractive to foodmakers than higher sticker prices. It's much easier for a consumer to register a sudden $1 increase in the price of a pint of ice cream than to discern a 10% cut in the amount of milk fat used. But people have noticed that their favorite snacks taste worse.

Hidden health impact

In addition to the taste degradation, recipe tweaks made by large companies are often worse for our health. A common change is to replace cane sugar with artificial sweeteners. Since these are significantly sweeter than sugar, companies need to use far less to achieve the same level of sweetness. They also allow companies to market their products as "healthier" since they have fewer calories. But research has found that artificial sweeteners are far worse for us than

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sugar. The extra sweetness makes them more addictive, which may cause people to eat more and gain weight.

This year the World Health Organization classified aspartame, a popular artificial sweetener used in things like ice cream, breakfast cereal, and soda, as a possible carcinogen, meaning it could cause cancer. In another scientific review, the WHO linked artificial sweeteners to a higher risk of type 2 diabetes, heart diseases, and mortality in adults. High-fructose corn syrup, another sugar substitute, is cheaper than sugar, but studies have linked it to metabolic syndrome, a cluster of conditions that increase the risk of heart disease, stroke, and diabetes.

Pearl Milling Company maple syrup — which, under the name Aunt Jemima, used to contain sugar, maple syrup, food coloring, and potassium sorbate, a generally harmless preservative — contains no maple syrup. Instead, it contains high-fructose corn syrup and a bunch of chemical preservatives and additives to keep it fresh. One of the preservatives is sodium benzoate, which can convert into benzene, a known carcinogen; this risk can increase over longer storage periods, the main purpose of using it as a preservative. To mimic the thickness of maple syrup, the manufacturer added sodium hexametaphosphate, which has been linked to severe skin irritation, kidney problems, and loss of calcium.

Even minor changes like replacing oil with water can affect health, especially if you watch your diet closely and aren't aware that your favorite products have changed over the years.

Hidden inflation

The sneakiest aspect of skimpflation is that it hides the impact of rising costs. As inflation erodes people's purchasing power, they become more sensitive to price. Buying something affordable becomes more important than buying something that's high quality. Companies respond to this by changing their recipes to avoid charging more.

But those changes aren't measured in inflation indicators. While inflation measures such as the consumer price index can make adjustments for directly measurable changes — a candy bar going from 2 ounces to 1.8 ounces, for instance — economists can't measure changes in the quality and taste of products. That means CPI data points don't take into account recipe changes or resulting long-term health risks, yet those changes represent a decline in quality of life. This becomes a problem for the Federal Reserve, which uses CPI and other data to set interest rates and manage the money supply in order to keep inflation down.

This could be a reason consumers have such a different view of the economy than economists do. It's difficult to quantify the feeling of paying more for worse products. But when influential measures ostensibly meant to gauge Americans' standard of living don't capture how our favorite foods are changing, we end up buying goods that are not only more expensive but less enjoyable.

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