

The Skinny on Skinnier Food Packages



By Sid Secular

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Profit margins are becoming increasingly marginal in the food industry. Historically averaging 2%, the skinny margins historically were counterbalanced by large purchase volumes. However, since the onset of the Covidiocy and the concomitant disruption of supply chains, which is still ongoing, profit margins are being squeezed further, and operational costs continue to increase as inflation continues unabated, and this also affects all levels of the supply chain. Everyone notices by now how food prices are rapidly increasing.

The way to dampen these sharp and ongoing increases in price and keep them from creating food riots is to find another way to turn a profit without increasing prices. Thus, the packaging for products are being progressively downsized without changing their prices. This is especially apparent for items that come in plastic packaging. Gatorade, for example, has been reduced in size from 32 to 28 ounces, allowing the price to remain the same. This practice hardly raises an eyebrow, even among lowbrow purchasers, but for food producers it is a very significant event.

Each time a bottle/can is redesigned, even if the change is very slight, new molds must be designed and machined, and all the machines producing the product must be fitted with the new molds. Other recalibrations must also take place, and the

cartons or containers used to ship the product must be modified accordingly. Resizing of this nature is a last resort to stay competitive or even stay in business. Its only done when the producer is backed into a corner and can't do anything else. Competitors can get into copycat mode if they are having problems staying afloat, and an entire industry can get caught up in the downsizing, creating problems across the board.

The minutiae of food production can thus become a big deal, since there's no issue of greater importance to the general public than the supply of food. We are usually complacent about this subject except in abnormal situations such as during the Covidiocy when shelves were denuded of essentials such as water, toilet paper, and some foods.for lengthy periods. Weather induced emergencies can also disrupt food deliveries to localized areas, sometimes for weeks. Also, the sudden and unexplained disappearance of baby formula a few years ago made waves across the fruited plain, and was suddenly resolved, leaving us perplexed as to what was going on. That kind of thing can have enormous consequences and is unpredictable, so you should become at least something of a prepper and have a long term supply of essential items on hand at all times.

What if certain supermarket chains, already on thin ice, operating with razor thin profit margins, were to close? Some rural or even semi-rural areas rely upon a single large supermarket to serve an area encompassing several square miles. There's a dearth of supermarkets in "food deserts", usually associated with ghetto areas, where stores are forced by community or government pressure, to stay in operation, where if given their druthers, the store operator would close the store. These stores would be the first to close in emergency situations. What would the denizens of these depressed domains then do? Most likely, engage in food riots and steal food when and where they can.

In decades past, many supermarkets had their own warehouses that could quickly fill in the gaps on shelves when emergencies caused by snowstorms, floods, etc. caused panicked buyers to prematurely pick shelves clean, but these are largely gone. Stores must now rely on semi-weekly deliveries from wholesalers to keep shelves full. There's minimal back-up supply and little wiggle room left. There's this "just-in-time" philosophy that has taken over to reduce costs and obviate the necessity for intermediate storage. Payment terms of 30 days net used to be not uncommon in the industry to allow financial wiggle room, but it is no longer viable.

Three-day payment turnarounds are now the norm. The entire industry is now being squeezed by inflation, and chains have to come up with creative coping mechanisms to avoid starving financially. If a mere 3 consecutive months of heavy inflation were to occur, some stores would go belly up and people would have a hard time filling their bellies. The links/kinks in the food supply chains would incur small price increases all the way up until the final retail price would reflect these increases.

If shortages were to develop in home appliances, for example, people could adjust to the situation, but that is usually not the case with food. If the long prognosticated economic disaster should actually occur, food riots could break out, and famine could occur for the first time in the living memory of most residents of the First World. So the downsizing of the size of Gatorade bottles could mean much more than meets the eye.

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