



OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT

October 30, 2025

By Email

Honorable State Senator Martin Looney
Honorable Speaker of the House Matthew Ritter
Honorable Senate Majority Leader Bob Duff
Honorable House Majority Leader Jason Rojas
Honorable Senate Minority Leader Stephen Harding
Honorable House Minority Leader Vincent Candelora
Legislative Office Building
300 Capitol Avenue
Hartford, CT 06106

Re: *Groceries and Price Gouging*

Dear Senator Looney, Speaker Ritter, Majority Leaders Duff and Rojas and Minority Leaders Harding and Candelora:

The Connecticut Office the Attorney General began its inquiry in 2024 into food price increases since the beginning of the pandemic by focusing on several retail grocery store chains (hereinafter “Retailers”) with a significant Connecticut presence. This letter offers a brief background on the inquiry, key descriptions of the information sought and gathered, conclusions based on the analysis, and describes the next steps in our inquiry into persistently high food prices in Connecticut.

One primary aim at the outset of this inquiry was to gather and assess information on food price increases to determine whether there was sufficient evidence to merit investigation into suspected price gouging. Upon review of the information provided by the Retailers for the food products reviewed, we could not conclude that any engaged in price gouging or illegal profiteering in violation of Connecticut law since March 2020. However, we stress that this conclusion is limited to the Retailers we focused upon, who represent major grocery chains within the state, and the data requested and provided. A question that remained outstanding, however, was whether entities “upstream” in the distribution supply chain illegally profited by price gouging, passing on higher costs to retailers eventually borne by Connecticut consumers.

The COVID-19 pandemic and social distancing orders precipitated supply chain disruptions, periodic shortages, and major price hikes throughout the American markets, including at the food

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retail level. While many of the ill effects of the pandemic abated, grocery prices remained high. Unfortunately, it has become increasingly difficult for Connecticut families to afford groceries. This is true nationwide and in our region of the country. Between 2020 and 2024, the Consumer Price Index (CPI)¹ rose by 23.6%.² Just from April 2021 to April 2022, the same CPI increased by 9.4%.³ Most recently, for the year period ending in February 2025, the CPI rose nationally by 2.6%. In New England between September 2024-September 2025, food and beverage prices increased 3.3%.⁴ These alarming pricing trends, coupled with their perceived permanency, are deeply concerning.

The Federal Trade Commission (“FTC”) conducted a study to determine why food prices did not appear to decrease over time as the visible impact of the pandemic waned. It issued a staff report⁵ in March 2024 that was inconclusive as to the cause(s) for persistent high food prices. Nevertheless, the FTC did conclude that publicly available data indicated elevated grocery retailer profits which warranted further inquiry.

Based on the findings in the FTC staff report, coupled with significant public concerns about the cost of food for Connecticut families, and discussions with legislators, the Connecticut Office of the Attorney General sent letter inquiries to Retailers, representing ten grocery chains in our state. We requested data on the wholesale cost and corresponding retail price for nine commonly purchased food items between March 2019 and June 2024. These staple items were beef, chicken, bread, milk, eggs, bananas, apples, carrots and almonds. In addition, we asked for “private label”⁶ prices for eggs and milk. By comparing the wholesale and retail prices, our objective was to calculate profit margin percentages for identified products, as well as profit margins on the purchase of nine commonly purchased food items, to mirror consumer shopping habits. We worked to identify profit trends and anomalies over time which would suggest one or more Retailers took in extraordinary profits based solely on the unprecedented crisis caused by the COVID-19 virus.

¹ The Consumer Price Index measures the change in prices paid by consumers for goods and services.

² United States Dept. of Agriculture, Food Prices and Spending, <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-prices-and-spending>.

³ Congressional Research Service, U.S. Food Price Inflation and Agriculture Policy, <https://www.congress.gov/crs-product/IN11945>.

⁴ U.S. Bureau of Labor Statistics, Northeast Consumer Price Index Card, <https://www.bls.gov/regions/northeast/cpi-summary/ro1xg01a.htm>.

⁵ Federal Trade Commission, Feeding America in a Time of Crisis, The United States Grocery Supply Chain and the COVID-19 Pandemic (March 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/p162318supplychainreport2024.pdf.

⁶ Private-label products are items sold under the grocery company name.

Food retailers historically operate with low profit margins. The food retail industry reports that since 2019, its margins have been between 1% and 3%.⁷ Such low profit margins leave little room for food retailers to absorb price increases passed down from their suppliers, and still operate at a profit. Data reviewed by the Connecticut Office of the Attorney General indicates that after the COVID-19 pandemic began, Retailers continued to follow the low profit-margin business model. We did not identify evidence of enhanced or extraordinary profit margins indicative of price gouging in violation of Connecticut law.⁸ Rather, pricing data reflected relatively consistent profit margins for the staple goods identified in the inquiry. But like food shoppers, Retailers do not have access to their suppliers' internal pricing and profit margins, so they were unable to identify sources of potential price gouging for our inquiry.

Retailers did provide their own perspectives relative to conditions and factors that impose upward pressure on food prices. Within Retailers' own business operations, they reported higher costs for transportation fuel, and increased overhead related to security, inventory loss, labor, and energy costs. And because inventory must be constantly refrigerated and stores air-conditioned all year round, Retailers' businesses are particularly affected by higher energy costs.

In addition, Retailers described conditions linked to the pandemic which could reasonably lead to food price increases. Supply shocks and shortages during this time precipitated costly contract disputes. For example, a grocery chain supplier would refuse to fulfill contract terms and unilaterally backed out of its obligations. When this happened, the retailer had to scramble to find new suppliers. With short supplies and little bargaining power, grocery retailers were forced to pay more for product to continue to stock their shelves.

Several Retailers reported that the prevalence of disease has had a particularly dramatic impact on egg prices. Bird flu outbreaks and fires in poultry facilities resulted in a total loss of 39.9 million egg-laying hens across twelve U.S. states in 2024.⁹ Forty-three percent of those losses occurred in the last two months of 2024, owing to persistent and significant outbreaks of highly pathogenic avian influenza (HPAI) in commercial table-egg-laying flocks through December.¹⁰

⁷ The Food Industry Association, The Food Retailing Industry Speaks 2024, <https://www.fmi.org/our-research/research-reports/food-retailing-industry-speaks>.

⁸ Pursuant to Conn. Gen. Stat. § 42-230, it is illegal to increase the price of any item sold at retail in an area which is the subject of any emergency disaster duly declared by the Governor while that emergency declaration is pending. This conduct is commonly referred to as "price gouging."

⁹ Hatty Willmoth, How Bird Flu is Affecting U.S. Egg Shortages (January 10, 2025), <https://www.newsweek.com/bird-flu-avian-influenza-egg-shortages-poultry-california-2013109>.

¹⁰ *Id.*

Wheat has also gone up in price, likely a function of the COVID-19 pandemic and the outbreak of war. In the five years before the pandemic, the price of wheat generally fluctuated between \$150 and \$230 per ton.¹¹ Unprecedented price increases for wheat began in mid-2020 and were exacerbated by Russia's invasion of Ukraine in March 2022.¹² Within three months of the invasion, the price of wheat reached an all-time high, at over \$520 per metric ton. There was a \$96 per ton increase between February and March 2022 alone. This was the single largest price hike for wheat in U.S. history.¹³ Disease and war certainly can put upward pressure on food prices.

We are still left with an incomplete understanding why food prices remain elevated in our state. Although we found no immediate evidence of illegal pricing at the retail level, there remains more work to do to investigate price gouging behavior. The evidence reviewed indicated the need to expand our inquiry to other parties further up the food supply chain to determine whether anyone in those roles inappropriately realized outsized profits during the last state of emergency. Consequently, the next logical step is to examine whether "upstream" actors in the chain may be responsible for passing unconscionable overcharges on to Connecticut retail grocers, and ultimately consumers.

Therefore, as a next step, the Office plans to reach out to appropriate grocery wholesalers and distributors that sell to Connecticut retail grocers to discuss their pricing practices and behavior directly. We intend to address their business practices and pricing behavior and better understand their views of why food prices in Connecticut that rose so sharply during Covid remain stubbornly high.

We also intend to discuss another type of price increase, less obvious than higher retail prices, that is a huge concern for Connecticut food shoppers: shrinkflation. Shrinkflation is an insidious strategy used by manufacturers, packagers, wholesalers and other suppliers which involves reducing the size or quantity of a product while the price remains the same. This way, manufacturers, packagers, wholesalers and other suppliers may surreptitiously boost profit margins. Companies recognize that price increases may lead consumers to switch brand loyalty. Consumers who do not notice the reduction likely won't consider switching brands. For example, think of a jar of peanut butter which historically comes in an 18-ounce size but is downsized to 16.3 ounces when the manufacturer subtly enlarges the dimple at the bottom of the jar. Or think of a bag of chips that now contains 25% less product, yet the size of the chip bag is the same. The shrinkflation reduction is difficult to recognize because the jar of peanut butter and the chip bag appear unchanged, and the price is the same. So, a grocery cart filled with shrinkflation foods will cost a consumer the same

¹¹ Aaron O'Neill, Wheat Price in the U.S. Per Month, Statista (July 16, 2025), <https://www.statista.com/statistics/673432/monthly-prices-for-wheat-in-the-us/>.

¹² *Id.*

¹³ *Id.*

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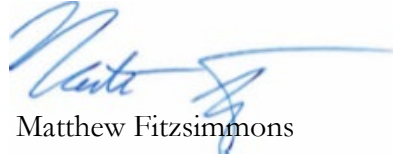
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amount, but will not go as far in feeding a family. Shrinkflation is a deceptive practice that should be prohibited, or at the very least, subject to clear and conspicuous disclosure requirements that empower consumers to comparison shop.

It is important to note that the data gathered for this review was received prior to the Trump Administration's imposition of sweeping tariffs impacting numerous aspects of the grocery supply chains. Due to the timeline of this review, this report does not seek to analyze the impact of tariffs on Connecticut grocery prices, although those costs and impacts to businesses and consumers have been widely reported.¹⁴ Nor does this analysis seek to assess the widely reported impact of the Trump Administration's immigration enforcement actions on the agricultural labor supply and the cost of domestic food production.¹⁵ These combined factors will undoubtedly increase pressures on Connecticut families and businesses, and will make it all the more imperative that Connecticut as a state explore every possible avenue to drive down costs and protect our economic interests.

Unaffordable, high food prices and the pitfalls of shrinkflation continue to be front of mind concerns for people in Connecticut. This Office remains committed to protecting consumers in the State from unconscionably high prices and shrinkflation tactics.

Very truly yours,



Matthew Fitzsimmons

¹⁴ [How Much Longer Can Grocery Stores Delay Trump's Tariff Price Hikes? | WSJ](#)

¹⁵ [Trump administration says immigration crackdown is hurting farmers, food supply - The Washington Post](#)