

You pay more because of food monopolies

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Contents

1	Introduction	2
2	Carbonated drinks	2
3	Meat and food	3
4	Eggs	3
5	Breakfast cereals	4
6	Canned tomatoes	4
7	Beer	4
8	Coffee	4
9	Baby formula (liquid concentrate)	5
10	Chocolate confectionaries	5
11	The Guardian article	5
12	Semimonopolies in supermarkets	6
13	Corn seed	6

1 Introduction

I live in West Bend WI, a town of 30,000 people. Where I used to live, the only supermarket within walking distance (I don't drive) was Sendiks. Now I live near Main St, and can load up my walker from Pick 'n Save (Kroger), Aldi's, and Meijers. Walmart and several others are farther away.

But when I go in each store I find the same major brands plus sometimes the store brand, which might be made by a major company but priced a few cents cheaper. You don't necessarily know who makes the products!

The soda waters occupy a whole aisle. So does the salty snacks. So does the cookies and crackers. The meats and sausages occupy much of the store's back. A whole row of freezers contain nothing but pizzas. More coolers have ice cream and cheeses. Lots of choices, right?

*Every food producer tries to sell as many brands and variations so that the store must devote maximum shelf space to its products.
More shelf space means more sales!*

Sometimes distributors pay (bribe?) stores for premium shelf space.

2 Carbonated drinks

Three main companies sell all over the world. You no doubt have noted that the soda machine in each restaurant dispenses either Pepsi or Coke products.

- The Coca-Cola Corp. sells over 100 beverages all over the world. ¹ In America these include Coke, A&W root beer, Tab, Fanta, Crush, Five Alive, Sprite, Hi-C, Powerade, Barq's root beer, Mello Yello, Minute Maid, Bacardi Mixers, DANNON yogurt, Dasani bottled water, Simply Orange, Nestea, Dunkin Donuts coffee etc.

Coca-Cola Corp. revenue in 2022 was \$43 billion with \$9.2 billion profit. It had 42.4% of the market. Berkshire Hathaway (Warren Buffet) owned 9.23% of this highly profitable near-monopoly.

- Pepsico Corp. ² ³ sells Pepsi-Cola, Mountain Dew, Sierra Mist, Mug Root Beer and other carbonated drinks. It has 27.4% of that market.

PepsiCo also sells Frito-Lay products, Tropicana orange juice, Quaker Oats, Gatorade, Chewy Granola Bars, Aunt Jemima, Cap'n Crunch, AMP Energy, Aquafina, Rice-a-roni, Dole, Lipton, Ocean Spray, Starbucks coffee, Seattle's Best Coffee, Rockstar Energy Drink, Grandma's Cookies etc. Multinational PepsiCo sells many products not listed here.

¹Wikipedia, List of Coca-Cola brands

²Wikipedia, PepsiCo

³Wikipedia, List of assets owned by PepsiCo

Frito-Lay controls 88% of the chip and dip market: ⁴ Cheetos, Cracker Jack, Fritos, Doritos, Lay's Potato Chips, Rold Gold Pretzels, Tostitos.

PepsiCo's revenue was \$86.4 billion in 2022, with \$8.9 billion profit.

- Keurig Dr Pepper Corp. sells most of the other carbonated drinks. This company was formerly called Green Mountain Coffee. It markets the popular Keurig K-Pod coffee makers.

3 Meat and food

- Tyson Foods Corp. ⁵ is headquartered in Springdale AK and is the world's second largest meat producer after JBS S.A in Brazil. It had \$53 billion in revenue. It exports the largest amount of American beef. Its brands include Tyson chicken, Jimmy Dean, Hillshire Farm, Ball Park, Wright Brand, Aidells, and State Fair. It employs 141,000 people, mostly in the south.

Tyson produces about 1/5 of the beef, pork and chicken sold in the U.S. It supplies chicken to restaurants and fast food outlets such as Yum! Brands, KFC, Taco Bell, McDonalds, Burger King, Wendy's, Wal-Mart, Kroger, IGA, Beef O'Brady's and prisons.

- Kraft Heinz is the third largest food and beverage company in the world with over \$26 billion in annual sales. Its brands include Kraft, Heinz, Boca Burger, Gevalia, Grey Pouton, Oscar Meyer, Philadelphia Cream Cheese, Primal Kitchen, Wattie's, A-1 Sauce, Baker's Chocolate, Cracker Barrel, Jell-O, Kool-Aid, Lunchables, Maxwell House Coffee, Miracle Whip, Ore-Ida potatoes, Shake 'n Bake, Smart Ones, Velveeta, and Wylers.

Berkshire Hathaway (Warren Buffet) owns 26.5% of the stock of this near-monopoly.

4 Eggs

Many large and small companies collect eggs from farmers and distribute them, but most are regional, so there is limited competition.

- Cal-Maine Foods, 43.97 million laying birds; Cal-Maine had \$1.35 billion in revenue in 2020. It has joint franchises with Eggland's Best and Land 'o Lakes. Cal-Maine can greatly influence egg prices.

- Rose Acre Farms, 25.07M birds
- Hillandale Farms, 17.75M birds; Eggland's Best franchise
- Daybreak Foods, 17.00M birds
- Versova Holdings, 16.95M

Fifteen companies had 5-12M birds.

⁴N. Lakhana, A. Uteuva and A. Chang, Revealed: the true extent of America's food monopolies, and who pays the price, The Guardian, 7/14/2021

⁵Wikipedia, Tyson Foods

5 Breakfast cereals

Source: the footnoted Guardian article.

- 27.9% General Mills
- 26.8% Kellogg
- 18.1% Post

6 Canned tomatoes

Source: the footnoted Guardian article.

- 39.5% Canogra
- 8.1% Red Gold
- 6.3% Del Monte
- 3.6% Cento Fine Foods

7 Beer

Source: the footnoted Guardian article.

- 41.6% Anhauser Busch
- 24.3% Molson Coors
- 8.9% Consolidated Brands
- 3.8% Heineken

Schlitz, “the beer that made Milwaukee famous,” was once the largest-selling beer in America. It became defunct in 1999 when it was sold to Pabst. Milwaukee’s Blatz Beer was sold to Pabst in 1959. Pabst Blue Ribbon Beer is no longer brewed in Milwaukee, and has changed ownership several times. So much for Milwaukee beer.

8 Coffee

Source: the footnoted Guardian article.

- 25.4% Smuckers Co.
- 16.1% Starbucks
- 15.1% JAB Holding Co.

- 11.7% Kraft Heinz

9 Baby formula (liquid concentrate)

Source: the footnoted Guardian article.

- 36.2% Reckitt Benschisler
- 36% Abbott
- 12.4% Nestle

10 Chocolate confectionaries

Source: the footnoted Guardian article.

- 41.5% Hersheys: bars and kisses, Reese's Peanut Butter Cups, Mr. Goodbar, chocolate syrup, Krackel Bar, M&Ms, Kit Kat, Cadbury, Twizzler's Licorice etc.
- 27.4% Mars: 3 Musketeers, Mars, Milky Way, Snickers, Twix, Altoids, Doublemint, Hubba Bubba, Juicy Fruit, Life Savers, Skittles, Spearmint, Wrigley's
- 11.4% Lindt and Sprungli

11 The Guardian article

Attached is the thoroughly-researched article, "Revealed: the true extent of America's food monopolies, and who pays the price." ⁶

The article investigated major food groups and revealed that in most cases only 3 or 4 companies had over 40% of market share. Those few companies can easily jack up prices, either by collusion or by unwillingness to compete, thus increases profits.

In a few food groups such as carbonated drinks, meats and candies, only 2-4 companies overwhelmingly dominate the market. But in other food groups, smaller companies which I had never heard of dominate. In other words, a few companies do not control *everything* you buy, at least not yet, unless further mergers are prevented by the Federal Trade Commission.

Why has this happened? When a company has a successful product, it can easily expand production by opening more plants or farms. The bottling, farming, and distribution techniques are improved and the costs are cut, thus underpricing competitors. The larger, richer corporation advertises intensely, demands or pays for more shelf space in supermarkets, and lobbies politicians for favorable laws and regulations.

Brand loyalty: My Grandmother fed me Campbell's chicken noodle soup, so I buy Campbell's soups. Things go better with Coca Cola (and it tastes to me better), so I buy Diet Coke. I want

⁶ibid.

wholesome all beef franks, so I buy Hebrew National. Oscar Meyer makes consistently good sandwich meats. Kraft cheeses always taste great. When I'm rushing, I don't read the fine print or calculate the price per pound (or can't find the price). I grab the trusted name brand.

Or I buy the cheaper store brand.

Food is seldom properly labeled as to origin. Recently I bought Kroger tilapia, but the package did not say whether the fish were wild caught or farm raised or from the U.S. Were the tilapia raised in polluted rice patties in China? But I'm sure that Kroger bought the cheapest fish to maximize profit.

12 Semimonopolies in supermarkets

The Guardian article states that Kroger ⁷ has the most markets in America, including Dillons, Food 4 Less, Fred Meyer, Fry's, Harris Teeter, Home Chef, King Soopers, Mariano's, QFC, Ralphs, Roundy's, Ruler Foods, Smith's, Vitacost, and Pick 'n Save, where I shop.

Walmart and Costco are huge.

Ahold Delhaize, ⁸ a Dutch corporation, owns in America Bi-Lo, Giant Food, Edwards, Finast, Tops Markets, Red Food Stores, Stop & Shop, U.S. Food Service, Peapod, and Golden Gallon Gas Stations.

There is not yet a monopoly in supermarkets, but the old mom-and-pop groceries are largely gone.

13 Corn seed

Corn is a most important crop, but most of it is fed to animals or made into gasohol. Our farmland would be better used if we ate vegetables instead of meat, but I'm a carnivore.

Seed corn is sold primarily by: ⁹

36.7% Monsanto (now Bayer)

34.6% DuPont

7.1% Ag Reliant

6.1% Agri Science

5.6% Syngenta

10.5% other

Several corn varieties are genetically modified to be tolerant of herbicides. All seeds are selected

⁷Wikipedia, Kroger

⁸Wikipedia, Ahold

⁹B.K. Sumpter, The growing monopoly in the corn seed industry: Is it time for the government to interfere? 8 Tex A&M L Rev 633 (2021) <https://doi.org/10.37419/LR.V8.13.6>

for greater yields or other desirable properties. Many are patented or proprietary.

In the old days farmers would keep a portion of their harvest as seed for the next season. But seed companies don't allow farmers retaining their patented seeds. Many lawsuits have arisen.

Ms. Sumpter, a law student, concluded in her article that the corn seed industry was not yet a monopoly, but that it is close.

14 Nitrogen fertilizer

Depleted farmland needs fertilizer with the main elements being nitrogen, potassium, and phosphorus. Atmospheric nitrogen is combined with hydrogen to make ammonia (NH_3) via the Haber process. The least costly source of hydrogen is natural gas, which at present is plentiful and relatively inexpensive in America because of the invention of *fracking*. The ammonia can be converted into nitrates such as ammonium nitrate or into urea.

The price of nitrogen fertilizer has been skyrocketing lately: ¹⁰

Anhydrous ammonia prices, dollars per ton

487	2020
746	7/2021
1,000	10/2021
1,498	2/2022
1,503	2/24/2022 the day Russia invaded Ukraine
1,516	3/23/2022

The first three numbers show the extreme price increase during the pandemic inflation. The next numbers show price increases after Russia invaded the Ukraine, and cut off natural gas to Europe—but America produces its own gas.

Food and fertilizer prices have been rising excessively all over the world. When corn and soybean prices rise, fertilizer manufacturers jack up prices.

Only four companies dominate nitrogen fertilizer production in North America: ¹¹

- C.F. Industries Holding Inc.
- Nutrien Ltd
- Koch Industries
- Iowa Fertilizer Co., owned by a Dutch corporation

The nitrogen fertilizer industry is not technically a monopoly, but those companies took advantage of the pandemic inflation and the Russian-Ukrainian war by jacking up prices way beyond costs.

¹⁰G. Schnitkey et al., Weekly farm economics: Nitrogen fertilizer prices in light of the Ukraine-Russia conflict, farmdoc daily (12) 45, Dept. of Agricultural and Consumer Economics, Univ. of Illinois at Urbana-Champaign, 4/5/2022

¹¹ibid.

15 Conclusions

Shop at the cheapest stores, not the big chains. I saved money at Costco by buying in large quantities, for instance, 35 Coke cans or 2 gallons of milk packaged together. At Aldi's many items are cheaper, but they don't have everything. The dollar stores have a few great food deals. Some people buy a pig or a side of beef, whole or butchered, and freeze it. Some farmers sell direct or at farmers' markets.

Food producers use every trick to get you to eat more. Sugar, high fructose corn syrup, fat, and flavors are added—along with calories. Sugary carbonated drinks, chips and dips, cookies and snack crackers, and candy are not food. Frozen dinners and pizzas are inferior to homemade dinners.

Cook nutritious meals at home. I consider cooking with my fiance romantic, but she complains! Fast food restaurants sell primarily tasty food of limited nutritional value. At a good sit-down restaurant you pay extra for drinks, alcohol, and dessert, and must pay a tip.

Eat at home and get rich!

Eat poultry instead of meat. Instead eat fish. Instead eat vegetables and fruits.

I enjoy gardening—great exercise in the sun and delicious eating. My grandparents had a huge “victory garden” and canned the fruits and vegetables. If you have the land, raise your own chickens for eggs and meat. Go hunting and eat venison.

Most Americans are overweight or obese. Diet, cut your food bill, and fight the food monopolies! But alas, I don't have the willpower—I love snacks!

Governments and legislators at the federal and state levels MUST limit food monopolies when 4 or fewer companies control more than 40% of the market.

If a politician votes to favor the monopolies, or takes campaign contributions from or listens to lobbyists from big corporations, VOTE HIM OR HER OUT OF OFFICE!

Take back your food!