

The Impact of Pink Tax on Women

By Ananya Thirumalai

Binus School Simprug, Indonesia 0000-0002-4186-0686

ABSTRACT

This study provides an analysis of the effects pink tax has on women as well as the legalities of pink tax specifically in the United States. The pink tax, which can be understood as gender based discriminate pricing, came about between the 1930s and 1960s during which the United States crafted its sales tax system. The study has found that popular media narratives immensely contribute to the normalization of the pink tax through the creation of various cultural expectations. The paper elaborates on the correlation of gender norms and marketing strategies and has found that the impact of the pink tax has affected women in their economic as well as social and political participation. This study will also raise awareness of a tax that is considered to be "hidden" in women's daily lives.

Key words: *legalities, gender based discriminant pricing, gender norms, marketing strategies, impact of the pink tax.*

JEL codes: *E20, M30, K30.*

Highlights:

- *what is pink tax*
- *the legalities of pink tax*
- *the effects of pink tax on women*

Gender-based pricing discrimination is a type of economic discrimination in which one gender is charged a higher price for similar goods or services than the other. The "Pink Tax," a kind of gender-based pricing discrimination, refers to additional costs imposed on basically similar items and services that are promoted differently to men and women. Despite the lack of a direct tax, many women feel obliged to pay higher costs for a number of reasons. Thus, whether the firm's discriminatory pricing is deliberate or not, when the market imposes higher costs on "female" items, a financial burden is imposed on women that is not placed on males, epitomizing social gender-

stereotypical norms which will be further explored in the paper along with the effects of pink tax and the legalities of it in America. Because women pay more for goods and services advertised based on gender while earning less than men, they already have less of the purchasing power in the economy due to their lower salary, thereby increasing the income disparity. Rebranding items purely on the basis of the marketing strategy that women prefer bright "feminine" hues like pink or purple, as well as sweet-smelling fragrances in personal care products, disadvantages women economically and socially. Because of this biased marketing approach, businesses may overcharge women for the same items that males use. Due to the established acceptance of traditional gender norms, economic gender inequality persists in society.

2.0 Literature Review

The term "Pink Tax" refers to pricing methods used by businesses and/or government laws that increase transactional costs for women. The pink tax is a surcharge that women pay on a daily basis as customers for goods and services that are identical to or equivalent in quality to comparable men's goods. The pink tax may be alternatively defined as an additional cost that women must pay in their everyday lives when they consume "necessary" items in order for society to view them as attractive and feminine. The paper focuses on the pink tax as it is a topic with insufficient evidence supporting it and yet it has major effects on women everywhere. The study *An Economic Analysis of the Pink Tax* focused mainly on the historical aspect of the pink tax as well as the immediate causes. The Pink Tax gets its name from the historical predominance of items sold to women catering to a pink color preference. This has translated to people being socialized to internalize that a product sold to women must include more aesthetic complexities or risk it not being sold. Price discrimination of the first degree is demand-based, second-degree price discrimination is based on the quantity purchased, and third-degree price discrimination is when a company charges different rates to distinct identifiable categories of customers. Clothing, toys, and personal care goods are all affected by the pink tax. It's hard to say whether two items are genuinely the same because every element of their manufacture, from packaging to marketing, can influence how much they cost to make. The second study analyzed by Stevens and Shanahan mainly focused on the effects of pink tax and how pink tax is viewed from a woman's perspective. The pink tax is predicated on the assumption that women will choose a more "feminine" product merely to comply with gender stereotypes. The more a woman's proclivity for comparison shopping, the more she will consider pink tax pricing to be unjust. The more she is

exposed to a pink tax, the more she would consider it to be unjust. Though women feel the pink tax is unjust, there are still many individuals who wish to purchase the taxed items primarily because the benefits outweigh the price difference in compliance with their conditioning.

Pink and other feminine perceptions not only indicate that a product is for women, but also intend that femininity will improve their beauty or improve their perceived femininity in society. Due to the scarcity of gender neutral items, some women are prepared to pay a premium for an expression of their femininity. The third (The Pink Tax: The Persistence of Gender Price Disparity) and fourth (Rolling Back the “Pink Tax”: Dim Prospects for Eliminating Gender-Based Price Discrimination in the Sale of Consumer Goods and Services) study tended to focus on statistics that could be used to prove as well as see pink tax from a commoner’s point of view. Clothing for young girls costs 4% more than clothing for males. Women pay 7% more for accessories like tote bags and watches, 8% more for clothes, and 13% more for personal care products like deodorant than males. Girls' helmets and pads were 13% more expensive than boys' helmets and pads, girls' shirts were 13% more expensive than virtually identical boys' shirts, women's dress shirts were 13% more expensive than men's dress shirts, women's jeans were 10% more expensive than virtually identical men's jeans of the same size, Women's razors and razor cartridges are 11 percent more expensive than men's razors and cartridges. The last two (Historical Influences on Modern America and the Pink Tax) (Willing to shop like a (wo)man? *A consumer perspective on the perception of Pink Tax*) studies reviewed focused on the economic disparity pink tax causes between genders. The pay difference permits the subordinate group, women, to have professions while still allowing the dominant group; men, to reduce their fear of losing control. Companies can use product differences as a marketing technique to encourage customers to buy their products over those supplied by competitors. Another barrier to achieving gender equality is requiring women to pay for things categorized as luxury items. This pricing structure is known as the Pink Tax, in which women are frequently compelled to pay more for the same items as males. By demonstrating that men and women are physiologically distinct, the majority of people will purchase things that correspond to their gender, regardless of whether they are thought to be inexpensive or expensive. By analyzing all these studies it was easy to come to the conclusion that pink tax does in fact exist and it is blatantly obvious despite how many allegations regarding it might've been denied. The tax clearly has a large impact on women and yet the media or any laws tend not to completely cover it which just further enforces sexism in both social and economic aspects.

3.0 Analysis and Discussion

3.1 What is the pink tax?

Pink tax refers to the practice of charging women extra for the same goods and services as males. The pink tax has been present for decades, since the United States developed its sales tax system during the 1930s and 1960s. Gender-based pricing, or price discrimination, is another term for it.

The term "pink tax" refers to the practice of coloring ordinary items pink and marketing them to women. The color pink has been associated with femininity since the time period surrounding World War 2. The color became a prominent marketing strategy for products directed towards women due to most women holding the former first lady of the United States, Mamie Eisenhower, in a high regard which led to people wanting to follow in her footsteps and be inspired by her choices. The use of the color pink as a marketing strategy became prominent in the 1980s when firms began distinguishing men's and women's products using the colors pink and blue. Due to this, the color pink has become symbolic of the idea of femininity itself. For instance, grooming products like razors, deodorant, and shampoo that are identical to 'men's' products in terms of quality and function but are colored differently when marketed to women. Furthermore, these vibrantly colored items are charged a higher price.

Often masculine goods are packaged in black or navy blue with strong lettering that often reads 'for men'. A musky aroma is popular among these goods. Contrastingly pink is used liberally in feminine items, with a dash of glitter thrown in. Fruity and flowery scents are popularly used in these items. Companies not only charge more for items targeted to women, but they also contribute to the reinforcement and maintenance of rigid binary gender norms which will be explored in the later sections of the paper.

A California study that took place in the 90s showed that the pink tax adds an extra \$1300 to women's annual expenses (Julie Menin Commissioner and Bill De Blasio Mayor). When items are promoted to women rather than their counterparts, they are priced 7% more on average according to a 2015 study from the New York City Department of Consumer Affairs, even if these products are nearly identical (Julie Menin Commissioner and Bill De Blasio Mayor, *A Study of Gender Pricing in New York City Consumer Affairs*). That's \$1300 that can't be put into a retirement account for women. One must note that the wage gap between men and women also contributes to this setback, on average women are paid 17.7% less than men according to the median earning data from the census current population survey (Bleiweis).

3.2 The legalities of pink tax

In some nations, the debate over the abolition of the tampon tax is more heated than the debate over the pink tax. Tampon tax is a tax on menstruation products, which means they are subject to a value-added tax or sales tax, although other important health expenditures, such as some medicines, are usually tax-free. The tampon tax does fall under a subcategory of the pink tax however what differentiates them is that the tampon tax is applied to only menstruation related goods and the pink tax is applied to all goods with a female target audience.

Both the tampon tax and the pink tax are a result of a prominent ignorant notion fueled and cemented by misogyny that entails products related to women and their health to be viewed as luxuries rather than necessities. A lot of the items that succumb to the pink tax are referred to as luxuries due to their extravagant packaging despite them being needs, whereas menstruation products are directly seen as major necessities even in third world countries, making the debate over tampon tax more significant due to its products being of a higher priority. There are at least 32 states in the United States that have abolished the tampon tax. In reality the existence of a pink tax appears to be harming a wider sense of justice toward gender equality. Since 1996, gender-based pricing of consumer services including haircuts and dry cleaning has been prohibited. Rep. Speier's measure, the Gender Tax Repeal Act, became state law at that time. The Gender Tax Repeal Act of 1995, signed by California Governor Pete Wilson in 1996, required retailers to charge women and men the same price for services that took the same amount of time, money, and talent to provide. It was designed with services in mind.

Companies that break the law will be prosecuted by the Federal Trade Commission. The Consumer Services Department of Miami-Dade County is in charge of executing this municipal law, which covers all types of sellers, from individuals to corporations. Price discrimination based purely on a customer's gender is prohibited, but price inequalities depending on the time, difficulty, or expense of supplying a good or service are permitted. Rudy Giuliani, the mayor of New York City at the time, passed a measure prohibiting retail establishments like haircutters and dry cleaners from basing prices purely on gender. Even if there is room for argument about why gendered price discrimination arises or how big or costly a problem it is, there is evidence of its impact on women.

3.3 The effects of pink tax on women

The pink tax exacerbates the disparity in income between men and women. Men already have the bulk of the purchasing power in the economy owing to their higher pay, since women pay more for goods and services promoted based on gender while earning less than men further

widening the income gap. One could also conclude that the taxes on feminine hygiene items that cis men do not require also contribute to this disparity.

Rebranding products based on the notion that women enjoy bright “feminine” colors like pink or purple, as well as sweet-smelling aromas in personal care products solely as a marketing strategy both disadvantage women economically as well as a social aspect. Businesses can overcharge women for the identical things that men use because of this biased marketing technique. These misconceptions ignore the fact that binary gender-specific concepts of services are obsolete and non-inclusive, and that gender-neutral pricing must be utilized instead, where in cis, trans, non-binary, and other gender identities all being charged similarly for identical services. Intersecting identities, such as individuals who identify as LGBTQ+, are similarly disadvantaged by the binary conceptions and prejudices connected with binary gender norms and gender identities, and are frequently left out of the debate.

The disadvantages regarding the social aspect of pink tax can clearly be seen through products like weight-loss medications, skin-lightening lotions, and anti-ageing treatments which generally tend to have women as their target audience. These and other products that fall under the pink tax exploit societal beauty standards and gender norms by creating an obsessive focus on appearances and facilitate the predatory exploitation of insecurities, such as the majority of the society believing that a woman aging automatically makes them unattractive, encouraging the perpetuation of various body image issues which are already present in 53% of American girls by the age of 13. This not only translates to women being pressured to purchase products marketed for their gender despite the price but it can also lead to physical and psychological health concerns. The physical concerns also add on to the point that Disability insurance, health insurance, long-term care insurance, and a variety of other forms of insurance are generally more expensive for women. This is because it is assumed that women live longer, are more likely to be wounded, and are more likely to be caregivers which are all stereotypes enforced by the patriarchy that also contribute to the pink tax due to the added expense. Another disadvantage regarding health is that women suffer higher reproductive health-care expenses which automatically falls into the issue of tampon tax. As previously discussed, the salary disparity between men and women, along with the pink tax's cumulative financial impact over a career, puts women at a severe financial disadvantage.

4.0 Conclusion

The lack of intensive laws fully safeguarding against the possibility of gender pricing is the starting point for economic gender discrimination through the pink tax. Throughout history and continuing today, the employment of extensive marketing and media channels demanding specific physical standards of women has left society with gender stereotypes that compel female customers to become less price sensitive. Because women pay more for goods and services advertised based on gender while earning less than men, they already have less of the purchasing power in the economy due to their lower salary, thereby increasing the income disparity. Many levies imposed for various causes throughout history have frequently resulted in discrimination against a particular social group. Due to their absurd intentions, such taxes were eventually abolished and are now considered unthinkable in today's culture. We can only hope that one day, someone will read about the pink tax and believe it is completely unthinkable in today's culture.

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