Gender Discrimination in Pricing- Pink Tax

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ABSTRACT
The mandate for equal rights for men and women is embedded in India’s Constitution. Gender equality is a constituent of development as well an instrument of development. It is a constituent of development as no country can be deemed developed if half its population is severely disadvantaged in terms of basic needs, livelihood options, knowledge access, and political voice. It is an instrument of development because without gender equality other goals of development like poverty alleviation, economic growth and environmental sustainability will not be achieved. Gender inequalities hinder development. Ignoring gender disparities comes at great cost-to people’s well-being and to the country’s abilities to grow in a sustainable manner, to govern effectively. This research analyses the disparity in pricing of products and services which aim at delivering the same utility value to the consumers regardless of their gender. The paper aims to bring to light to whether consumers are aware of such gender discriminatory pricing policies being adopted by companies and the underlying implication of such bias.

Keywords: Discrimination, Pricing, Pink tax, Consumption, Gender disparity, women in India.
JEL Classification Codes: L11, J16

I. INTRODUCTION
The gender inequality is manifested by the unequal power relations between women and men. Equality of control enables women to gain improved access to resources. The resources gained after such struggle are again an impediment to women due to the gender disparity in pricing. Much has been written about women as wage-earners, particularly the fact that they typically earn less than men. However, it is less well known that women also are disadvantaged as consumers – frequently paying substantially more than men for similar goods and services.

In some cases, the only difference is the color. This markup has become known as the “pink tax.” The legality of gender-based price discrimination in matching markets has been of debate in the United States and European Union since the 1990s. The debate is centered around whether gender-based pricing is a form of gender discrimination. In other words, instead of prices being based on a market-
based analysis of the effects on competition, gender-based pricing may instead reinforce negative stereotypes about both women and men in matching markets.

In economics, companies are always trying to get the highest price for a product from customers willing to pay that price. But in these cases, companies are also exploiting stereotypes we have in society, said Sarah Kaplan, a professor of strategic management at the Rotman School of Management. “With the new awareness, people don’t want their gender stereotypes exploited for profit,” she said. “But I also think it’s so embedded that change is going to really require businesses to rethink themselves.”

A study in December by New York City’s department of consumer affairs examined the prices of 800 products, with clear male and female versions from 90 brands, in more than two dozen retailers. It found, on average, products for women cost 7 per cent more than similar products for men. In addition, across the entire sample, women’s products were priced higher 42 per cent of the time. Marketers are using “segmentation appeal,” with the view if the consumer feels a certain emotion or has a favourable reaction to a particular product, there is a willingness to pay extra.

II. REVIEW OF LITERATURE

Manzano Antón. R., Martínez Navarro. G., Gavilán Bouzas. D., 2018) analysed the phenomenon of gender discrimination through price in the consumption of personal care products, their relationship with communication in media as creators of gender identities and the strategies adopted by companies thereof. Finally, results evidence a relevant differential fact in the treatment of genders by companies. The offer of personal care products is deeply oriented to women, with a proposal of solutions substantially superior to the ones targeted to men and at significantly higher prices. Through offer, products with more specific benefits are suggested, which represents greater value for the female consumer, but also a higher price. To delve into the object of this analysis, and as possible future research lines, we suggest performing comparative studies in other categories, both in consumption good as well as services. It would also be desirable to analyse the communication claimed by each product, depending on the fact there are equal offers for both genders, comparable or exclusive.

Anna Bessendorf (2015) The New York City Department of Consumer Affairs (DCA) is responsible for maintaining a fair and vibrant marketplace. To this end, DCA conducted a first-ever study of the gender pricing of goods in New York City across multiple industries. It was found every industry, products for female consumers were more likely to cost more. The DCA found, on average, that women pay approximately 7 percent more than men for similar products. In the aggregate, over the course of a female consumer’s lifetime, these discrepancies would have a much larger financial impact, given that, on average, personal care products cost 13 percent more for women than men. Products’ price differences based on gender are largely inescapable for female consumers simply due to the product offerings available in the market.

Li-Zhong Chen,Wei-MinHu, Radek Szulga, Xiaolan Zhou examined the price differentials across various groups in the Chinese automobile market between 2007 and 2009 using a unique detailed dataset on over 145,000 transactions which allows us to control for a wide variety of buyer, vehicle, location, and dealer characteristics. The main focus is on gender based price discrimination and how it interacts with the origin of the buyer. They found that men pay lower prices for cars than women. Additionally, men who live locally or who were born locally receive additional discounts relative to non-locals, but interestingly, this effect is not present for women.

III. OBJECTIVES OF THE STUDY

1. This paper’s objective is to analyses the disparity in pricing of products and services which aim at delivering the same utility value to the consumers regardless of their gender.

2. The paper aims to bring to light to whether consumers are aware of such gender discriminatory pricing policies being adopted by companies and the underlying implication of such bias.
IV. RESEARCH METHODOLOGY
The study undertaken descriptive research. The study uses data available from secondary sources.

V. FINDINGS
- Society's current association of pink with females and blue with males is simply the result of decades of successful marketing campaigns by businesses who leverage gender color-coding to increase sales.
- On average, women pay 42 percent more a year than men for essential products like tampons, pads and shampoo. Moreover, medicine targeted toward men, such as erectile dysfunction drugs, are tax-exempt in most states in the country, while female hygiene products used for menstruation are not. making menstruation a “luxury,” which is why the “pink tax” is commonly called the “tampon tax.”
  
<table>
<thead>
<tr>
<th>Total</th>
<th>Number of times</th>
<th>Incidence</th>
</tr>
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<tbody>
<tr>
<td>Women pay more</td>
<td>168</td>
<td>42%</td>
</tr>
<tr>
<td>Equal</td>
<td>157</td>
<td>40%</td>
</tr>
<tr>
<td>Men pay more</td>
<td>72</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>397</td>
<td>100%</td>
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- On July 21, the government of India made a huge decision to terminate sales tax on feminine hygiene products. After months of campaigning, the many activists who demanded an end to the 12 percent tax on items like pads and tampons scored a great victory. Not only is this a sizable step in the process of closing the gender pay gap in India, but it will help girls be able to receive a quality education and keep steady jobs.
- Pink tax has been brought to light on various social media like YouTube bloggers like BuzzFeed, Dear alyne etc. Journalists from various well known news networks and magazines have also published many articles about pink tax. Moreover popular celebrities and tv show hosts like Ellen DeGeneres, Emma Watson have highlighted the injustice caused by it.
- One of the key elements of the pink tax comes from the fact that companies market certain products for women by making them smaller and pink to make them look “feminine.” These products typically cost more than gender neutral or male-targeted brands.
- It was found that more expensive raw materials go into women’s products, therefore there is higher R&D cost by companies to create variety in options, higher manufacturing cost and additional expenses in making the packaging attractive and different for women.
- The price differential is also because more skilled people are needed to cater to the design and style requirements of women, craft work in women’s products and also in the cut and blend of the fabric (in case of apparel).
- The pink tax phenomenon has caused more problems to women who are already affected by gender and race pay gap. Women in middle class and lower income groups are the ones who suffer the most since they have to carry the weight of pink tax due to societal pressures and manipulative media.
- The extra price charge put on certain products were also due to the companies using different distribution and promotional strategies. Higher inventory cost due to low sales figures and advertising (health for men and beauty for women) are also cited as reasons at the distribution level to justify the price differential.
- Femvertising is defined by SheKnows Media, which awards one winner in the category annually, as “advertising that employs pro-female talent, messages and imagery to empower women and girls.”
- It was also found that, this form of advertising plays a key role in gender disparity in pricing because it simultaneously markets the
Differences in risk behaviours between men and women (often with women showing lower risks). Insurance companies are however no longer allowed to price insurance products on the basis of gender (see the Library note, Insurance and the discrimination laws for more details).

Some women being willing to pay higher prices for products that are packaged or promoted in a certain way.

Women are less price-elastic and men are assumed to be rational buyers and guided in their choice by a value-based criterion like price. In the case of women, their purchases are guided more by feelings and hence if they like a product (brand), they are unlikely to switch, giving the brand the leeway to charge them slightly more.

Differences in negotiating skills between men and women (on average) for those products where price discounts might be achieved. This causes price difference of the same product offered by the same retailer.

The difference in knowledge in certain areas are exploited by the sellers by fixing prices unfairly, for example women have been quoted more than men for the same car repairs, on average.

There are two types of price discrimination i.e. direct price discrimination, where men and women are explicitly offered different prices, and indirect price discrimination, where men and women face the same menu of prices across items, but they tend to make different choices from within the menu, leading to different levels of payments.

The most prominent type of discrimination is indirect price discrimination, and it’s the goal is to discriminate between consumers with different willingness-to-pay, regardless of gender. In some cases this might lead to men paying more, or women paying more.

The rationale for doing so, from the seller’s viewpoint, is that students and seniors, on average, present different responsiveness to price than others – they are offered lower prices because their willingness-to-pay for the product is different, they are more price conscious.

Now it might be the case that men and women have different price responsiveness to museum admissions or the cinema, but sellers are hesitant to adopt explicit discrimination where it would be deemed ‘unfair’, while discounts for students and seniors (or per-ticket discounts for families with children) are seen as acceptable.

Price discrimination based on market segmentation is also governed by competition. For clothing, for personal products, there are multiple sellers to choose from. A firm will not charge higher prices to women ‘just because’, since competing firms would attract sales by offering women lower prices. The differences were observed based upon different willingness-to-pay, not from pure discrimination just for the sake of it (which would be unprofitable).

The explanation of the existence of the Pink Tax is that women have a very important role in consumption. As the World Bank says, women represent approximately 70% of purchasing decisions worldwide. The Harvard Business Review supports this claim and details that women make the decision in the purchases of:

1. 94% of the furniture for the home
2. 92% of vacations
3. 91% of homes
4. 60% of cars
5. 51% of electronic devices, among others

VI. SUGGESTIONS

Femvertising should be done to empower women aiding them to love their true self more like the Always #likeagirl campaign.

Awareness, of course, is the key. Recently we saw how awareness and protests forced government to scrap tax on sanitary napkins. Let’s come out of the made-up roles that society has forced upon us and be confident in buying products that might not go with the stereotypical...
femininity but will be good for our pocket. Prefer Unisex products (if available) over ‘women’ products. Prefer gender neutral or men products if feminine looking products are costing you more.

- Boycott discriminatory products/brands that are highly price discriminating.
- Most of the famous brands don’t only have gender discriminatory pricing policies but are also exploitative of labour norms, human rights, and to the environment.
- Choose stitched clothes over branded clothes which will help you save money and will also provide employment to local tailors and workers.
- Every branded product has a real value and a perceived value. If the perceived value is higher, so will be the price. Marketers understand the consumers’ expectations and willingness to pay. Often we pay for the packaging too, and not just for women's products, so we as customers need to pay for the product that has value instead of the fancy packaging.
- Women consumers hold as women are the largest consumers in the Indian market. The next time you are asked to pay some extra bucks for being a female consumer: question them and register your resistance.
- Raise your voice against the sexist policies of such companies and also appreciate the companies that have gender neutral or non-discriminatory pricing policies.
- Capitalism and pop-culture sell us self consciousness and insecurities in order for us to shell more. Women are often perceived by big corporations and brands as ‘feeble’ minded insecure targets used solely for instilling profits.
- The world is full of sexist advertisements where already fair women sell us fairness creams and already ‘perfect’ women sell us self-consciousness and instil the ever changing idea of beauty.
- It is important for women to be aware of what is their real needs are and not let advertisement convince them otherwise.
- The argument is that women should fight the pink tax, by voting with their wallets.

VII. CONCLUSION

Gender Parity in general is a dream that can be accomplished if seen by all the people in the same wavelength and worked towards with the same enthusiasm. Despite the progress we have made as a society, a large majority of Indian families are still known to both enforce and maintain certain forms of gender bias in their daily lives often unconsciously as a result of years of social conditioning.

Danielle Kurtzleben, a journalist said, “Think about it this way: you're paying extra to play a made-up role that society pays you less for inhabiting.” And it is true, our patriarchal society does whatever it can to make the lives of women miserable, be it the glass-ceiling in work spaces or pink tax economically. “Price discrimination adds another layer to the wage inequality women face, making it harder sometimes for women to make ends meet,” said Surina Khan, CEO of the Women’s Foundation of California. The society expects the women to look a particular way and the idea that using these expensive products is the way to achieve it is reinforced again and again. It is legal and very much in practice.

One may ask, that regardless of such a tax existing, the choice lies in the woman’s hand to choose to purchase that product, and therefore such a concept would not exist if women made smart choices. But the concept is not that simple. Facts and figures are ways to portray the discrimination, but the depth of the concept can be understood only by analysing the years of manipulative advertising and marketing schemes employed by companies to indirectly steer woman towards buying such unfairly priced goods, thus increase sales.
VIII. REFERENCES


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11. https://en.wikipedia.org/wiki/Gender-based_price_discrimination_in_the_United_States