



# AN ANALYSIS OF PRICE DISPARITY AMONG CONSUMER PRODUCTS WITH SPECIAL REFERENCE TO PINK TAX

<sup>1</sup> M. JEEWEETHA

<sup>2</sup> DR. J. GAYATHIRI

<sup>1</sup> III. B.COM (G), DEPARTMENT OF COMMERCE

<sup>2</sup> ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE

<sup>1,2</sup> CHEVALIER T. THOMAS ELIZABETH COLLEGE FOR WOMEN, CHENNAI, TAMIL NADU

## ABSTRACT:

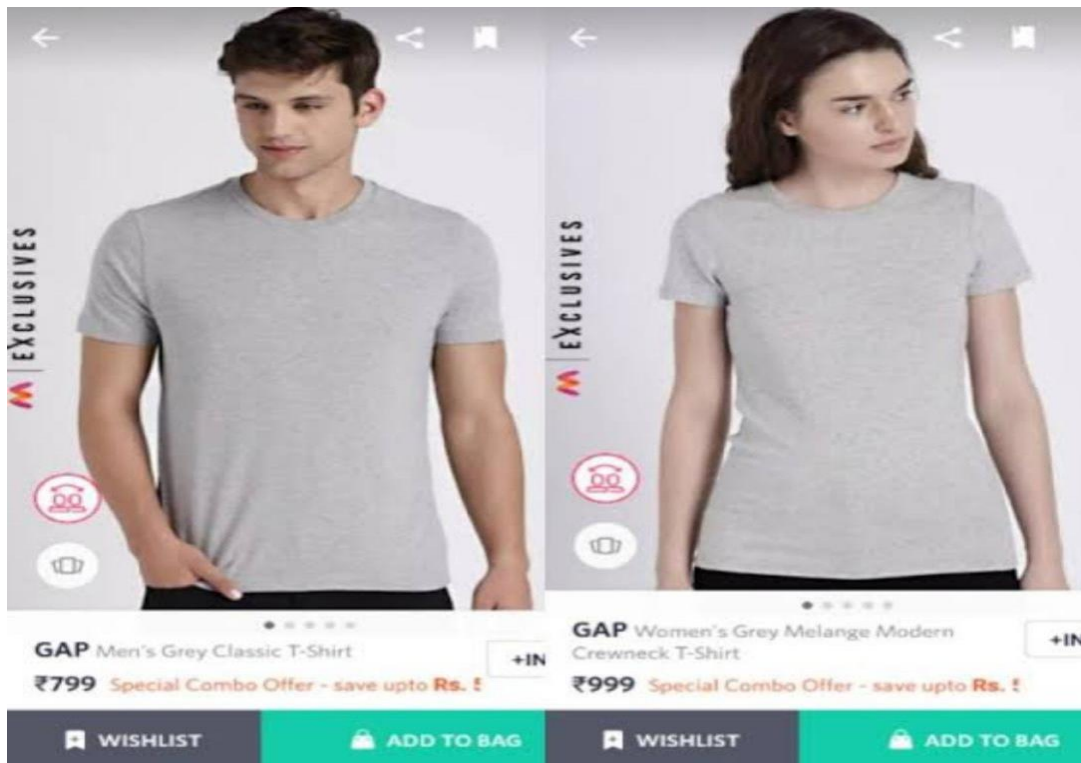
*The main purpose of this article is to take a closer look at the price disparity among consumer products with special reference to the pink tax. It examines how consumer products are been sold at different prices based on gender. This disparity in price is also known as the “pink tax”. The pink tax is a form of gender-based pricing where women are typically charged more than men for the same product. It is a form of invisible cost, where women are liable to pay more money than the exact amount for the products designed and marketed specifically for them. Even common products which are used by both gender-like razors, t-shirts, etc been charged high for women whereas cost less for men.*

**KEYWORDS:** Pink Tax, Price Disparity, Gender-Based pricing.

## INTRODUCTION:

Price discrimination refers to the products or services which are sold to consumers with different prices fixed by sellers. People can recognize the disparity that exists in charging similar products with different prices based on time, segment, age, gender, demand, or even user rate. Another price discrimination is known as “Intertemporal discrimination” which means the pricing is fixed by the revolution of time. Where the firm decides to separate consumers into groups based on their elasticity of demand. Then, the price of the product will be fluctuated as per the demand or need of the products based from one period of time to another. It is based on firms that they may charge low prices at first, and then gradually increase those prices as time revolves or the firms can decide to charge high prices at first and then eventually decrease the prices to skim the market.

Gender-based price discrimination is another form that contributes to gender inequality and it is a form of economic discrimination that occurs when one gender is charged a higher price than the other gender for similar or non-similar goods or services.



The above picture shows the price difference between the same model of the product. A shirt from the same brand and same fabric but with different prices. The price of a male shirt cost less than the price of a female shirt. Here, the price differs not because of age, time, gender, demand, and usage of different materials to make the shirt but the difference in price is based on gender. The product looks like the same model and the same fabric materials are used however the product is sold out at different prices by the seller, which is a clear example of price disparity among consumer products and services.



The products in the above image are the same model razors with different colours. The razors are used for the same purpose of shaving the unwanted hair from the body of both genders. The making of razors involves the same procedure, material, labour, etc but the product is sold in two different colors of which one blue and another pink to determine gender. Also, the prices are determined based on gender-based even though the razor does the same work of shaving. The price is determined by the colour of the product and that's why the blue razor which is used by men is charged less whereas the pink colour razor which is used by women is charged high. This price disparity is known as the "pink tax".

The word pink is added to the term for the presence of "pink color" which is also known as girly color targeting the female audience. Industries and sellers use a profit-maximizing strategy to charge a higher price on female products and services that capitalizes on the trends, market behavior, preference, shopping, demand, psychology, etc.

The pink tax is not officially a tax, it is an invisible additional cost that is added to products or services based on gender specifically for women than men. The pink tax is levied on common products and services that are consumed by both men and

women like Jeans, razors, deodorant, shampoo, haircuts, etc been charged high for women whereas costs less for men. Pink Tax is also added on the homogeneous products like menstrual products etc that are targeted only by female customers where women are liable to pay more money than the exact amount for the products designed and marketed specifically for them. Even though the pink tax is not an actual tax but it is invisibly added to so many products. Women feel compelled to pay these higher prices for a variety of reasons and therefore, a financial burden is being placed on women that are not placed on men.

## OBJECTIVES:

1. To analyse the price disparity among consumer products with reference to pink tax.

## SCOPE:

1. This study helps the consumers to understand price disparity.
2. It talks about the gender gap and helps to understand inequality in the pricing of products and services.
3. It is useful for future research reports based on the gender gap, price disparity, inequality, and consumer exploitation.
4. It gives an idea of how the price is fixed and how the industry makes money through marketing.

## REVIEW OF LITERATURE

**Carolyn B. Maloney (2016)** has analyzed how Gender-based pricing hurts women's buying power. They researched the gender pay gap which tells about inequality payments in the U.S. and how it discourages women's buying power. They also explained about pink tax which is added to the similar products and services which are marketed towards men and women but where Women are made to pay more than men for similar products and services although it provides the same benefits. The comparison of various products like a toddler, mice, etc, and the possible explanation for pink tax gives a clear view of how pink tax is added and marketed towards women consumers. The article concludes that although women earn more the unnecessary taxes impact women and their families feel burdened while spending on the necessary items Marketed towards them. Policymakers should make changes to increase women's economic power. **Sarah M. Kaufman, Christopher F. Polack, And Gloria A. Campbell (2018)** has found how the pink tax on transportation explains the challenges faced by women in mobility. It tells about the pink tax on Transportation, pink tax means it's an invisible cost that makes women customers pay more than the male customers and this report seeks to determine how the pink Tax applies to Transportation and the safety of people in New York City. To collect data a survey was conducted by the NYU Rudin Center for transportation it is an online survey conducted in the city of New York from September to October 2018 and a report was prepared by the NYU stating the safety of women in transportation and how pink tax affect the transportation of women. This article concluded that safety measures have to be taken in public transportation and impose of a pink tax is a burden to daily women travellers. **Mackenzi Lafferty (2019)** has analyzed the Pink Tax with the persistence of gender price disparity, The researcher started with a question stating the gender price disparity persist in the society with continuing pink tax and explained how women are charged with high price standard than men. She states that this uneven price distribution takes place because of the pink tax was the cultural expectations on genders make economic gender discrimination persist in the society and marketed toward women. The factors contributed are the bias of pink colour, economic disparity of rates tariffed because of gender, legislation etc. This part also talks about case analysis which involved contemporary cases. The last part is the conclusion of the research. She mentions that products like "BIC for Her" pens are discriminatory and are comparable to the luxury tax on necessary women's hygiene products, such as tampons. The researcher presented data from past historical research reports, and process tracing. The researcher concluded that awareness about the pink tax should be made by educating consumers and making them know how an individual is experiencing it. Also, the purchase of unisex products can also help to reduce the imposed pink Tax. **Doaa Salman and Sarah El Ayoubi (2019)** for Modern Sciences and Arts, Egypt have executed the cost of being a woman based on price discrimination. This paper has analyzed how excess amount is charged in commodities used only by women in New York City. The gender wage gap and the role of media on the economy. Price discrimination can be classified into various types, they are first degree, second degree, and third degree. The first degree of discrimination is known as perfect discrimination, in this, the firm imposes different prices for each unit and it is possible to charge the highest price for sales of each unit. To this degree, the firm can earn abnormal profit. Second-degree discrimination is otherwise called non – linear, here the price is fixed as per quantity sold, so it is beneficial to wholesalers, retailers, and consumers who buy in bulk quantity because the higher the quantity lesser the price. Third-degree price discrimination is imposed on consumer segmentation different prices are fixed for different consumers. Thereby the research paper concludes by saying that government should make policies and guidelines to take necessary actions against this gender-based discrimination and equality in society.

## DATA ANALYSIS AND INTERPRETATION:

Primary data analysis of Questionnaire was used to collect the data from the public. Based on the response of the respondent's following analysis was executed.

### 1. Chi-Square analysis on Gender and feel price of the product

Ho: Gender doesn't affect the feel price of a product.

H1: Gender affects the feel price of a product.

**Table showing Chi-Square analysis of gender and feel price of a product**

| Particulars              | Observed (O) | Expected (E) | O-E | (O-E) <sup>2</sup> | (O- E) <sup>2</sup> /E |
|--------------------------|--------------|--------------|-----|--------------------|------------------------|
| <b>Strongly Agree</b>    | 73           | 35           | 38  | 1444               | 41.25                  |
| <b>Agree</b>             | 63           | 35           | 28  | 784                | 22.4                   |
| <b>Neutral</b>           | 35           | 35           | 0   | 0                  | 0                      |
| <b>Disagree</b>          | 2            | 35           | -33 | 1089               | 31.11                  |
| <b>Strongly Disagree</b> | 2            | 35           | -33 | 1089               | 31.11                  |
|                          | <b>175</b>   |              |     |                    | <b>125.87</b>          |

Since calculated value is 125.87 is greater than the table value 9.489 at 5 % level of significance, H1 is accepted. There is significant relationship between gender and feel price of the product. Hence gender affect the feel price of the product which mainly target women customers to a greater extent.

**2. Chi-Square analysis on Industries focus on Women in marketing**

Ho: Industries do not focus women as major target for marketing.

H1: Industries focus women as major target for marketing.

**Table showing cross-tabulation of gender and the feel price of industries based on gender**

| Particulars         | Yes | No | Total |
|---------------------|-----|----|-------|
| <b>Female - 150</b> | 124 | 26 | 150   |
| <b>Male – 25</b>    | 15  | 10 | 25    |
| <b>Total</b>        | 139 | 36 | 175   |

**Table showing Chi-Square analysis of gender and the feel price of industries based on gender**

| O   | E   | O - E  | (O - E) <sup>2</sup> | (O - E) <sup>2</sup> /E |
|-----|-----|--------|----------------------|-------------------------|
| 15  | 20  | (- 5)  | 25                   | 1.25                    |
| 124 | 119 | 5      | 25                   | 0.21                    |
| 15  | 5   | 10     | 100                  | 20                      |
| 10  | 31  | (- 21) | 441                  | 14.2                    |
|     |     |        |                      | <b>35.66</b>            |

**INTERPRETATION**

Since the calculated value 35.66 is greater than the table value 3.841, null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, it states that industries focus women as a major target for marketing.



**FINDINGS OF THE STUDY:**

1. It is found that 70.30% of the respondents have not heard about Pink Tax before.
2. Majority 41.70% of respondents have no idea about the Pink Tax.
3. 71.40% of respondents have an idea about price differentiation.
4. Nearly 50.90% of respondents considered that products are sold in order to appeal to the targeted gender.
5. Majority 41.70% of respondents strongly agree that women are focused as major targets for marketing by industries.
6. Majority of 30.90% of respondents think that there is a high demand for Women's dresses.
7. On the whole the respondents are satisfied with all the options which state that women's products cost more than men's.
8. Majority 34.90% of the respondents consider that pink is a delicate and pretty colour for girls and that is the reason for colour differentiation.
9. 28.60% of the respondents agree that pink is a girly colour.
10. 79.40% of the respondents agree that price is unfairly justified by industries based on gender.
11. On a whole the respondents consider that there is a price differentiation in the products such as makeup products, personal products, dresses, shoes, deodorants, shampoo, and salon options for males and females.
12. Majority 34.90% of the respondents think that the pink tax is the reason for the increase in the price of women's products.
13. Nearly 72.60% of the respondents agree that women have Equalisation in society to men.
14. On a whole majority of the respondents feel that lack of awareness, gender-based price discrimination, patriarchal influenced society, and marketing strategy are the reasons for the existence of pink tax around the globe.
15. Majority 37.70% agree to make changes in society regarding buying behaviour after knowing about the pink tax.

**SUGGESTIONS:**

1. Buying the products by looking at and reading the details of the products than the look, color, smell, etc can reduce the chance of being exploited by the pink tax.
2. Buying neutral products and services than gender-oriented ones can decrease the chance of gender marketing.
3. Raising questions about how, where, and why about the products and services before spending on the products and services.
4. When women buy products and services of another gender for a neutral purpose like T. Shirts reduces the focus of industries in marketing or marking women as major targets.
5. The general feeling of thinking higher the price higher the quality should be reduced to spend money wisely.
6. The thought of pink colour as a girly colour can be changed by the parental way of making both the gender are same even in choosing of same dress colour for babies of a different gender.
7. Level steps to be taken by the government to stop women customers from being exploited by charging over price even for personal and necessary needs.
8. Supporting the unbranded company's products and services will make a way to charge equally for genders.

**CONCLUSIONS:**

The pink tax is not officially made into force yet it is a burden to women of all classes. Women are being exploited by over price of necessary products and services which make them do fewer savings. The Awareness of the pink tax has to be made in society to create an equal distribution of neutral goods and services to both genders. More Awareness camps, social media posts, videos, etc can be made to bring this invisible cost into the light. It can be achieved by both the government and the general public as much as possible. Growing the children of different genders in the same way of thinking and behaviour also with the choice to choose will reduce the aspect of pink as a girly colour in society and leads to Equalisation.

**REFERENCE:**

1. Carolyn B. Maloney (2016), "The pink tax how gender-based pricing hurts women buying power", Joint Economic Committee, pp 01 – 11.
2. Sarah M. Kaufman, Christopher F. Polack, And Gloria A. Campbell (2018), "The pink tax on Transportation women's challenges in mobility", pp 01 – 09
3. Mackenzi Lafferty (2019), "The pink tax the persistence of gender price disparity", Midwest Journal of undergraduate Research 2019, (11), pp 56 – 72.
4. Institute for Women's Policy Research (2016) "The Economic Impact of Equal Pay by State," Status of Women in the States.
5. Doaa Salman and Sarah El Ayoubi (2019), "Gender-based price discrimination the cost of being a woman", Proceedings of business and economic studies, Volume 2 (5), pp 32 – 38.
6. Megan Duesterhas, Liz Grauerholz, Rebecca Weichsel, and Nicholas A. Guittar (2011) "The Cost of Doing Femininity: Gendered Disparities in Pricing of Personal Care Products and Services," Gender Issues, Volume 28, Issue 4, pp. 175-191.
7. Steven Horowitz (2015) "Is There Really a Pink Tax?" Foundation for Economic Education