

The Pink Tax and it's Impact in Urban Areas

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ABSTRACT

The Pink Tax is a type of price discrimination based on gender in which women pay more for almost similar goods and services while men pay less. Have you ever thought about why such a thing exists in society? In today's world, where women are fighting for equal pay for similar positions, this phenomenon adds to their burdens and contributes to the overall gender wealth gap. This topic has grown in popularity over the past two decades, but people are beginning to question its legitimacy as well as its impact, significance, and existence. One of the main defenses against the Pink Tax phenomenon is the marketing tactics used by companies to allow them to engage in this kind of price discrimination in order to increase profits. Many countries, including the United States, United Kingdom, and Australia, have investigated and confirmed the existence of the Pink Tax. The purpose of this paper is to shed light on the existence and impact of the Pink Tax in India's urban areas by collecting primary data and presenting real-life examples of the Pink Tax on various personal care products.

Keywords: Pink tax, Gender-based price discrimination

INTRODUCTION

The term "Pink Tax" refers to a form of gender-based price discrimination in which a female consumer is charged a higher price for similar goods and services than their male counterparts. This historical trend of marketing products to women in the colour pink gave rise to the marketing theory that if you shrink a product and colour it pink, women will buy it at a higher price. The Pink Tax has also been dubbed a "hidden tax" because it is not an actual tax levied by the government and because many people are unaware of its existence. This tax is levied on a variety of goods that are necessities for humans, such as toys for kids and personal care items. For instance, a razor for a woman costs Rs 54.83, while a razor for a man costs Rs 49.80, with the only distinction between the two being the colour.

If there are no significant differences in the materials used in the product, the intended uses of the product, and the functional design and features of the product, and the only difference between the two products is their colour, they are largely similar. If there is no significant difference in the amount of time required to provide the services, the difficulty in providing the services, or the cost of providing the services, the two services are substantially similar.

Furthermore, the Pink Tax manifests itself under the guise of so-called profit-making marketing strategies implemented by firms based on market forces or on psychology and shopping behaviour by claiming that female consumers are less price elastic than male consumers. This places a financial burden on women and contributes to already-existing gender stereotypes. Furthermore, consumers' ignorance and lack of action against such a tax lead to the lack of action against such a tax.

Through this paper, we also hope to dispel myths about the Pink Tax, including the notions that it is equated with gender inequality, that it is a government-imposed tax and that it is illegal. We hope to determine whether or not consumers are aware of the Pink Tax concept, as well as to understand, if consumers are aware of this phenomenon, what their behaviour towards it is, to examine potential Pink Tax solutions, and finally to analyse the impact of the Pink Tax on women's purchasing power.

LITERATURE REVIEW

Listed below is the review of a few journals:

Paper 1 - The Pink Tax: The Persistence of Gender Price Disparity ^[1]

The purpose of this research paper is to examine why the Pink Tax persists in today's society. According to this paper, approximately 60% of products marketed to women are priced higher than those marketed to male consumers, despite the fact that the products are nearly identical. Pink Tax, according to their research, is measured by how much more money a female consumer is forced to pay if she chooses to buy the product marketed to women. The paper provides data on the price differences between similar goods for men and women across various product categories to define the Pink Tax in detail. Furthermore, the paper discusses the post-World War II era and the Dior case study, which resulted in the association of the colour pink with femininity and thus with such gender-based price discrimination. The paper also discusses marketing tactics used by businesses, including product differentiation, which justifies higher prices by making minor changes to packaging or colour. It also discusses how these tactics are intended to attract female consumers' attention and persuade them to overlook the price difference.

The paper goes on to make three arguments as to why the Pink Tax still exists in society today: the historical economic disparity of female consumers, laws and court decisions, and gendered tariff rates. Finally, the paper discusses potential remedies for the Pink Tax, such as educating consumers, encouraging them to share their own experiences, and purchasing unisex products.

Paper 2 -Unpinked Discrimination: Exploring the Pink Tax and its Implications ^[2]

The paper begins by attempting to respond to the important query, "Why does the Pink Tax exist?" By bringing up issues like the disparity in production costs, the pursuit of profit, and gender-based tariffs. It then discusses the prevalence of the tax across sectors, beginning with consumer goods, where the paper claims that the cost of being a female consumer is 7% higher than that of a male consumer. Second, it discusses the Pink Tax in the market for personal care products and uses the price of Walgreens earplugs as an example. It goes on to discuss the justifications provided by firms, such as minor changes in packaging and colour, for charging a higher price on items marketed towards women. Next, it discusses the prevalence of taxes in the fashion industry by examining reports from the New York City Department of Consumer Affairs and the DCA (2015). It also provides examples of specific companies, including Old Navy and Uniqlo, that have negative price disparities by charging more for men's items. Finally, the paper discusses the Pink Tax in children's toys by citing actual instances to support its assertion that it exists.

Paper 3 -How do Female and Male Consumers Respond to a Pink Tax? ^[3]

The purpose of the study is to examine consumer attitudes towards the Pink Tax. Through a test, the study investigated whether consumers' perceptions of price fairness are impacted by the Pink Tax. The study found that when Pink Tax was not imposed on the products, consumer perceptions of price fairness were unaffected. However, once Pink Tax was imposed, perceptions of price fairness were negatively impacted for all consumers, regardless of gender, with the effect being more pronounced for women than for men. The paper's findings provide invaluable insights to policymakers and researchers about how the tax may affect consumers' purchasing intentions. Additionally, it gives customers useful information about the various pricing strategies used by businesses to entice customers to pay a high price for their products. The study offers areas for future marketing and consumer behaviour studies and demonstrates that women are more willing to pay a fair price than men.

Paper 4 -TheImpact of Pink Tax on Women ^[4]

The paper begins by describing the history and origins of the Pink Tax. It then discusses the colour pink's association with femininity and how this led to the coining of the term Pink Tax. Additionally, it offers illustrations of products that are subject to the Pink Tax and briefly analyses research conducted by the New York City Department of Consumer Affairs. The research paper continues by discussing theories regarding the legality of the Pink Tax and discussions surrounding its repeal. Finally, the paper discusses how the Pink Tax affects women and how it lowers their purchasing power, which widens the income gap.

Paper 5 - Structured Abstract: Anger, Willingness or Clueless? Understanding Why Women Pay a Pink Tax on the Products they Consume ^[15]

The paper discusses the importance of consumer awareness of the Pink Tax; the more aware a consumer is of the tax, the more likely they are to perceive the price negatively. However, it's interesting to note that the paper discusses the perception that women are willing to pay a higher price because they believe that the benefits of the product outweigh the cost of the higher marked price. Additionally, it discusses price fairness as a subject with cognitive qualities.

RESEARCH METHODOLOGY

A review of the literature on national and international research papers of repute revealed that while much work has been done to analyse price discrimination on similar products, little research has been done in the Indian context.

Convenient sampling was chosen for this research purpose. Structured questionnaire was given to female respondents who shop either in private stores or shopping malls. Questions were framed to check whether respondents were aware of the term Pink Tax and whether they considered it as a tax levied by the government. Descriptive statistics on the respondents are presented. Questions were framed to check whether the respondents are at least aware that there is price discrimination for similar products for males and females.

Chi-Square test was performed to test the difference in the opinion amongst select demographic variable and awareness of the Pink Tax and price discrimination. Chi-Square test is also performed to test the difference of opinion between the respondents who preferred private stores to shopping malls to opinion on price, cost of manufacturing and whether one would purchase products that are targeted at the opposite sex. Questions were framed to find out the respondent's opinion on the prices of the select products and finally a question to check what would the respondents do when there is enough awareness of biased pricing.

Scope of Study

The scope of collection of primary data is limited to urban cities of India. The scope of study is also limited to find awareness of the Pink Tax and to find out the behaviour of the respondents once they are educated on the topic. Products such as soaps, lotions, shampoo, deodorants, toys and razors are selected. Sample size is restricted to around 70 as it is statistically sufficient to draw inferences on the population.

Data Analysis

Data Analysis has been done using objective specific statistics. The data has been analysed and interpreted by using software packages like SPSS 23.0 version, AMOS 23.0. The structured questionnaire was used for the purpose of obtaining data, suitable for study, from the respondents of urban cities in India. The questionnaire comprises categorical questions that have been analysed using descriptive statistics.

For the purpose of testing hypotheses, the primary data has been investigated using tools such as Chi-square. The sample size of 71 has been used for the analysis of primary data study.

The survey questionnaire classified the participants to the survey in demographic profile with age, gender, education qualifications, occupation and household salary. Summary of demographic profile of the sample participants and the frequency of the participants with respect to the demographics is shown below.

The participants to the survey were from the age above 13. They were grouped in 10 years span for analysis. In the span of 10 years the participants are in different phases of life and with varied earning potential. Above 40 participants were also surveyed who may have different needs which the younger population may not need. 100% of the respondents selected for analysis were females and the responses received from the male participants were discarded. Participants were also classified from the education level perspective. Most of the participants to the survey were graduates. 29% were postgraduates and 10% indicated that they had any other degree. A few students were also considered. The lifestyle and self-concept of people in different occupations is different and hence it is of importance to see whether people of different occupations think differently when it comes to purchases.

Customers desire the best of products and services all the time. However, there is cost involved in providing better service to them. Hence the purchasing power is an important data point to be captured. Researcher collected it in the form of household salary. Most of the participants surveyed indicated that their salary is below 3 lakh and in 3-6 lakh range. 9% of the participants were in the 6-9 lakhs range; 11% in 9-12 lakhs range and 25% indicated that their household income was more than 12 lakhs.

To know about the basic level of awareness wrt Pink tax, respondents were asked whether they have heard the term Pink Tax and whether it was levied by the government. The responses are as shown below. 46.5% of the respondents indicated that they had heard the term and 53.5 of the respondents have not heard of the term Pink Tax.

Have you heard of the term Pink Tax?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	33	46.5	46.5	46.5
	2.0	38	53.5	53.5	100.0
	Total	71	100.0	100.0	

Do you think Pink Tax is levied by government?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	7	9.9	9.9	9.9
	2.0	12	16.9	16.9	26.8
	3.0	36	50.7	50.7	77.5
	4.0	13	18.3	18.3	95.8
	5.0	3	4.2	4.2	100.0
	Total	71	100.0	100.0	

However only 27% of the respondents disagreed that the Pink Tax was levied by the government, which meant that the respondents were not very clear about the concept of Pink Tax.

Awareness

To further check the awareness levels of the respondents and to know whether there is difference in the awareness levels between the demographic variables, following hypotheses were framed.

H₀₁₋₀₈: There is no association between demographic variables like age, education level, occupation and household salary and respondents' awareness that some products for men and women are similar and there exist a price differential charged by the companies.

Ho1-2	There is no significant association between	Age of the respondents	and	Awareness that the products for men and women are almost same
Ho3-4		Education Level of the respondents		
Ho5-6		Occupation of the respondents		Awareness that the pricing for the products is discriminatory
Ho7-8		Household salary of the respondents		

Awareness of similarity of products	Age	Education	Occupation	Hsalary
Calculated Value Chi square	8.205 ^a	9.491 ^a	14.108 ^a	14.185 ^a
Table Value Chi Square	21.03	21.03	26.30	26.30
df	12	12	16	16
Asymptotic Significance (2-sided)	0.769	0.661	0.591	0.585
Significance Value	0.05	0.05	0.05	0.05
Difference	0.719	0.611	0.541	0.535
Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis
Result	This is no association	This is no association	This is no association	This is no association

It can be observed from the above table that the null (Ho) hypothesis for the awareness levels on similarity and price differential and the demographic variables. The calculated value of Chi-square of age (8.205), education level (9.491), occupation (14.108) and household salary (14.185) are less than the table value of Chi-square value of age (21.03), education level (21.03), occupation (26.30) and household salary (26.30) respectively.

Moreover, the *p-value* for age (0.769), education level (0.661), occupation (0.591), household salary (0.585) is over (0.05) level of significance and hence we fail to reject the Null Hypotheses.

Awareness of price discrimination	Age	Education	Occupation	Hsalary
Calculated Value Chi square	11.197 ^a	10.252 ^a	20.758 ^a	14.278 ^a
Table Value Chi Square	21.03	21.03	26.30	26.30
df	12	12	16	16
Asymptotic Significance (2-sided)	0.512	0.594	0.188	0.578
Significance Value	0.05	0.05	0.05	0.05
Difference	0.462	0.544	0.138	0.528
Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis
Result	This is no association	This is no association	This is no association	This is no association

It can be observed from the above table that the null (Ho) hypothesis for the awareness levels on similarity and price differential and the demographic variables. The calculated value of Chi-square of age (11.197), education level (10.252), occupation (20.758) and household salary (14.278) are less than the table value of Chi-square value of age (21.03), education level (21.03), occupation (26.30) and household salary (26.30) respectively.

Moreover, the *p-value* for age (0.512), education level (.594), occupation (0.188), household salary (0.578) is over (0.05) level of significance and hence we fail to reject the Null. For education levels and occupation, the strength of association is low implying that there is some difference in awareness levels with different occupations and education levels.

In addition, following questions were also asked taking the following products: soaps, lotions, shampoos, deodorants, toys and razors to analyze the perception levels of the respondents who preferred shopping at shopping malls vs those who preferred shopping at private stores.

- The following products are mostly the same for men and women.
- The difference in pricing for the following product is justified.
- There is no difference in pricing of the following products for men and women.
- Cost of producing the following products for men and women is the same for the manufacturer.
- Which of the following products would you buy which are advertised for men

The results of the Chi-Square Test are presented below.

	The following products are mostly same for men and women.	The difference in pricing for the following product is justified.	There is no difference in pricing of the following products for men and women.	Cost of producing the following products for men and women is same for the manufacturer.	Which of the following products would you buy which are advertised for men
Chi square	4.605 ^a	6.738 ^a	.668 ^a	8.601 ^a	6.246 ^a
Table Value Chi square	9.49	7.81	7.81	9.49	9.49
df	4	3	3	4	4
Asymptotic Significance (2-sided)	0.33	0.081	0.881	0.072	0.182
Significance Value	0.05	0.05	0.05	0.05	.05
Difference	0.28	0.031	0.831	0.022	0.132
Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis	Fail to Reject the Null Hypothesis
Result	This is no association	This is no association	This is no association	This is no association	There exists a significant relationship

The calculated value of Chi-square are less than the table value of Chi-square value and hence we fail to reject the Null Hypothesis and the perception about the products when it comes to respondents who preferred shopping at the malls vs those who preferred shopping at private stores is similar.

It was of interest to know how the respondents would behave once they are aware that the company is charging higher for the same products which are targeted towards females than the products which are targeted towards the men.

If you come to know that a company is charging women higher than men for a similar product, you would:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Stop buying the product from the company.	15	21.1	21.1	21.1
	2 Continue to buy the same brand as the price difference is not much	4	5.6	5.6	26.8
	3. Would consider buying from different company	18	25.4	25.4	52.1
	4 Tell others not to buy the product.	1	1.4	1.4	53.5
	5. Would encourage a brand which does not discriminate in price.	15	21.1	21.1	74.6
	6. Raise the topic on the social media	6	8.5	8.5	83.1
	7. Would wish the government to take some action against the company.	12	16.9	16.9	100.0
	Total	71	100.0	100.0	

21% of the participants indicated that they would stop buying the products from the companies who discriminate on the basis of the Pink Tax and over 46% indicated that they would consider shifting to alternatives. Only 4% indicated that they would continue to buy from the same brand as they might be loyal to the brand. Around 8% indicated that they would like to spread awareness through social media platforms and 17% wished that the government interfered in such matters and take some action. It may be noted that the respondents had to pick one of the indicated choices however they may take multiple action amongst the choices.

CONCLUSION

Our research provides us with some food for thought as a society: As the fight for equal pay continues, gender-based price discrimination widens the wage gap by reducing women's purchasing power as they must pay more for similar products. Despite being a contributing factor to the economic disparity between men and women, the Pink Tax has not been a subject of significant discussion. One of the reasons could be that it is a hidden tax and there is a lack of awareness among consumers about the price difference between goods on which the Pink Tax is levied. Even though the tampon tax has been abolished in India in lieu of various prominent campaigns, the Pink Tax still exists in the form of a higher price charged on various products marketed for women, including disposable razors, children's toys, and personal care products. Gender-based price discrimination is justified by profitable business marketing strategies that raise product prices due to colour differences, minor packaging differences, or the simple premise that women are less price elastic, which means they are willing to pay more for the products. The findings of this paper highlight some key consumer behaviour traits, awareness levels, potential solutions, and the effects of the Pink Tax on consumer purchasing power. To arrive at these conclusions, we collected primary data and analysed the same using the chi-square method. We discovered that only 27% of respondents were aware that the Pink Tax is not imposed by the government. The study's findings show that 53.5% of female consumers had never heard the term "Pink Tax" and even though other consumers have heard of the Pink Tax, they are not well informed about its concept. We hypothesized that consumers do not believe the price difference is justified and in response, many customers stated that they would be open to buying similar products marketed towards men. The majority of consumers were also willing to take some form of action against the Pink Tax once they realised how unfairly the government was treating them, such as looking for alternatives

or calling for government intervention. This is in contrast to some earlier research that suggested consumers would continue to purchase more expensive goods because they believed that higher priced goods offered better quality. Moving forward it is of utmost importance for consumers to become aware of this phenomenon and look for possible solutions such as buying unisex products and bringing to light personal experiences in order to eradicate the Pink Tax.

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