

# *Reasons for the Continuous Existence of the Pink Tax*

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**Abstract:** The price difference between almost identical products, because of the difference in who they are sold to and the overall higher sales price of women's products than of men's products, is known as the "pink tax." The study analyzes the reasons for the persistence of the pink tax in the market for a long time, utilizing questionnaires and interviews. The main factors that contribute to the persistence of the pink tax are information, customer, market, and policy. Due to inaccurate and incomplete product information, the pink tax is unavoidable. Compared to men, female consumers are more likely to buy expensive products as they are more willing to spend on design and impulse consumption. Therefore, for the market, the fact that it is easier to profit from female consumers will undoubtedly contribute to the phenomenon of the pink tax, which will help businessmen make more profits from female consumers. In addition, as some potential problems are insensible to the government, some policies are not able to protect women's rights perfectly.

**Keywords:** Pink Tax, female consumption, consumer behavior, marketing

## 1. Introduction

Initially, the term "pink tax" referred to the price difference between blue products preferred by men and pink products preferred by women. Over time, as markets became more complex, the definition of this term evolved into a gender-based price gap [1]. Nowadays, women often pay significantly more than men for similar goods or services. A government study in the United States analyzing almost 100 brands and 800 gender-specific products found that personal care items marketed towards women were, on average, 13% pricier than comparable men's products. Additionally, accessories and adult clothing were respectively 7% and 8% more expensive for women [2]. Therefore, women end up spending thousands of dollars extra throughout their lives to purchase equivalent items as men. Moreover, another US-based investigation discovered that dry cleaning costs for women's dress shirts could be over 90% higher compared to those for men's shirts. As a result, people now refer to the gender wage gap as the "pink tax" [3]. However, there is a noticeable absence of discussion regarding the reasons for the Pink Tax and the time sequence. Once the concept of the pink tax was revealed and women realized the existence of the pink tax through online platforms, they continued to spend substantial amounts on such products. Consequently, this research delves into the reason for the persistence of the pink tax by providing an extensive account of its origins.

This research focuses on the underlying factors for the persistent existence of the pink tax, and a more comprehensive perspective on this issue can assist governments in effectively regulating the

pink tax and mitigating its impact. In addition, female consumers can make informed choices when consuming goods to avoid the impact of additional expenditures caused by the pink tax.

## **2. Reasons for the Pink Tax's Emergence**

### **2.1. Women's Increasing Buying Power**

As women's buying power increases, female consumers are playing an increasingly important role in the marketplace. And an increase in the pink tax means more benefits from selling the same items and from female consumers, which is one of the opportunities for business.

#### **2.1.1. Women's Increasing Earning Power**

Over the past 50 years, the combined earnings of women have experienced a significant fivefold growth, surging from approximately \$593 billion in 1967 to over \$3 trillion in 2015. In households where mothers work outside the home, women contribute close to 40% of their family's total earnings. Nearly 40% of married women serve as the primary wage earners for their families. Additionally, one out of every three families (34%) with a working mother relies solely on her income [4]. Thus, as women's earning power has become more and more essential in markets, women's buying power has increased as well.

#### **2.1.2. The responsibility of purchasing daily supplies for families**

Despite the tremendous progress made in improving women's status in society, the persisting traditional notion that females are required to take on more housework responsibilities and care for children and elderly individuals continues to impact numerous families. In developing nations, women spend three more hours on average per day compared to men on tasks like washing dishes, cooking, and childcare. In developed countries, women devote two hours more than men on domestic chores. Therefore, women bear a significant responsibility in the procurement of daily necessities. In light of this circumstance, merchants strategically target women's preferences and gradually establish a gender-based pricing disparity, known as the "pink tax." Apart from purchasing products specifically designed for females, female consumers also assume the burden of purchasing daily consumer goods for men, the elderly, children, and even the entire family. In the USA, women account for 85 percent of all consumer purchases. When it comes to food acquisitions, the proportional advantage of female consumers is even more pronounced, with an average of three out of four women asserting that they serve as the primary shoppers within their households [5]. Since women take on most of the responsibility of purchasing, the consumer demand and purchasing power of female consumers are much larger than those of male consumers overall.

#### **2.1.3. Female consumption habits**

The formation of consumption is determined by two main elements, the consumer's ability to consume, and the willingness to consume. As the proportion of women in education increases, women are increasingly focusing on the personal development aspect of their lives and investing in themselves in a sustained manner. Therefore, women's willingness to consume for their own advancement is also increasing. Wuhan University conducted a survey on female college students' monthly living expenses, and the results showed that about 90% of female college students chose to use up their monthly living expenses. Meanwhile, Chinese women's consumption report shows that more than 60% of women spend more than 60% of their income on expenses [5]. These two findings indicate a prevailing trend among women today, characterized by limited savings and heightened consumption levels.

## 2.2. Differences in male and female consumption psychology

The contrast between the differences in the consumer psychology of men and women can be categorized mainly into rationality and emotionality, pragmatism and hedonism.

For rationality and emotionality, men are more rational in the process of consumption. When shopping, especially when buying daily necessities and household appliances, male consumers pay more attention to the basic functions and actual utility of goods, and have strong rational control ability when purchasing large and valuable goods.

In contrast, women are more emotional animals. Their consumption behavior has strong emotions. Female consumers attach great importance to the appearance and shape of goods, especially the emotional factors expressed in them. The symbolism of the clothing brands, the association of styles and colors, the aesthetic feeling of the commodity shape, the warmth formed by the environmental atmosphere, and even the expression and language of sales staff will become the purchase motivation for female consumers to purchase, as well as the influencing factors affecting the consumption behavior of female consumers. Therefore, female consumers often decide whether to purchase under the influence of emotional factors.

For pragmatism and hedonism, the male instinct is reality, and men's demand for the items they buy or their appearance is relatively small. On the contrary, as for women, in addition to meeting basic needs, female consumers may also buy stuff that can show their social status, their own differences, or reflect their own attitude toward life [6].

## 2.3. The cost of products themselves

First of all, it is about the appearance design of the goods. Considering that women have a tendency to judge by appearance when choosing goods, businesses expend large costs and effort on the appearance design of products in order to attract women. Due to the market demand, the packaging design industry is currently presenting a steady and favorable growth trajectory, with its market size soaring to an impressive 500 billion yuan as of the end of the 21st year [7]. Market demand and prospects make enterprises begin to emphasize product packaging and design, and this also reflects that brands gradually recognize the key role of aesthetics in attracting consumer attention.

Furthermore, the tariffs imposed on certain imported products can vary depending on the gender of the person for whom the product itself is designed. On average, the taxation rate for clothing imports intended for women is higher compared to those meant for men—15.1 percent versus 11.9 percent. This discrepancy in import costs might be transferred to customers and contribute to the increased prices of specific goods targeted toward women.

## 3. Reasons for Women's Unawareness of the Pink Tax

In order to analyze the reasons female consumers are unable to fully understand the pink tax in a more graphic sense, this paper chooses caps, which are not explicitly gendered and satisfy the needs of everyday accessories, as the research object.

Furthermore, these merchants emphasize their designs incorporating anesthesiology and wider cap brims, as they believe it creates an illusion of smaller facial features for girls. This could potentially explain why girls are willing to pay a premium for such products. The product descriptions indicate that their brims range from 18cm to 21cm, whereas others' brims measure only 14cm. However, after measuring the brims of "wide brim" caps and those without explicit emphasis on the brims, the research concluded that all of them had similar dimensions of approximately 18cm with no discernible variation in terms of brim width. Along with this research result, the reasons for women's unawareness of the pink tax get clearer and clearer.

### **3.1. Overexaggerated functions**

As one of the products used on a daily basis, caps with excellent craftsmanship and quality to attract consumers is the basis of the existing promotion. On this basis, the brand deliberately emphasize its wider brim design and demonstrates that it can reduce the proportion of the facial features in the vision, so as to achieve the effect of visual slimming of the face, and attract female consumers. Considering the fact that women usually have a higher demand for appearance than men in the current society, this can be a reason that women are willing to pay a high price for this type of product. While a wide brim does produce a visually smaller face, it also accentuates the larger head size of the wearer. And its feature of showing a smaller face is limited in its applicability and effectiveness, as it is only suitable for people with slender chins, slim necks, rounded heads, and the ability to adapt to hat sizes as well as to a variety of looks.

### **3.2. The endless products but the lack of reliable information**

When examining the comment section of the usage for various products, it has been found that some reviews exhibit striking similarities. Based on the images and verbal expressions, it can be hypothesized that comments with similarities may have come from the same person or were purchased uniformly by the merchant. This behavior deprives potential consumers of the opportunity to obtain product authenticity through the user experience. In light of unreliable sources for product information, female consumers face two predicaments: randomly selecting items and consequently spending exorbitantly on subpar products, or unwittingly succumbing to pink tax by opting for higher-priced renowned brands in order to ensure quality. Therefore, female consumers normally choose products of well-known brands for quality assurance, and 62.1% of female consumers in the Chinese Women's Consumption Report choose products of well-known brands, which also proves that despite the higher price of products of well-known brands, the quality that can be guaranteed has become the main reason for consumers to choose them [8].

### **3.3. Difficulty of comparison**

Given the prevalence of indistinguishable product descriptions, customers face significant challenges in discerning the merits and drawbacks of products or distinguishing them from one another. It is highly probable that a renowned brand's offering is identical to a cheaper alternative. However, due to the difficulty in making comparisons, individuals seeking affordability may ultimately acquire subpar goods while missing out on authentic, high-quality options.

### **3.4. Price Fixing**

Some markets may lack full competitiveness, which hinders the entry of potential competitors capable of reducing excessively high prices for products and services aimed at women. As a result, dominant firms with significant market power can consistently impose higher fees on goods and services specifically designed for women. Considering the positive role played by federal authorities in promoting competitive markets, it suggests that governmental intervention might be necessary.

## **4. Reasons for the Unavoidability of the Pink Tax**

### **4.1. No replacement**

Approximately 56% of girls are aware of the existence of the pink tax; however, their ability to evade it remains limited. For instance, when purchasing a coat, they may resort to searching for men's coats online as an alternative option, which often proves more cost-effective. Conversely, when procuring

essential tampons that meet quality standards, they find themselves with no alternative but to incur substantial expenses. It is noteworthy that tampons in China attract a Value-Added Tax (VAT) rate of 13%, equivalent to that imposed on cigarettes [9].

## **4.2. Individual Preferences**

### **4.2.1. Endorsement**

When it comes to making purchasing decisions, a significant number of young women exhibit a preference for products endorsed by their idols. In research done in Hubei, China, approximately 56% of female fans expressed enthusiasm for purchasing items endorsed by their idols as long as the price was reasonable, and considered this a demonstration of their unwavering loyalty to their idols. Thus, female consumers are more vulnerable to being subjected to gender-based pricing discrimination, commonly known as the pink tax.

### **4.2.2. Unique wrappings**

As the brand's research on female preferences in product packaging continues to deepen, the allure of product packaging has become increasingly tempting to female consumers, including the outer packaging with the image of an idol, the designs of the product shape, uplifting slogans, etc. .

## **4.3. No quality risks**

Certain female consumers willingly accept higher prices for renowned brands as a guarantee of product quality, a situation where consumers directly succumb to the pink tax without being informed. However, due to their reluctance to shop online and the influence of "you get what you pay for," they are more inclined to choose higher-priced products with quality services. Nevertheless, this situation should not be confused with the concept of the pink tax.

## **4.4. Policy**

The Pink Tax Repeal Act explicitly states that a difference in coloring among consumer products shall not be considered substantial. Notably acknowledging the marketing practices of manufacturers and retailers and the term "pink tax," the bill also includes language prohibiting discriminatory pricing for services deemed substantially similar, defined by factors such as time required to provide services, difficulty level, and cost [10]. Unfortunately, this kind of definition can still not diminish the pink tax, which was discovered but is still paid [11].

## **5. Conclusion**

This paper explores the reasons for the continuous existence of the pink tax. The emergence of the pink tax is due to women's increasing earning power. As for the women's unawareness of the pink tax, it is because of the inaccurate information. In addition, the unavoidability problem is caused by hidden costs, morbid market, customer psychology, and unsuitable policy. To some extent, it is necessary to point out the added price of wrappings. But, most importantly, diminishing gentle discrimination is really impending.

It is essential to mention the limitations of this paper. Firstly, this paper is mostly based on research on college students and other young ladies, so the age differences of female consumers or their influences on women's reactions to the pink tax are not discussed, which is to be studied in the future. Secondly, the number of research samples is comparably small, so in the further study, the scale of research will be larger.

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