

The Pink Tax

How Gender-Based Pricing Hurts Women's Buying Power

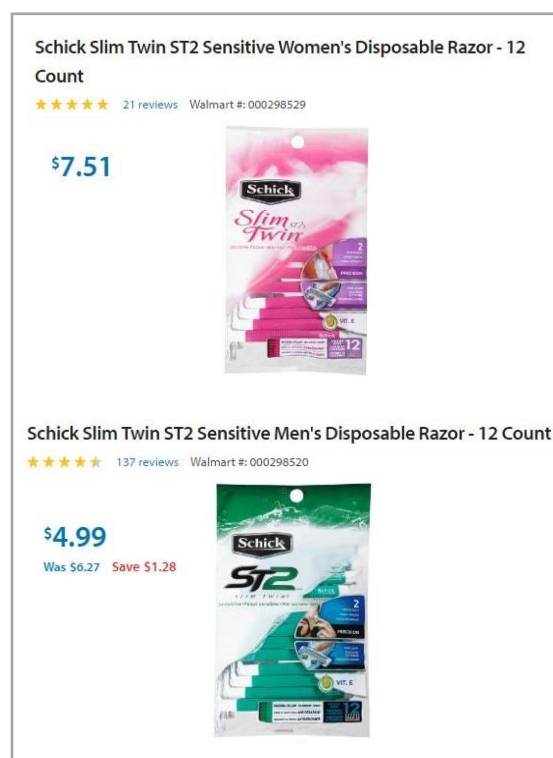
Much has been written about women as wage-earners, particularly the fact that they typically earn less than men. In 2015, a woman with median earnings working full time, year-round earned only 80 percent of what her male counterpart earned.¹ This 20-percent difference is widely known as the “gender pay gap.” For a typical female worker, the pay gap adds up to nearly \$10,500 over the course of a year and roughly \$500,000 over a lifetime.² This contributes to higher poverty rates among women. Research has shown that if women were paid the same as comparable men, the poverty rate among working women would be cut in half.³

However, it is less well known that women also are disadvantaged as consumers – frequently paying substantially more than men for similar goods and services. Common products and services marketed to women, ranging from razors and soaps to dry cleaning, often cost more than similar products marketed to men. Manufacturers and retailers may claim that the price difference is due to higher costs for producing women's products or providing services for women, but there is a great deal of evidence that there are significant price differences for practically identical products. In some cases, the only difference is the color. This markup has become known as the “pink tax.”

Despite Challenges, Women's Earning Power Is Greater than Ever

Women's participation in the paid workforce has increased dramatically since the Equal Pay Act and Civil Rights Act were enacted more than 50 years ago. At that time, fewer than half of prime-age women (ages 25 to 54) were in the labor force, and only one in three jobs was held by a woman. Today, nearly three-quarters of all prime-age women are in the workforce and women hold about half of all jobs.⁴

The sea change in women's labor force participation, as well as increases in their educational attainment, has dramatically boosted women's collective earnings. Between 1967, the first year for which data are available, and 2015, the number of women with earnings grew from 34 million to 77 million. After adjusting for inflation, their average earnings increased from \$17,250 (in 2015



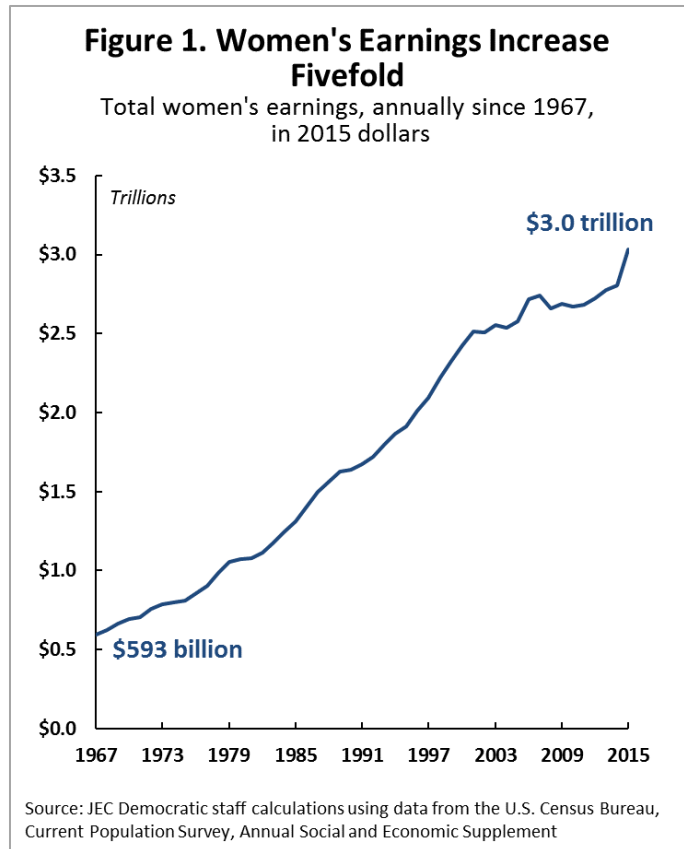
Schick Slim Twin ST2 Sensitive Women's Disposable Razor - 12 Count
Count
★★★★★ 21 reviews Walmart #: 000298529
\$7.51

Schick Slim Twin ST2 Sensitive Men's Disposable Razor - 12 Count
Count
★★★★★ 137 reviews Walmart #: 000298520
\$4.99
Was \$6.27 Save \$1.28

dollars) to \$39,400. The result was a fivefold increase in women’s combined earnings, from roughly \$593 billion in 1967 to more than \$3 trillion in 2015 (see **Figure 1**).⁵

This explosion in earning power, coupled with rising household expenses, has meant that families have come to depend on women’s incomes to make ends meet. In the typical (median) household with a mother working outside the home, women contribute nearly 40 percent of their family’s total earnings.⁶ Almost 40 percent of married women are their family’s primary wage earner.⁷ And one in three (34 percent) families with a mother working outside the home depend solely on the mother’s wages.⁸

Women now have control over financial decisions in many households. Marketing research suggests that they make 85 percent of all consumer purchases in the United States. Their share of food purchases is even higher. Three in four women report that they are their home’s primary shopper.⁹



The “Pink Tax”: A Markup on Goods and Services Marketed to Women

Even with this bolstered financial power, women face an additional obstacle as consumers. They not only earn less than men, on average, but they also often pay more for purchases or get less for what they spend. This markup on goods and services marketed to women has become known as the “pink tax.”

Examples of gender-based price disparities for goods and services have been documented throughout the economy. This phenomenon may not constitute intentional gender discrimination. Yet the frequency with which female consumers find themselves paying higher prices for gender-specific goods and services effectively becomes a tax on being a woman.

Consumer Goods

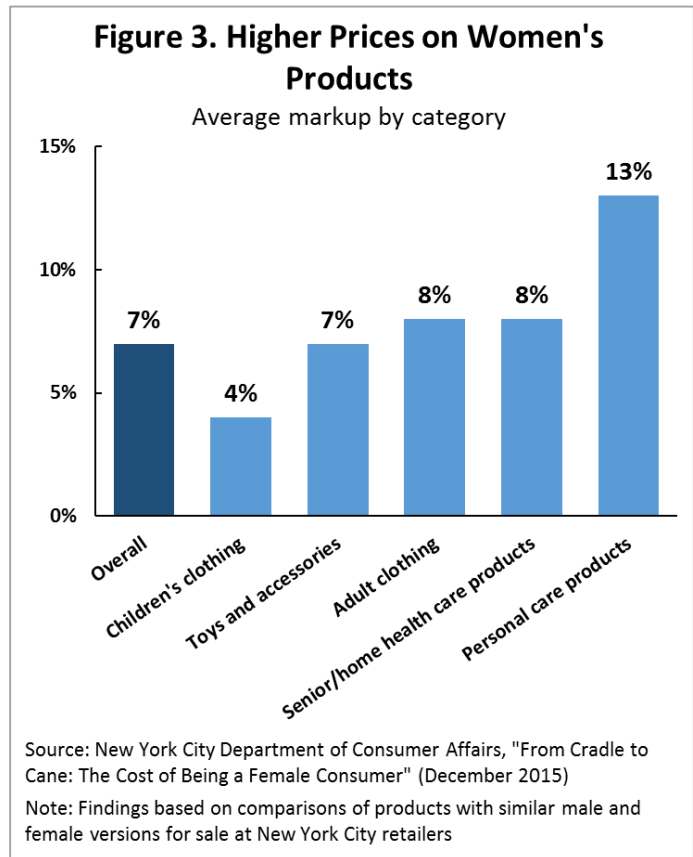
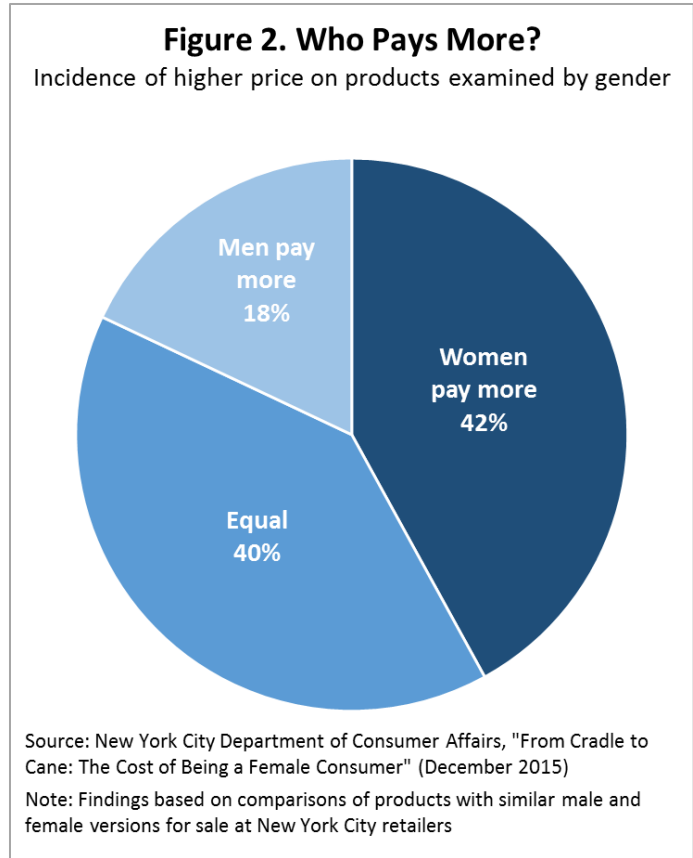
Everyday products marketed to women often come with a higher price tag when compared to nearly identical versions marketed to men. Some of the most widely cited examples include higher prices for pink razors and pastel-colored pens. Even toys marketed to girls are also priced higher. For example, a pink Radio Flyer scooter was selling for double the price of the comparable red scooter on a well-known big box retailer’s website.¹⁰

The pink tax applies to products across a range of categories, including children’s clothing, toys and games, and personal care products. The size of the markup varies widely, and in some cases the price for men’s products is higher. For example, the New York City Department of Consumer Affairs (NYCDCA) examined nearly 400 pairs of products for sale by New York City retailers and found that women’s products were more than twice as likely to be priced higher than men’s products. Specifically, 42 percent of the time women’s products had a higher price tag, whereas men’s products had a higher price tag 18 percent of the time. The prices for women’s and men’s products were roughly equal 40 percent of time (see **Figure 2**).¹¹

Across industry categories, women’s products were consistently priced higher, according to the NYCDCA report. Overall, women’s products were priced an average of 7 percent higher than substantially similar men’s products.¹² The difference in average prices was smallest for children’s clothing (4 percent), and largest for personal care products such as deodorants, body wash and razors (13 percent) (see **Figure 3**).¹³

Products in the “senior/home health care” category were priced 8 percent higher. They included items such as supports and braces, canes and adult diapers. The additional cost to senior women is particularly troubling due to the fact that the typical woman aged 65 or older has significantly less income than the typical man of the same age. Women in this age group face a 44-percent gap in income compared to similarly aged men, and they are significantly more likely to live in poverty according to a JEC report released earlier this year.¹⁴

Men’s and women’s products are rarely identical, which makes precise comparisons difficult. However, multiple surveys



comparing common consumer goods showed similar findings. For example, *Consumer Reports* found that in comparing common drugstore purchases such as shaving cream, deodorant and body wash, “products directed at women—through packaging, description or name—might cost up to 50 percent more than similar products for men.”¹⁵ A 2011 study by researchers at the University of Central Florida (UCF) also concluded that women pay more per ounce for certain personal care products, including deodorant.¹⁶

A survey of prices for products in various categories at large online retailers revealed several examples of dramatic price differences.¹⁷ BIC’s “For Her” pens cost double the equivalent gender-neutral pack. A pink wireless mouse by Microsoft was priced 39 percent higher than the identical model in blue. A 12-pack of women’s Schick’s “Slim Twin” sensitive disposable razors cost 51 percent more than a 12-pack of men’s “Slim Twin” sensitive disposable razors. The price on women’s Narciso Rodriguez Eau de Toilette spray was 20 percent higher than the men’s version. And the pink and purple “fairy” version of simple wooden train set with a figure-eight track came with an 11-percent mark up over the nearly identical version in primary colors.

 <p>BIC For Her Retractable Ball Pen, Medium Point, 1.0 mm, Black Ink, 2 Count (FHAP21-Black) by BIC</p> <p>Price: \$4.97 </p>	 <p>BIC Atlantis Original Retractable Ball Pen, Medium Point (1.0 mm), Black, 2-Count by BIC</p> <p>Price: \$2.47 Free shipping for Prime members when buying this Add-on Item. Details</p>
---	--

<p>Microsoft Wireless Mobile Mouse 1850 Item # 994447</p> <p>★★★★★ (2) Description Share Print</p>  <p>\$ 21.89 / each</p>	<p>Microsoft Wireless Mobile Mouse 1850 Item # 994454</p> <p>★★★★★ (10) Description Share Print</p>  <p>\$ 15.79 / each</p>
---	---

Services

Women not only pay more for products; they often pay more for services. A telling example is the market for personal care services, including dry cleaning and haircuts. With these services, prices are typically higher for women, such as laundering a women’s button-down shirt, compared with a men’s button-down shirt. The 2011 study found that of the 100 hair salons surveyed, 85 charged

more for a basic women's haircut than a basic men's haircut. The average price paid by women was 54 percent higher than the average price paid by men.

That study also found significant price differences for drying cleaning dress shirts, with women's shirts costing on average \$1.89, or 92 percent, more than men's shirts. The study found no significant differences in the prices of laundering two-piece suits, blazers or slacks. A study by the State of California in 1994 estimated that the pink tax on services alone cost a woman roughly \$1,350 over a year, the equivalent of about \$2,135 today.¹⁸

Possible Explanations for the Pink Tax

Differences in the cost of producing goods or providing services are legitimate reasons for selling substantially similar products or services at different prices. For example, some products may face higher tariffs and materials of a specific color or scent deemed more feminine may cost more to manufacture. More labor may be required to provide a particular service such as laundering a fitted shirt as compared to a less-fitted shirt. Higher advertisement costs for placing ads targeting women may also increase marketing costs.

Tariffs. The tariffs on some imported goods vary by whether the product is made for men or women. On average, clothing imports for women are taxed at a higher rate than clothing imports for men—15.1 percent compared to 11.9 percent.¹⁹ The higher costs of importing may be passed on to consumers and contribute to the markup on some goods targeted to women.²⁰

Product differentiation. One common marketing strategy firms employ is “product differentiation.” Sellers frequently distinguish a product or service from others to make it more attractive to a particular target market, for example by changing the packaging and altering the color of a product. However, doing so may increase the cost of production. For example, a manufacturer may choose to produce a smaller number of pink razors, which could increase the cost of producing each pink razor relative to the larger run of black razors.

Price discrimination. The practice of charging customers different prices for the same product or service is known in economics as price discrimination. Sellers attract buyers who would otherwise not purchase their product by offering those buyers a lower price. But it can also mean higher prices for others who are willing to pay more. Some common examples of price discrimination include student or senior discounts, discounts for advanced purchases of airline tickets and higher prices for last-minute purchases.²¹ If sellers find that women are less price sensitive and therefore willing to pay more for a particular product or service, they are more likely to charge a higher price for a version marketed to women.

Price fixing. Some markets may not be fully competitive, and competitors who would drive down inexplicably high prices for women's versions of products and services may be prevented from entering the market. As a result, firms holding a significant share of market power would be able to continue charging more for goods and services targeting women. This could indicate that there is a role for government intervention as the federal government takes an active role in maintaining competitive markets.²²

Alternatively, sellers who observe shoppers paying more for a gender-specific variation of a product or service being sold by a competitor may passively collude to keep prices for women's goods and services higher by raising their own prices.²³ This type of price-setting activity is more difficult to combat.

Many possible explanations for higher prices on women's products and services may be valid. However, the overall impact is that it costs women more than men to meet cultural expectations about gender.²⁴ This is particularly true for products and services for which their use is easily noticed. For example, the money saved by purchasing a musky-scented body wash rather than a floral version or by wearing a loose, non-formfitting shirt may not be worth the social cost for many women.²⁵ Yet these types of items are often priced higher.

Price Discrimination Against Women Extends Beyond the Pink Tax

Gender-based pricing that disadvantages women extends beyond the pink tax.

Women have historically paid higher health insurance premiums in part because of the expected costs related to pregnancy. The Affordable Care Act specifically eliminated the disparity in health insurance premiums between women and men. For example, before the law's enactment, a 22-year-old woman might pay 1.5 times the premium for health insurance paid by a man the same age.²⁶

Research in the early 1990s found that women were quoted higher prices than men when shopping for a new car.²⁷ However, more recent studies suggest this phenomenon may be less prevalent now.²⁸

And despite action by several cities and states to exempt feminine hygiene products from sales tax, most women are taxed on purchases of these items which are a necessity for women and have no comparable male equivalent. Currently, women in most states must pay state sales tax on purchases of sanitary products. Of states with a state sales tax, only Connecticut, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York and Pennsylvania do not impose a sales tax on feminine hygiene products.²⁹ The tax is particularly burdensome for women with low earnings because it eats up a larger share of their incomes.³⁰

Women Frequently Pay More for High-Ticket Financial Products

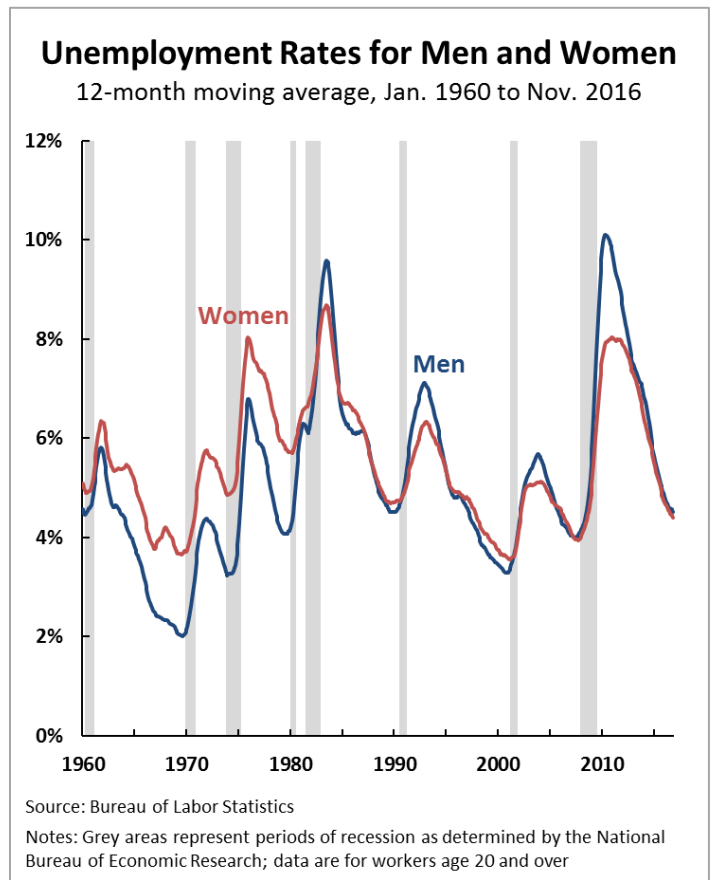
Women have a long history of confronting discrimination in the financial marketplace. Before the passage of the Equal Credit Opportunity Act in 1974, many women found it difficult to apply for credit in their own name.³¹ Women who were single, divorced or widowed often were required to have a male relative co-sign on a loan.³²

While women's access to credit has expanded over time, it still can come at a steep cost. Studies have shown that women are more likely than men to be denied credit, or pay higher costs to borrow. For example, a report by the Consumer Federation of America showed that women were 32 percent more likely than men to receive a subprime mortgage in 2005, just before the collapse of the housing market.³³ This disparity held true regardless of income and loan purpose (home

purchase, refinance or home improvement). Also, women are less likely than men to negotiate and “shop around” for better terms, which can result in higher borrowing costs.³⁴

The higher borrowing costs for women may not always be justified by the additional risk of defaulting on a loan. Recent research has shown that despite paying higher interest rates on mortgages, and having to spend a greater share of their income on housing as a result, single women are less likely to default on their mortgages than single men.³⁵ Even though this is the case, single women and women with a male co-borrower were more likely to be denied loans than other borrowers. These women generally were deemed a higher credit risk based on their lower credit scores and incomes. For women who obtained mortgages, the higher interest rates meant that their payments constituted a larger share of their incomes.³⁶

Since the mid-1980s, women’s employment has been more stable than men’s as evidenced by the widening gap between men’s and women’s jobless rates following recessions (see **Figure 4**).³⁷ For women, that stability reduces the risk of job loss affecting their ability to make credit payments.



Legislative Actions to Eliminate the Pink Tax

Federal law currently does not prohibit discriminatory pricing by gender. However, a small number of state and local legislatures have taken steps to eliminate the pink tax for services such as drying cleaning and haircuts. California passed a law prohibiting gender-based discrimination in pricing for services in 1995.³⁸ New York City passed a similar law in 1998.³⁹ The Massachusetts Public Accommodations Act prohibits gender-based pricing for cosmetology services in the state.⁴⁰







Additionally, one online retailer announced it would reduce prices on a variety of women’s personal care and hygiene products to equalize the prices women and men pay for those products. In the announcement, a representative said the company was taking action to “do our part ... to raise awareness and eliminate the pink tax where we can.”⁴¹

At the federal level, legislators led by Rep. Jackie Speier (D-CA) introduced the Pink Tax Repeal Act, introduced in the 114th Congress which was modeled after California’s law.⁴² The bill would make it illegal to charge men and women different prices for substantially similar consumer products and services at the national level.

Conclusion

Recent actions only begin to remedy the economic burden being borne by U.S. women in the marketplace. Gender-based price disparities clearly cost women and their families real money that they cannot afford to lose. However, further investigation is needed to understand better the factors that contribute to gender-based price disparities throughout the economy and how they impact women. With more information, policymakers can take action to fully reap the benefits of women's economic power as both breadwinners and consumers.

Appendix: Price Comparisons for Selected Products Selling at Online Retailers

<p>Bell Sports Minnie Mouse Girls Toddler Bike Helmet</p> <p>\$29.99</p> 	<p>Mickey Mouse Toddler Bike Helmet</p> <p>\$26.99 \$22.99</p> 
<p>Mega Bloks First Builders Block Scooping Wagon Building Set, Pink</p> <p>\$32.95</p> <p>Was \$49.99. You save \$17.04!</p> 	<p>Mega Bloks First Builders Block Scooping Wagon Building Set, Red</p> <p>\$29.95</p> <p>Was \$49.99. You save \$20.04!</p> 
<p>Fairy Figure of Eight Train Set</p> <p>USD\$ 49.95 SORRY, CURRENTLY OUT OF STOCK</p> <p>ITEM # BJT022</p> 	<p>Figure of Eight Train Set</p> <p>USD\$ 44.95 IN STOCK</p> <p>ITEM # BJT012</p> 



501® JEANS FOR WOMEN \$64.50

Color: Lonesome Road
Size: 28W X 32L

Style # 125010229



501® ORIGINAL FIT JEANS \$59.50

Color: Dark Stonewash
Size: 34W X 32L



Nike Women's Dri-FIT Victory Solid Golf Polo \$55.00

Color: Copa
Size: L



Nike Men's Dri-FIT Victory Solid Golf Polo \$49.99

Color: Copa
Size: L

Apollo Tools 39-pc. General Do-it-Yourself Kit with Utility Knife - Pink



\$20.69 sale ends in 3d 10h 31m
Reg: \$22.99 Save \$2.3 (10.0% off)

Apollo 39-pc. Household Tool Kit



\$17.09 sale ends in 3d 9h 56m
Reg: \$18.99 Save \$1.9 (10.0% off)



Narciso Rodriguez for her Eau de Toilette
ITEM 860890 • SIZE 3.3 oz/ 100 mL

\$107.00



Narciso Rodriguez for him bleu noir
ITEM 1838333 • SIZE 3.3 oz

\$89.00

ITA-MED Posture Corrector for Women: TLSO-250(W)



\$6774 - \$6933
Was \$77.16 - \$89.88

ITA-MED Posture Corrector for Men: TLSO-250(M)



\$6149 - \$6572

Sources

¹ Bernadette D. Proctor, Jessica L. Semega, and Melissa A. Kollar, "[Income and Poverty in the United States: 2015](#)," U.S. Census Bureau, (September 2016).

² Annual difference is based on median earnings of \$51,212 for men and \$40,742 for women (for full time, year-round in 2015). According to the [Center for American Progress](#), the "career earnings gap" is now nearly \$434,000. The [Institute for Women's Policy Research](#) (IWPR) has separately estimated that women born between 1955 and 1959 who worked full time, year-round each year lost more than \$530,000 by the time they reached age 59.

³ Institute for Women's Policy Research, "[The Economic Impact of Equal Pay by State](#)," *Status of Women in the States*, (February 2016).

⁴ Bureau of Labor Statistics, [Labor Force Participation Rate – 25- to 54-years, women](#). The annual average was 44.5 percent in 1964 and 73.7 percent in 2015; JEC Democratic staff calculations based on data from Bureau of Labor Statistics, Establishment Survey. Women's share of nonfarm payroll employment averaged 31.8 percent in 1964 and 49.3 percent in 2015.

⁵ JEC Democratic staff calculations based on data from the U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2016.

⁶ JEC Democratic Staff 114th Congress, "[Gender Pay Inequality: Consequences for Women, Families and the Economy](#)" (April 2016).

⁷ Bureau of Labor Statistics, "[Women in the Labor Force: A Datebook](#)," (December 2015). See Table 26. According to BLS, in 2012, 38.1 percent of wives who had earnings from work earned more than their husband (who may not have had earnings from work).

⁸ Ibid.

⁹ FONA International [2014 Trend Insight Report](#)

¹⁰ New York City Department of Consumer Affairs, "[From Cradle to Cane: The Cost of Being a Female Consumer](#)" (December 2015).

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ JEC Democratic Staff 114th Congress, "[Gender Pay Inequality: Consequences for Women, Families and the Economy](#)" (April 2016).

¹⁵ "[Men win the battle of the sexes](#)," *Consumer Reports*, (January 2010).

¹⁶ Megan Duesterhas, Liz Grauerholz, Rebecca Weichsel and Nicholas A. Guittar, "[The Cost of Doing Femininity: Gendered Disparities in Pricing of Personal Care Products and Services](#)," *Gender Issues*, Volume 28, Issue 4, pp. 175-191 (December 2011).

¹⁷ Examples provided throughout the report were collected from various online retailers. Products selected have nearly identical version for men and women.

¹⁸ Senate Rules Committee, "[Bill Analysis for AB 1100](#)," (Accessed December 14, 2016); and JEC Democratic staff calculation using Bureau of Labor Statistics, "[CPI Research Series](#)" (annual 1994 vs 2015).

¹⁹ Lori L. Taylor and Jawad Dar, "[Fairer Trade: Removing Gender Bias in US Import Taxes](#)," *The Takeaway: Policy Briefs from the Mosbacher Institute for Trade, Economics, and Public Policy*, (March 2015).

²⁰ Ibid.

²¹ Steven Horowitz, "[Is There Really a Pink Tax?](#)" Foundation for Economic Education, (May 13, 2015).

- ²² U.S. Department of Justice, “[Antitrust Enforcement and the Consumer](#),” (accessed December 12, 2016).
- ²³ This possibility is discussed in <http://www.nytimes.com/2013/12/12/fashion/For-Women-Hairstyles-at-the-Barbershop.html>
- ²⁴ Megan Duesterhas, Liz Grauerholz, Rebecca Weichsel and Nicholas A. Guittar, “[The Cost of Doing Femininity: Gendered Disparities in Pricing of Personal Care Products and Services](#),” *Gender Issues*, Vol.28, Issue 4, pp. 175-191 (December 2011).
- ²⁵ Ibid.
- ²⁶ Department of Health and Human Services, “[Women and the Affordable Care Act](#),” (accessed December 12, 2016).
- ²⁷ Ian Ayres, “Fair Driving: Gender and Race Discrimination in Retail Car Negotiations,” Paper 1540, (1991); and Ian Ayres and Peter Siegelman, “Race and Gender Discrimination in Bargaining for a New Car,” *The American Economic Review*, Vol. 85, No. 3 (June 1995).
- ²⁸ Morton, Zettelmeyer and Silva-Risso October 2001 and Today experiment
- ²⁹ National Conference of State Legislatures, [Stateline](#) (May 2016); Jennifer Horne, “Bills to Eliminate ‘Tampon Tax’ Pass in Connecticut, New York, Illinois,” Jennifer Horne’s Blog on The Council of State Governments, (June 17, 2016); and *BBC News*, “[Why is the US ‘tampon tax’ so hated?](#)” (September 14, 2016).
- ³⁰ Sarah Larimer, “[The ‘tampon tax’ explained](#),” The Washington Post, (January 8).
- ³¹ NFCC, “[NFCC Examines History of Women and Credit](#),” (accessed December 12, 2016).
- ³² Dubravka Ritter, “[Do We Still Need the Equal Credit Opportunity Act?](#)” (September 2012).
- ³³ Allen J. Fishbein and Patrick Woodall, “[Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market](#),” Consumer Federation of American, (December 2006).
- ³⁴ Mandi Woodruff, “[What’s With Women Paying More For Mortgages Than Men?](#)” Business Insider, (November 21, 2011); and Ping Cheng, Zhenguang (Len) Link and Yingchun Liu, “[Do Women Pay More for Mortgages?](#)” *Journal of Real Estate Finance and Economics*, Volume 43, No. 4 (2011).
- ³⁵ Laurie Goodman, Jun Zhu and Bing Bai, “[Women Are Better than Men at Paying Their Mortgages](#),” Urban Institute, (September 2016).
- ³⁶ Ibid.
- ³⁷ Bureau of Labor Statics, [Unemployment rates for men and women 20 years and over](#), quarterly averages.
- ³⁸ California Civil Code, Division 1, Part 2, Section 51.6, “[Gender Tax Repeal Act of 1995](#).”
- ³⁹ New York City Department of Consumer Affairs, “[Pricing](#),” (Accessed December 14, 2016).
- ⁴⁰ Senate Post Audit and Oversight Bureau, “[Shear discrimination: Bureau survey finds wide price bias against women at Massachusetts hair salons despite anti-discrimination laws](#),” (July 1997); and Massachusetts Office of Consumer Affairs and Business Regulation, “[Hairdressers, Manicurists and Aestheticians Consumer Fact Sheet](#),” (Accessed December 14, 2016).
- ⁴¹ Julie Evans, “[It’s Time to #RETHINKPINK – Boxed Is Saying No to Pink Tax](#),” *Boxed*, (October 7, 2016).
- ⁴² H.R. 5686, “[Pink Tax Repeal Act](#)” (accessed December 12, 2016).