

The Causes and Effects of the “Pink Tax” Issue in China

Tsz Ngai Cao

United World Colleges, Phuket, Thailand

091007angel@gmail.com

Abstract. This paper investigates the root reasons behind the “pink tax” issue in China from the perspective of economics and psychology. In recent years, consumers in China became paying attention to this issue due to the rise of the gender awareness in the younger generation. Because of that, social medial influencers, researchers, and journalists started investigating this issue as well. Therefore, discussing the causes and the effects of the “pink tax” has meaningful values for not only the consumers but also the enterprises and government. By integrating the existing research and case studies of the female products and services that are charged higher prices, the study underscores the gender stereotypical phenomenon that women suffer and the imperativeness to work out practical solutions from different entities – the government policymakers, the business organizations, and individuals – to tackle the economic disparities and advocate gender equality and inclusive development of the consumer goods industry in China.

Keywords: Pink Tax; gender injustice; equality; discrimination.

1. Introduction

“Pink Tax” refers to the women-targeted consumer products that are much more expensive than those marketed to men. According to the World Economic Forum, “Gender-based price disparities are known as pink taxes” [1]. The color “pink” was used because products marketed to women were usually in pink packages. The origin of this term could be dated back to a report by the Assembly Office in California, which indicated that, compared to men, women had additional costs to have their clothes ironed in 64% of the stores in many US cities. Some discovered that women had to pay 1351 dollars more than men for the products of the same categories [2].

Many scholars and researchers have been studying the reasons for the pink tax and discussing possible solutions in the Western world. However, female consumers in China just started paying attention to this issue in 2018 and got more concerned during the pandemic when e-commerce proliferated. Under such circumstances, the author believes that it is necessary to conduct a research project on the pink tax to promote gender equality in China. This project employs literature analysis as the research method to reveal the embodiment of the pink tax in different areas, analyze the root reasons for this issue, and come up with feasible solutions.

2. The Embodiment of the Pink Tax in Different Areas

A girl seems to face the price discrimination since she was born in the world. From early childhood, girls’ toys are charged higher price – 11% – than the boys [3]. Such phenomenon become more evident when she grows up as a teenager, middle-aged woman, and old lady. The range of the pink tax covers from garment, consumer goods, beauty services, healthcare, and life-long learning. As for the first two areas, Unilever exemplifies gender price disparity based on their gender-specific marketing campaigns for the personal care products, including tampon and cosmetic products [4]. Journalists from *The Paper*, a Chinese digital news media, discovered that female personal products were 7% more expensive than males’ on the “Double Eleven Day,” a renowned shopping festival in China’s e-commerce industry [5].

Much more price difference could be found in the table 1 below. Sometimes it was less noticeable in products like toilet paper and beverage but more obvious in the categories like electronic devices and suitcases.

Table 1. Price difference in China’s “Double Eleven Day” in 2023

Product category	Other colors (Price)	Pink (Price)
Mouse (Logitech)	¥99	¥109
Computer Case (Aigo)	¥169	¥139
Headphone	¥449	¥499
Suitcase	¥399	¥539
Toilet Paper	¥12.9	¥15.9
Irish Cream Liquor	¥244	¥295

Meanwhile, many luxury brands consider Chinese women, especially those who start from scratch and take leadership roles in their workplace, as the major consumers with higher purchasing power due to the rise of Sheconomy [6]. Sheconomy, according to Harvard Business Review, means that women become the main force to drive the economy in today’s era [7]. The price differentiation between men and women in the beauty salons and barbershops is commonly seen. Females tend to spend more money for haircut and styling than males, as the barbers explain that the exceeding expense is charged for longer hair and more complicated procedures.

In the medical field, the payments that women make for regular health services are higher than men because of the extra expenditure of gynecological examination. Lastly, the workplace in China is usually male dominant. What worsens the situation is that women’s pregnancy, breastfeeding, as well as high sensitivity would be considered as weaknesses. Therefore, for life-long learning, especially the professional training in the workplace, women in China should exert efforts and invest much more money and time into self-growth resources – books, online courses, and qualifications – to gain promotional opportunities.

3. The Causes of the Pink Tax

From the microeconomic perspective, pink tax should be understood as pricing strategy discriminating women. The “tax” here is not actually the government tax but the plus cost added to the prices of products and services targeted to women. Some argue that pink tax exists because women’s products have in-put cost in manufacturing and marketing to cater to consumer demand. For instance, female hygiene goods require high-quality raw materials and the packaging that is more lovely with preferential colors like pink or light purple would attract female consumers more easily.

However, women’s purchasing and earning ability has been increasing in the 21st century. In 2020, women had around \$20 trillion in consumption worldwide [7]. In the same year, the market scale of female consumption reached 4.8 trillion CNY in China with approximately 80% of the customers were women on various e-commerce platforms and it is estimated that the amount would be doubled in 2025, as indicated in the Table 2, the data collated by Insight and Info website, an industry and market research and consulting firm. Regarding such stunning data, manufacturers and retailers inevitably put much more energy and capital in producing and packaging products that favor female customers and creating female-centric campaigns attracting female customers’ attention.

Table 2. 2019 – 2025 Sheconomy market scale and prediction by Insight and Info website

	Year 2019	Year 2020	Year 2025
Market Scale	4.5 trillion	4.8 trillion	10 trillion

In addition to economic factors, women’s increasing earning ability has given them more confidence and stronger willingness to spend money for personal planning. Though the workplace in

China is still considered to be male-dominated, women have more chances to become financially independent today. According to recent data, 38% of married women reported that they earned as much as their spouses, and 14.4% of them earned more than their spouses [8]. Since women in China tend to be responsible for buying daily supplies and groceries for their families, they are primarily marketed by commercial companies.

Single women, on the other hand, are influenced greatly by China's social media, such as Xiaohongshu, Weibo, and WeChat, which are essential platforms promoting feminism and addressing women's equal rights. These platforms encourage them to care about themselves and would like to pay for products and services that can help them enhance their appearance, widen their horizons, and reinforce their independence. Such shift in psychological aspects from women consumers stimulates and perpetuates price discrimination in the market.

4. The Influence of the Pink Tax

For the businesses that provide consumer goods and various kinds of services marketed to female consumers, the pink tax enables them to uplift profits in the first place. However, does that mean they could have lasting benefits because of the pink tax? Probably not. Since 2018, when #Metoo advocacy started, there has been an increasing number of news reports and articles about pink tax effects written by influencers on different social media in China. A chat group on Douban, a social media platform, has founded an anti-pink-tax association with over 20,000 followers. Gender injustice is one of the points that awaken women's awareness of the need to protect their rights and pursue equality in different domains, for the girls and women who recognize the price difference will hold negative attitudes toward certain brands. If the critics increase, the reputation of the companies that have added plus cost to their product prices would be jeopardized. Hence, the pink tax will harm businesses in the long run.

Without doubts, the pink tax has a negative impact on consumers. Even though the statistical survey mentioned above shows that some women earn as much as men or even more than men in China, they do not deserve discrimination because of their enhanced financial condition. In fact, the pink tax will burden independent women with a lot more unnecessary expenses that could have been used in other ways to improve their quality of life. More than that, if women accept the pink tax, it encourages gender stereotypes and breed social maladies. Unlike inequal education resource allocation or fair payment and recruitment at work, injustice in consumption is much less noticeable. Notwithstanding, this issue is like a hidden infection inside a human body that would cause the society to become fatigued. It risks dampening women's passion for purchasing, while intensifying gender conflicts within society. How can such a scenario be good for the development of regional and global economies?

5. Suggestions

There are strategies that can be used to minimize and even eliminate the pink tax. Starting from the individuals, social media influencers should continue posting videos and articles introducing price disparity to the public. Instead of deteriorating the situation, as some researchers presumed [4], such actions would popularize the pink tax concept and raise public awareness of gender equality and healthy consumption habits. Simultaneously, the increasing attention of social media on this issue will put pressure on businesses and the government to think about measures to handle this issue.

As for the businesses that play an essential role in the emergence of price discrimination, they could manufacture gender-neutral products to avoid hidden costs on packaging and marketing [4]. Moreover, beauty salons and medical organizations whose services cannot be gender-neutral could improve their services by emphasizing the emotional values added for women to boost their self-esteem or confidence. The professional training resources in the workplace, on the other hand, should be equally provided for everyone regardless of gender identity. In an era when equality is underscored,

an enterprise that advocates anti-pink-tax strategies would benefit from enhancing consumer experience and brand loyalty.

Finally, the law enforcers and relevant departments should advocate the gender equality in consumption by organizing policy advocacy activities in public. The pink tax is not actually a tax, but the 2013 Consumer Rights Protection Law and Price Law of the People's Republic of China regulate those businesspeople should comply with the equal principle and that consumers have the right to have equal trade with reasonable prices [9]. However, not all the commercial entities act accordingly, and female consumers acknowledge that. It is a must for the government to strengthen the market regulation and help consumers enhance their awareness to protect their rights.

6. Conclusion

The pink tax, a prevalent gender-based pricing phenomenon in different sectors globally, has gained increasing attention in China in recent years. The root causes of these price disparities are intricately intertwined with economic and psychological factors, including profit-driven motives and women's increasing purchasing power. Nevertheless, this long-standing issue of pink tax has damaged women's rights, contributing to discrimination in society and harming the healthy development of China's economy. It is imperative to analyze the underlying reasons of this problem and find out effective solutions.

The key to addressing this problem lies not only with individual consumers becoming aware of price differentiation but also with the government taking responsibility for supervising compliance with the law. Additionally, commercial entities should highlight the potential of producing and selling gender-neutral products and giving emotional value to women to compensate for the extra cost in manufacturing and marketing. While implementing these changes is easier said than done, it is essential for all stakeholders involved in the pink tax issue to take action. The paper can provide valuable insights for female consumers, policymakers, and commercial enterprises to ponder and make strategic resolutions in real-world scenarios.

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