

Structured Abstract: Anger, Willingness, or Clueless? Understanding Why Women Pay a Pink Tax on the Products They Consume

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Introduction

Recently, a phenomenon known as the pink tax has come to the forefront of the fight for women's equity. Women often pay more than men for equivalent products particularly when products are targeted toward women (Dueterhaus et al. 2011). In fact, gender-based pricing is estimated to cost female consumers in the USA upward of \$1400 a year (Forbes 2012).

Pink taxes are not necessarily about the product itself being pink, but rather the word "pink" represents a price premium on female-oriented products. For example, BIC introduced a special line of pens for women, "BIC for Her," offering ballpoint pens in pink, purple, and pastel colors that are "beautifully smooth" with a premium price. Additionally, BIC manufactures a Comfort Twin Sensitive shaver for both men and women. These shavers are sold in packs of ten with the women's razors consistently costing \$2.50 more than the men's equivalent razors. The primary difference? The target consumer. Our study seeks to understand why women are willing to pay a premium or if they are even aware that they are paying one.

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Variables and Model Building

While premiums on goods and services targeting women tend to be a trending topic in popular press, not all women may be aware of this pricing strategy. We hypothesize that familiarity will be higher when females compare unit prices and frequently purchase feminized products. Comparison shopping refers to the comparison of prices across package sizes and brands. For example, one reason consumers enjoy shopping is the added value obtained and the additional information they gather when comparison shopping. Price comparison thus tends to become habitual leading to enduring search with more knowledgeable consumers.

While most consumers tend to have low price knowledge, comparison shoppers are unique in that they possess past price knowledge allowing for more efficient product search. Thus, comparison shoppers are more likely to have noticed evidence of a pink tax. These same shoppers, who seek out feminized products, will be exposed and aware of a premium on these pink products. Therefore, the greater a consumer's tendency to comparison shop, the greater will be the familiarity of a pink tax. Further, the greater a consumer's tendency to purchase feminized products, the greater will be the familiarity of a pink tax.

Willingness to pay a price premium is conceptualized as the degree to which a consumer is willing to pay more for a particular brand or product over another. Signaling theory may help to explain why some women may be willing to pay more for feminized products. In signaling theory one group sends out a message, and the receiving group subjectively interprets the message (Connelly et al. 2011). Signaling theory may be used to explain how consumers assert their status (e.g., wealth, influence, intelligence). For example, Prius owners were found to have purchased their car not to be an environmentalist for altruistic reasons, but rather to signal a statement about themselves (Griskevicius et al. 2010).

It may also hold that the color pink and other perceptions of femininity signal not only use of a product for women but also that said femininity would increase attractiveness or perceived femininity in society. Duesterhaus et al. (2011) state that women choose items that reflect their desired identities even when purchasing mundane products such as razors and deodorant. Buying a feminized product may be an easy way to boost one's status as a female. Thus, a relationship should exist between a woman's self-perceived femininity of herself and the desire to signal that femininity through "for her" products. For that reason, we propose that (1) the greater a self-sense of femininity a woman feels, the greater will be the use of signaling and (2) the greater a woman's desire to signal femininity, the more willing she is to pay a pink premium.

Perceived price unfairness refers to a consumer's subjective sense of whether a price is "wrong, unjust, or illegitimate" and is generally more concrete than fairness. Extant research suggests that product variation (i.e., product characteristics are similar but price varies) has the largest effect on unfairness perceptions in relation to other transaction characteristics (Xia and Monroe 2005). Familiarity with a pink tax

is likely to cause implicit comparisons since these consumers are expected to pay a higher price based on prior knowledge. Women with a prior pink tax familiarity and consumers who are likely to comparison shop will be more likely to perceive pink tax price policies as unfair. Therefore, (1) the greater a woman's tendency to comparison shop, the more she will perceive pink tax pricing to be unfair, and (2) the greater the familiarity of a pink tax, the more she will perceive the pink tax to be unfair.

Perceived price unfairness is more severe when the disparity is counter to the consumer's best interests. Yet, evidence suggests that under certain circumstance, consumers are willing to pay a price premium even when prices are judged as unfair, such as the cost of a hotel in a college town on football weekend (Urbany et al. 1989). Similarly, women may be willing to make a monetary sacrifice for feminized goods because these products allow for an expression of their femininity. Therefore, we suggest that the greater the willingness to pay a price premium on feminized products to signal a tie to femininity, the stronger will be the perceptions of the unfairness of pink tax pricing, a price that must be paid willingly yet unhappily.

Price fairness is a cognitive process as it involves judgments made from a comparison but leads to an affective response unique to perceptions of unfairness (Xia et al. 2004). Affective response in our study is conceptualized as negative emotional response to pink tax price policies. The literature suggests that higher levels of price unfairness may lead to negative affective emotions (Campbell 2007) of price judgments and may sometimes lead to extreme negative emotions like anger and outrage (Finkel 2001). The stronger a consumer's perceptions of the unfairness of pink tax pricing, the stronger will be the negative emotional response.

Negative emotional response to stimuli can result in behavioral intention change (Shanahan et al. 2012). Specific to price unfairness, Xia and Monroe (2005) identified negative emotions as a mediator from unfair price perceptions to behavioral outcomes. As part of the development of fairness perceptions, a consumer will also try to understand why a higher price was set (Bolton et al. 2003). When consumers are unsure as to why a price is higher, consumers will search for an explanation. Therefore, the stronger the negative emotional response, (1) the greater the intent to seek more information about the pink tax and (2) the greater the intent to comparison shop.

Methodology

Female respondents were solicited for survey participation via Qualtrics, an online survey tool. The proposed pink tax model has ten variables, each of which has been used in previous studies. Our study used razors and BIC "for her" pens because both have been identified by popular press stories as being sold at a premium and also have a clear equivalent men's and women's version. Each of the scales used in our study was first assessed for their psychometric qualities. Then, predicted relationships were tested using linear regression.

Results

Cronbach's alpha was employed to assess reliability for each construct. All scales exhibited a satisfactory level of reliability ($\alpha \geq 0.70$, Nunnally 1978) ranging from a low of 0.85 to a high of 0.96. An exploratory factor analysis was conducted, and results suggest that each item loaded on its respective construct, providing evidence of convergent and discriminant validity. Factor loadings ranged from a low of 0.649 to a high of 0.923 with no cross loading items.

Multiple linear regression was run to evaluate the antecedents of familiarity with the pink tax. The model is statistically significant, $R^2=0.81$, $F(3, 214)=293.85$, $p<0.001$. Shopping comparison ($\beta=0.24$, $p<0.05$) and tendency to purchase feminized products ($\beta=0.54$, $p<0.001$) were significant predictors of familiarity with the pink tax. A consumer was more likely to be familiar with the concept of a pink tax when she had a greater tendency to comparison shop or purchase "for her" type products.

Linear regression was used to test the likelihood of self-perceptions of femininity and its influence on signaling intentions. Results were significant ($\beta=0.90$, $p<0.001$) with an R^2 of 0.81. The model was statistically significant, $R^2=0.85$, $F(2, 213)=592.21$, $p<0.001$.

To test for predictors of perceived price unfairness, multiple regression analysis was used. Results of the analysis indicate that the three predictors explain 93.7% of the variance, $R^2=0.94$, $F(3, 216)=1063.52$, $p<0.001$. Pink tax familiarity ($\beta=0.50$, $p<0.001$), comparison shopping ($\beta=0.31$, $p<0.001$), and willingness to pay premium ($\beta=0.20$, $p<0.001$) all significantly predict perceived price unfairness. Perceived price unfairness significantly predicts emotional response ($\beta=0.97$, $R^2=0.94$, $p<0.001$).

Behavioral intentions as an outcome of negative emotional response from perceived price unfairness was then evaluated. Linear regression found intent to seek more information to be positively related to negative emotional response ($\beta=0.92$, $p<0.001$) with an R^2 of 0.84. Multiple regression analysis found two predictors of future comparison intent $F(2, 218)=2436.26$, $p<0.001$, with an R^2 of 0.96. Both negative emotional response ($\beta=0.36$, $p<0.001$) and intent to seek more information ($\beta=0.64$, $p<0.001$) predict comparison intentions.

Discussion and Conclusion

Results find that women perceive pink taxes as unfair. Familiarity has the largest impact on price perceptions, suggesting that the more experienced and knowledgeable a woman is about gendered pricing, the more likely she will be to view the pricing as unfair and wrong; yet if wishing to signal her femininity may be willing to still pay a premium. For groups lobbying against gendered pricing, a practice that is outlawed in several states but continues to exist through the pink tax, spreading awareness of the pink tax should be a priority.

Although willingness to pay a price premium had the smallest impact of the three variables on unfair price perceptions, it did significantly influence it. For companies that charge more for feminized equivalent products, this is the target market to seek out. Even though this segment of women believe that the pink tax is wrong, they are still willing to experience a monetary sacrifice for these products as to them the perceived benefits outweigh the cost difference.

Companies must carefully balance the benefit of charging more for some women's products and the negative emotional response that our research finds to be a result of unfair pricing perception. Specifically anger results from a sense of unfairness, an emotion that historically has been found to lead to negative behavioral intentions such as complaint and switching behavior (Bougie et al. 2003).

Our results suggest that negative emotional response due to unfair price perceptions would influence both intentions to seek more information about the pink tax in the future and intentions to compare equivalent products across gender before a purchase. This study, therefore, extends existing literature on negative emotional response consequences beyond negative actions taken toward the company.

References available upon request.