

## Debate

# Should Companies Be Allowed to Engage in Gender-Based Pricing?

**ISSUE: Is it ethical to charge people different prices based on gender for similar products or services?**

---

Would it anger you as a woman to pay \$5.25 for having your shirt pressed, while a man's shirt was only \$1.65? How about having to pay \$8 for a manicure as a man while women are charged \$6? In New York 138 businesses were charged with violating a regulation that makes it illegal to charge men and women different prices based on gender. Yet gender-based price discrimination is not limited to New York but tends to occur in certain businesses throughout the nation. Consider the fact that young men often pay more for car insurance than women. Salons and dry cleaners are notorious for charging different prices based upon gender. Yet are these price differences based upon legitimate differences in skill sets or service requirements? Or are they just another form of price discrimination?

Many businesses argue that they do have legitimate reasons for charging different prices based on gender. Salons often argue that manicures and waxes take more time for men than women. However, haircuts might take longer for women than men because women usually have longer hair. Dry cleaners have stated that women's blouses take longer to press than men's shirts due to differences in fabric and labor intensiveness. Blouses often must be hand-pressed rather than machine-pressed. Insurance companies cite statistics that young men are often riskier drivers than young women. One salon owner stated that she has men coming to the salon every two weeks. If one gender frequents a business more often than another, then it might make more sense to charge the frequent customers lower prices. In these cases, market forces, labor intensiveness, and risk analysis appear to have more to do with price differences than merely gender.

Yet while many business owners claim that these price differences are legitimate, critics are not so sure. Studies continue to show that genders might be charged differently even though both might receive the exact same service or product. In this case, such differentiation counts as discrimination. There have been a number of complaints from women stating that they were charged higher prices for new vehicles or car repairs than men. They claim that these types of businesses take advantage of what they perceive as naïveté on the part of a man or woman customer. Others have questioned the fairness of indiscriminately charging different prices based on gender and state that inherent "differences" in products or services might be excuses to engage in gender discrimination. For instance, some critics have asked why dry cleaners cannot simply charge different prices for different ways of pressing a shirt based upon the labor intensiveness. In the case of haircuts, one might also ask whether short-haired women are being discriminated against if their hair does not take as much time to cut or style.

Determining whether a company is using price differentiation based upon labor intensiveness and other factors or whether discrimination is taking place can be a difficult task. While gender discrimination is illegal, businesses are allowed to charge different prices if the services differ in some way. Many of the New York businesses who were fined for violating the law claim that the latter is true for their operations and feel that they are being unfairly

It was produced with funding from the Daniels Fund Ethics Initiative and is intended for classroom discussion rather than to illustrate effective or ineffective handling of administrative, ethical, or legal decisions by management. Users of this material are prohibited from claiming this material as their own, emailing it to others, or placing it on the Internet. Please contact 505-277-6471 for more information.

targeted. In response the Consumer Affairs Commissioner states that businesses must specify why they are charging different prices if they engage in gender-based pricing so as not to appear to be discriminating based on gender. While some businesses have legitimate reasons for gender-based pricing, other types of gender-based pricing are not as clear.

---

There are two sides to every issue:

1. Gender-based pricing is a legitimate pricing strategy based upon market forces, labor intensiveness, and risk analysis.
  2. Gender-based pricing is a type of gender discrimination used as a way to charge higher prices from different genders.
- 

Sources:

- Sumathi Reddy and Danny Gold, "City Nails Sex-Based Pricing," *The Wall Street Journal*, May 23, 2012, <http://online.wsj.com/article/SB10001424052702304019404577420651136722954.html> (accessed May 31, 2012).
- Steven E. Landsburg, "Taken to the Cleaners?" *Slate*, July 3, 1998, [http://www.slate.com/articles/arts/everyday\\_economics/1998/07/taken\\_to\\_the\\_cleaners.html](http://www.slate.com/articles/arts/everyday_economics/1998/07/taken_to_the_cleaners.html) (accessed May 31, 2012).
- "Transcript: Women taken to the cleaners," Bankrate.com, December 1, 2008, [http://www.bankrate.com/brm/news/pf/Oct08\\_women\\_drycleaners\\_trx\\_a1.asp](http://www.bankrate.com/brm/news/pf/Oct08_women_drycleaners_trx_a1.asp) (accessed May 31, 2012).
- "Salons, barber shops fume over NYC crackdown on gender-based pricing," *The Republic*, May 23, 2012, <http://www.therepublic.com/view/story/a86d243e3fb8459ab14a21e4ce7227d5/NY--Salons-Gender-Based-Pricing/> (accessed May 31, 2012).