

Pink toys, blue toys: Marketplace implications of California's gender-neutral toys law

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ABSTRACT

Inspired by California's newly-passed Assembly Bill 1084, which requires large retailers in California to create gender-neutral store sections for various children's products, this paper examines the origins and effects of 'gendered toys.' The following looks at a brief history of gendered toys, their social and economic impact on consumers as well as retailers, and the resulting implications of the new law. This law essentially codifies what is already starting to happen in the American marketplace with regard to gender-neutral toy designs and retail merchandising. Avenues of inquiry going forward within this topic are also discussed.

Keywords: Gendered toys, gender-neutral, California toy law, merchandising, toy retail



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INTRODUCTION

Does the merchandising of toys by gender matter? The state of California answers that question with a resounding ‘yes’. In late 2021, California created a law (Assembly Bill 1084) requiring large retailers that sell children’s toys and other childcare items to provide ‘gender neutral retail departments’ within their stores (leginfo.legislature.ca.gov, 2021). The law will apply to retailers that have at least 500 employees across all California locations, and will go into effect January 1, 2024. The bill states that gender-neutral retail departments will better allow for consumer comparison of products which would otherwise be separated in different sections of the store. It also states that the current approach of separating those items into traditional boy and girl categories “implies that their use by one gender is inappropriate” (leginfo.legislature.ca.gov, 2021, p. 2).

Assemblyman Evan Low, author of the bill, stated “Traditionally children’s toys and products have been categorized by a child’s gender. In retail this has led to the proliferation of science, technology, engineering and mathematics-g geared toys in a ‘boys’ section and toys that direct girls to pursuits such as caring for a baby, fashion, and domestic life. The segregation of toys by a social construct of what is appropriate for which gender is the antithesis of modern thinking” (Symon, 2021). Since the law addresses the concept of ‘gendering’ of toys (which corresponds to the intended *user* of the toy), one might ask important questions, such as ‘Why are toys gendered to begin with?’ and ‘What are the social and economic effects of gendered toys?’ This research explores these questions.

THE GENDERING OF TOYS

Although toys have long been imbued with gender stereotypes in the minds of consumers, those stereotypes were not always reflected in the kind of distinct retail merchandising categories seen in recent decades. In the early 20th century, for example, toys were not outwardly marketed by gender at all (Maas, 2019). The practice evolved from the 1920s to the 1960s however, when toys were designed and advertised to prepare boys and girls for their presumed futures: for boys, it was working in industry (think tinker toys, erector sets, and the like) whereas for girls it was preparation for homemaking (baby dolls, play cleaning sets, etc.) (Sweet, 2014).

The 1940s also marked the realization among producers and retailers that families with resources would buy completely different sets of toys if they were marketed separately by gender, further cementing the positioning of pink and pastel items for girls and primary colors for boys (an approach which also conveniently made it less likely that children of different genders within a family might share the same set of toys) (Maas, 2019). The ever-evolving marketplace of the 1970s then saw an increase in gender-neutral advertising and positioning of toys, reflecting environmental factors such as more women in the workplace and expanding feminist viewpoints. But while toy advertising messages remained fairly gender-neutral going forward, retail segregation of toys by gender only increased (Sweet, 2014), resulting in the gendered merchandising trends of recent decades. Take Disney for example, a leader among toy brands, who even a decade ago sold all toys on its website delineated by gender categories, with none presented as being suitable across gender lines (Sweet, 2014).

ECONOMIC EFFECTS OF GENDERED TOYS

Human Capital

The knowledge, skills, mindsets and experiences which make a worker more productive are known as human capital. Workers with more human capital (or higher quality human capital) tend to produce more goods, produce higher quality goods, and make fewer mistakes on the job. Holding all else constant, workers with high human capital also tend to earn higher wages. Workers may seek different types of jobs based on their human capital, and firms may value some types of human capital more or less than others. This results in different types of human capital being associated with different pay outcomes.

Building human capital begins in early childhood with play. Toys can help to develop key knowledge (e.g. animals, colors, alphabet, etc.), skills (language, sharing, strategy, spatial reasoning, mathematics, etc.) and mindsets (problem solving, critical thinking, evaluation, etc.). For example, Liben et al. (2018) describe select studies that show frequent play with blocks, jigsaw puzzles and certain types of video games improved performance on spatial tests. A correlation between these toys (along with select board games and card games) and mathematical reasoning is also described.

Limiting exposure to certain types of toys by gender could therefore limit human capital development in particular areas. If ‘toys for boys’ cover a different set of knowledge, skills and mindsets compared to ‘toys for girls’, then each group will come to differ in their human capital and, thus, their job types and earnings later in life.

In some cases, the same type of toy is marketed to both boys and girls, but in different ways, such as pastel colored LEGO sets to appeal to girls and primary colored sets to appeal to boys. Presumably, the impact on human capital would be the same since the only difference is the color. However, a potential issue with this type of toy marketing is that the ‘girl’ version may be priced differently (higher) than the ‘boy’ version, which brings us to the ‘pink tax.’

The Pink Tax

Charging different prices to different customers for the same product is known as price discrimination. A firm can increase their revenues if they can distinguish inelastic (price insensitive) customers from elastic (price sensitive) customers. The firm simply charges inelastic customers a higher price to boost revenues once the sorting is complete.

It is possible to price discriminate by gender by changing aspects of a product, like color (pink vs blue), form (unicorns vs spiders) and wording (‘friends’ vs ‘team’). If the female customer group is less sensitive to changes in price, the firm will make a version of the product that appeals primarily to them and charge them more for it. In fact, products marketed toward female consumers cost an average of seven percent more than those marketed toward male consumers, costing the average woman over \$1,300 annually (Hoffman, 2021). This phenomenon is known as the ‘pink tax’ (Berliner, 2020).

The pink tax is found in numerous product categories, ranging from toiletries, to clothing, to dry cleaning, and yes, to toys. The United States Government Accountability Office found that “the target gender for a product is a significant factor contributing to price differences” (GAO, 2018). The Joint Economic Committee of the United States Congress even described women as being “disadvantaged as consumers” (Joint Economic Committee, 2016), a status which appears

to start in girlhood and is illustrated by gendered marketing of toys. In fact, a 2016 study of potential pink tax products across 17 product categories found the largest price differential was in children's toys, with pink versions of toys costing significantly more on average than identical non-pink toys.

Cost Perspective

Another perspective on gender-based price discrimination is the reality that creating multiple versions (pink, blue) of the same product may be costly for a firm. Different inputs at different costs may be required. For retailers, stocking different versions of the same product takes up inventory space and floor space, both of which come at an extra cost. If a retailer has extra units of the girls' version and excess demand for the boys' version, they cannot simply substitute. For this latter class of toys, the creation of a gender-neutral toy group may be cost-effective for a retailer. This allows the producer to serve a larger market with a single toy item without needing extra inventory space or floor space. The item is identical for both boys and girls, so extra items can be sold to boys when girls' demand is low, and vice versa. A potential drawback from the retailer's perspective, of course, is less ability to price discriminate by gender, i.e. the previously described pink tax (Sherman, 2016).

Retail Layout

The bill affects retail layout directly. There may be an added benefit to retailers if creating gender-neutral shopping sections involves converting existing store aisles. It has long been understood in retail that the longer a customer shops in an establishment, the more likely it is that the consumer will make a purchase (Beatty & Ferrell, 1998; Inman, Winer & Ferraro, 2009). The ways toys are displayed can contribute to that consumer time investment. Merchandising elements such as layout within a store are used to affect consumer behavior, decision-making, and ultimately purchases (Inman, Winer & Ferraro, 2009). If gendered toys are expanded into gender-neutral forms, they can be displayed in new shopping zones, thus producing additional relevant aisles for shoppers beyond the previously structured boy/girl sections.

For example, consider Figure 1 (Appendix). The top of the figure shows a gendered layout with a girls' section and a boys' section (3 aisles of toys each). A shopper looking for girl toys would presumably browse through just 3 aisles. Suppose 1/3 of gendered girls' toys and 1/3 of gendered boys' toys switch to gender-neutral forms. The firm can collect these into a gender-neutral section in the center (bottom of figure). A shopper looking for a toy for a girl could look in both the girls' section and the gender-neutral section, meaning they would go through 4 aisles. The shopper spends more time in the store as a result, leading to the previously mentioned effects on likelihood of purchase. In fact, Inman and Winer (1998) determined that one of the biggest effects on in-store decision making is the number of aisles shopped. This effect relates to consumer exposure to those retail stimuli which influence decisions, and the authors recommend that "managers should encourage consumers to shop as many aisles as possible and provide exposure to as many product categories and in-store displays as possible" (Inman & Winer, 1998, p. 120). Also, visiting additional aisles has been shown to increase consumer unplanned purchases in particular (Inman, Winer & Ferraro, 2009).

SOCIAL EFFECTS OF GENDERED TOYS

The Role of Play and Toys

Children's play helps to guide the development of their skills and interests, with certain types of play and toys nurturing certain skills (Hogenboom, 2021). As noted above, toys impact human capital development and affect productivity (i.e. construction toys improving spatial skills leading to better math preparation later in childhood). However, social norms, cultural expectations, and emotional skills are also learned in play. For example, dolls may teach socio-emotional skills leading to better relationship building (Luna, 2021). Gendered toys can result in differences between boys' and girls' development on this dimension as well.

'Girl toys' are often associated with physical appearance, nurturing, and domestic tasks, whereas 'boy toys' are more likely to be considered competitive and even dangerous, and those that develop physical and cognitive abilities (NAEYC, n.d.). The design and market positioning of these toys may reinforce the future social expectations of the child. Leaper and Bigler (2018) note the concern that some girls' fashion-oriented toys tend to sexualize girls/women, affecting body image and reducing interest in skills/jobs not considered glamorous. They also note the concern that some boys' toys over-emphasize violence, resulting in aggressive behaviors, and some action figures affect boys' body image as well. Cherney (2018) and Francis (2010) describe how different play patterns result from different toy types. Toys that are not strongly gender-typed are more likely to develop children's cognitive, physical, academic, and artistic skills (NAEYC, n.d.).

According to the National Association for the Education of Young Children, 90 percent of preschool children's play in the United States involves a toy (NAEYC, n.d.). Thus, a broad range of toys is important to develop broader skill sets and interests. There is speculation that the triggering of skills when playing with certain toys strengthens those connections within the brain, suggesting yet again that limiting children to particular types of toys/play may also influence their development (Hogenboom, 2021). This is echoed by research suggesting that gender balanced and gender-neutral toys may be useful in encouraging the development of more varied skills (Kamenetz & Turner, 2019).

Buying Roles

Of course children alone are not the only customer for toys. Consumer buying roles can include initiator, decision maker, influencer, user, purchaser, etc., and those roles will typically be filled by children and their parents. Children, once aware of gender categories, will often ignore things that are labelled for the other gender (Luna, 2021). This will affect their roles as initiator and influencer. A child may request a certain toy and act as an influencer for the purchase decision, but it is typically parents, relations and family friends who actually do the buying, fulfilling decision maker and purchaser roles. The perceptions and preferences of the adults thus affect the toys that children have access to (noted in Bradbard, 1985; Peretti & Sydney 1984; Boekee & Brown, 2015).

Very young children, who likely don't pick most of their toys (especially those given as gifts) are likely to be given gender-specific toys and may be 'primed' to associate themselves with the interests aligning with those toys (such as active pursuits related to 'boy toys' like tools and cars) (Hogenboom, 2021). But buying of toys within or across gender lines is not a

symmetrical phenomenon-- parents are more likely to buy toys for boys and clothes for girls than the other way around (Hogenboom, 2021). These decisions can be influential. After all, children begin to learn gender stereotypes when they are merely toddlers (Kamenetz & Turner, 2019).

IMPLICATIONS OF CALIFORNIA'S LAW

Consumers vs. Retailers

In theory the California law will decrease negative consequences of gendered toy merchandising while increasing potential benefits of gender balanced and gender-neutral play. From the consumer's perspective, this would potentially mean more choice for consumers with a larger array of products to choose from, and would ideally introduce children to greater variation of skills and interests via an increased variety of toys. Having items shelved together means consumers can compare prices on similar items more directly, possibly reducing pink tax effects-- the bill was supported by the non-profit Consumer Federation of California for this reason (Keith & Reuter, 2021). More equal price elasticity of demand between gendered consumer groups also should reduce retailer desire to price discriminate.

For retailers, it's a double-edged sword. The requirement to introduce gender-neutral sections/aisles likely comes at the expense of formerly gender-divided space, adding some level of expense and potentially displacing heavily gendered yet profitable toys. It's also possible that combined aisles will make it more efficient to serve two consumer groups with a single collection of products. Ultimately, to the extent additional relevant aisles for consumers means they spend more time shopping for toys, this should result in increased purchases.

Criticism of the Bill

Voices of opposition to Assembly Bill 1084 were quick to surface. Former California State Senator Melissa Melendez spoke out against the new law, stating "I don't think parents need the government to step in and tell them how they should shop for their children" (Symon, 2021). This sentiment has been echoed by groups such as the California Family Council, a conservative advocacy group, that argues the law violates free speech (BBC, 2021). Even Governor Greg Abbott of Texas has used this case for PR purposes, tweeting "Not in Texas. In Texas, it is businesses—NOT government—that decide how they display their merchandise" (Symon, 2021).

It is important to note that gendered and nongendered categories of toys are not mutually exclusive. The law does not ban traditional merchandising by gender, and converting some aisles or sections to a gender-neutral display does not dictate the removal of all gendered toy merchandising. Nevertheless, can retailers do this without alienating customers of different political stripes? In reality, the changes are already happening.

The Changing Marketplace

Some California business leaders have criticized the bill saying it is unnecessary given changes already happening in the industry (Symon, 2021). In truth, the California law may be more of a reflection of what has already been changing in recent years in the commercial world of toys than a bellwether of things to come. Ringel (2021) reported a recent trend "toward wider representation and inclusivity in consumer products for children." Some retailers have forged

ahead by adapting to changes in the social climate. Organic changes in the marketplace have in many cases reached much further than the requirements of California's law. For instance, Target Corporation announced its intention to move away from gendered signage back in 2015, telling the world "we never want guests or their families to feel frustrated or limited by the way things are presented" (Target, 2015). In 2017, The Toy Association, a trade association for the American toy industry, replaced gendered award categories in favor of labels like 'action figure of the year' (Davis, 2021).

Other iconic brands have also taken the lead— In a nod to the evolving marketplace, Hasbro has renamed its iconic Mr. Potato Head toy as simply 'Potato Head' and now offers kits with gender-inclusive accessories for children to build the toy however they want. The change preserves the original Mr. and Mrs. Potato Head options while introducing a Create Your Potato Head Family collection of non-gendered pieces (Hasbro, 2021). Letting children create their preferred toy seems to be another trend.

Mattel, with 19% market share in the \$8 billion doll category, introduced a gender-neutral doll called the Creative World doll which can be a boy, a girl, neither or both, depending on the prerogative of the child playing with it, and comes in a variety of skin tones (Dockterman, 2019). Mattel heralded the toy as a step toward race and gender inclusivity. The doll, which comes with wigs and various styles of clothing, was first sold only online in part because of the challenge over where to display them in brick and mortar stores with gendered toy sections.

Market-dominant LEGO commissioned its own research into gender stereotypes among children and adults from seven countries, including the United States, finding attitudes towards children's play "unequal and restrictive" (Treisman, 2021). In particular, they found prejudice toward boys who choose to play with traditionally female toys. In response, LEGO has announced that it will work to remove gender stereotypes from its products, and will no longer label toys as being 'for girls' or 'for boys' (Russell, 2021).

Looking Ahead

How will the toy market continue to change going forward? Will stores with locations in California roll this merchandising approach out nationally? It is possible that national brands could face backlash in other states, although the California requirement might provide some level of political cover. Also, how could this impact the marketing of traditionally male vs. female products in other parts of the store in terms of pricing, merchandising, etc? How will this concept be expanded to online purchase environments? Disney, for example, has redesigned their online search function so that shoppers can search for toys based on gender but there is virtually no difference in the products that appear in the search results (Davis, 2021).

CONCLUSION

For those California retailers who have not made the foray into gender-neutral toy merchandising, how might things change? The answer of course is contingent on the extent to which the law actually impacts retailer behavior. Some caveats about the law include: it only applies to toys and childcare items (previous attempts to include clothing in the bill were unsuccessful); it only applies to stores with at least 500 employees, exempting small businesses; and consequences (a fine) are modest. How much impact will the law actually have?

One thing is clear-- the toy marketplace is evolving independently of California's impending gender-neutral toy law. One could argue that California's law essentially codifies what is already happening, and may have only limited impact on retailers that have thus far avoided the trend.



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APPENDIX

Figure 1: Sample toy section layout

