

Although more and more businesses are flirting with the gay and lesbian segment, many continue to keep their relationships in the closet. Is it time for advertising to get...

out AND about

By Constantine von Hoffman

LOOKING FOR A GREAT AND LARGELY

untapped consumer segment to help improve your bottom line? Have we got a market for you! Consider this: Conservative estimates place this group at 9 percent of the U.S. population. They tend to have fewer children, which means their disposable income is greater. And, to top it all off, they are far-and-away the most brand-loyal market in the nation.

So why aren't marketers hitting on this group? Well, Mom and Dad, sit down. I have something to tell you. They're gay and lesbian.

Conventionally, most companies prefer to follow, not lead, social norms—which explains, at least in part, why the GLBT (gay, lesbian, bisexual and transgendered) market didn't exist for most until recently. Where other groups are often defined by outwardly noticeable characteristics such as race, age or language, the GLBT community is defined by sexual orientation. It's a segment that society as a whole has long tried to avoid or just plain wish away. Says John Nash, president of the advertising agency Moon City Productions, "We're not so far removed from those silver-buckled people who landed at Plymouth Rock."

While racism and sexism are legally circumscribed in the United States, homophobia is still tolerated by many. That may explain the prevalence of what some call "gay vague" advertising: creatives that speak to gays and lesbians in a covert way. In the business community, fear of a consumer backlash has generated a sort of homophobia for large companies in particular. "Other brands might be afraid of mainstream consumers not liking them supporting the gay community," says Michael Persson, senior director of marketing for Absolut Vodka, a pioneer of marketing to the GLBT segment since the early 1980s when it became the first major corporation to advertise in *The Advocate*, a national gay and lesbian news magazine. "We got a lot of complaints for supporting the gay community, but we felt sorry for those consumers [who complained]," says Persson. "They don't belong to our target group because our target group is open-minded."

"There's some reluctance to reach out to that community," agrees Tim Kincaid, corporate communications manager for American Airlines, which was also an early adopter of targeting the GLBT segment. That reluctance is dwindling. In a time when the U.S. Supreme Court struck down laws in 13 states that criminalized sex between consenting adults of the same sex, parts of Canada legalized gay marriage, the Episcopal church ordained an openly gay bishop and Bravo's *Queer Eye for the Straight Guy* became popular enough to be picked up by NBC, the gay community is hard to ignore.


Wes Combs of Witeck Combs Communications, a mar-

keting communications firm specializing in helping companies reach the GLBT consumer, says, "2003 was a pivotal year for GLBT visibility. The gay and lesbian community has been front and center in almost every aspect of our culture."

It doesn't hurt that the segment's reputation is very upscale. "Some people have enough green to cover up their pink," is how one consumer we talked to put it. Let's face it: When defined by income, spending habits and brand loyalty, gays and lesbians are a marketer's dream.

Consider:

- ◆ Even the most modest estimates put the group between 3.6 percent and 9 percent of the U.S. population.
- ◆ The average yearly income for gay men is \$52,624, and for lesbians, \$42,755, according to Simmons Market Research Bureau.
- ◆ Their purchasing power is estimated to be about \$580 billion—higher per capita than all other segments relative to the size of the populations, says Combs.
- ◆ They are tremendously brand loyal to companies that reach out to them. A 2002 Harris Interactive/Witeck-Combs Communications survey found 75 percent of self-identified GLBT respondents said they prefer to do business with companies committed to diversity. Only 38 percent of heterosexual consumers felt the same way.
- ◆ The GLBT population is also more likely to be tech savvy and early adopters of new products.
- ◆ Because gay and lesbian couples are less likely to have children than



"When we saw that gays were supporting us by buying our product, we did the same with them." —Michael Persson, Absolut

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heterosexual couples, they have more disposable income.

Gay Vague

More companies are going after the GLBT segment's business, says Combs. But they appear to be doing it in as covert a way as possible—by using “gay only” channels (so that the heterosexual segment remains unaware) or by using creatives in the mass market that don't explicitly state that they are about gays and lesbians.

“The benefit of doing that is it becomes sly, subtle and more wink-wink,” says Nash, whose company was responsible for the GLBT creatives used by Subaru—a company that, along with Absolut, American Airlines and American Express, was one of the corporate pioneers of marketing to the gay and lesbian community. “It's easier for us to say, We're selling to a consumer group that identifies itself as being gay or lesbian, but there's nothing gay about the car and there's nothing gay about this ad, per se,” he says.

There's certainly no doubting Subaru's “gay friendly” credentials. In addition to more than a decade of advertising in gay and lesbian publications and supporting equal rights organizations, the carmaker also used the openly lesbian tennis legend Martina Navratilova as its spokeswoman in a mass-market TV campaign. However, says Nash, senior management decided early on that none of their GLBT ads would have people in them.

The plus was that these creatives could be used in mass-market channels. One campaign created by Nash's company showed Subaru's

Subaru's “gay friendly” ads— with vanity plates that gave a nod to the GLBT community— were subtle enough to run in mass-market channels.

OUTBACK

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Don't Ask, Don't Tell

WHILE NO ONE ARGUES the potential profitability of the GLBT community, for many companies it is very difficult to track the return they are getting from it.

“That's a difficult one to measure, because it's an audience where we don't ask, they don't tell, generally,” says Tim Kincaid, manager of corporate communications for American Airlines. Indeed, it is difficult to think of a better way to displease a customer than to ask what his or her sexual orientation is. Airlines, however, can assess at least some of the business they reap from this marketing by tracking business from travel agents affiliated with organizations such as the International Gay & Lesbian Travel Agencies or Travel Alternatives Group.

Others are forced to rely on more subjective evidence. “We don't measure sales, and certainly we don't categorize our customers as one demographic or age or another,” says Michael Fluck, advertising and Internet manager of Bridgestone/Firestone, which is so far the only tire company to do GLBT marketing. “So we don't have a specific way to measure the sales to gay and lesbian customers. To the extent that we get feedback from our dealers and directly from consumers, we've had some positive feedback.”

For some companies, such as defense contractor Raytheon, there never will be a way of assessing what the return on this is, says Wes Combs of Witeck Combs Communications. “Raytheon has a very good reputation on GLBT issues, but it would not make sense for Raytheon to sell military or defense services to gay people,” he says. “But there may be gay people who work for the government who might be more inclined to recommend Raytheon because of their reputation on diversity and GLBT, and that may become a factor in the decision process.”

Liquor is probably one of the easiest industries to track this return because bars are such a recognizable part of the GLBT community, says Combs. “Companies can go to an exact location, understand how much was sold at a particular gay bar,” he says. “They can see through their distributor whether their campaigns had an impact.”

—C.V.H.