

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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More cars will spend more miles on all types of roads, but not they drive longer. Each one Subaru can provide full-time All-Wheel Driving System for maximum traction and performance. From the comfort and versatility of the unique Forester, to the ruggedness of the Outback, to the get-up-and-go of the Impreza, we think you'll find the right match for your lifestyle. So take the one of our best of very, very, very to your nearest Subaru dealer, call 1-800-WANT-AWD or visit our Website at www.subaru.com.

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SUBARU
The Beauty of All-Wheel Drive™



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

GET OUT. AND STAY OUT.

Take your partner. Take your friends. Or just take yourself. Your new Subaru will get you out and doing the things you like best. Choose your passion: Will it be the comfort and versatility of the unique Forester? The ruggedness of the Outback, the world's first sport-utility wagon? Or the all-out driving excitement of the brand-new, turbocharged, 227-horsepower Impreza WRX? Each features our popular full-time All-Wheel Driving System for maximum traction and performance. And one is sure to fit the way you live. To test drive one of our family of cars, stop by your nearest Subaru dealer, call 1-800-WANT-AWD or visit our Website at www.subaru.com.

Rainbow Card

Subaru supports the community as a sponsor of the Human Rights Campaign and the founding sponsor of the Rainbow Endowment, whose Visa Rainbow Card has raised more than \$1 million for health, civil rights and cultural causes. For more information or to apply, call 1-800-66-RAINBOW.

SUBARU
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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.

Segmentation

with vanity plates saying things like XENA-LVR (a reference to "Xena: Warrior Princess," whose main character was a strong woman with a "platonic" relationship with another woman) and P.TOWNIE (a play on the nickname for Provincetown, Mass., long a gay and lesbian mecca). The ads were subtle enough that they ran everywhere. In addition to targeted GLBT publications such as *The Advocate*, *Out* and *GirlFriends*, they could also be seen on billboards, bus sides and publications aimed at a more general audience. "It was so coded that if you showed it to someone who didn't get what the vanity plates or stickers were about, to them it was just a fun idea," says Nash.

For the marketer, "gay vague" advertising achieves two complementary goals: It is able to pass unnoticed among people who might be hostile to gay and lesbian allusions, and it increases the appeal to the targeted audience. "Our focus groups tell us that consumers preferred when it was coded," says Nash. "They liked the fact that not everyone got it, but that it was directed to them and had to be decoded," he says. In other words, if you get the references, you feel like an insider, which adds to the appeal.

Combs argues that gay-themed ads placed mostly in channels aimed at the GLBT community is simply smart marketing. However, he adds, "Gays read a lot of other publications and in higher percentages relative to other segments, so if you're putting an ad in *Vanity Fair* aimed at the gay community, you're still reaching a lot of non-gay people."

An Alternative Ad Style

Not all companies have gone gay vague. Some play up the fact that the GLBT community is different. Kim Sharan, senior vice president and CMO of American Express Financial Advisors, says companies that pretend there isn't a difference actually risk alienating the gay and lesbian market. "We acknowledge that there are differences," she says. "That's something we overtly want to do, because we do serve this market, and we're proud that we do.

"Just like marketing to women is different than marketing to men, marketing to the gay and lesbian community is different than marketing to a married family with five kids," says Sharan.

American Express has developed products specifically for GLBTs—one of the things that makes financial services different from other industries when it comes to this segment. While there's obviously no such thing as a lesbian tire or a gay floor wax, gays and lesbians do have different needs when it comes to financial planning. In no small part that is because their marriages are not recognized in 49 states. If someone who is gay or lesbian wishes to provide benefits, inheritance rights, or other financial considerations for a spouse or child, they face considerably different legal challenges than does a heterosexual couple whose union has been legally recognized.



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—Kim Sharan, Senior VP and CMO, American Express Financial Advisors

Even when being good corporate citizens, most companies prefer to be *cautious*, good corporate citizens. Absolut, American Express and Subaru didn't market to the GLBT segment because they felt it was the right thing to do, nor was it because they were impressed by the population's demographics; there was little, if any, research on that when they started doing it. All three started working with this segment because they found out that this population was already using their products.

"There was nobody thinking, Oh, let's embrace the gay culture," says Absolut's Persson. "When we saw that they were supporting us by buying our product, we did the same with them." Instead of figuring out which markets to move into, these companies started doing outreach to people

