

Three Decades of Gay and Lesbian Marketing:

AN EVOLUTION TO AWARENESS AND EFFECTIVENESS

INTRODUCTION

Diversity marketing, including marketing to gay and lesbian consumers, reached new levels of acceptance and unpredictability in the first five years of the new century.

Consider these two cases: When Wal-Mart, headquartered in the staunchly conservative southern United States, announced its intention to initiate a marketing relationship with gay and lesbian Americans, the response was a non-response. Both the marketing media and the cantankerous religious coalition that claims to represent the moral, political and consumer interests of conservative Americans were relatively quiet. This was an interesting reaction in contrast to the experience of the Ford Motor Company, which after several years of gay-focused marketing—and no reaction—was suddenly barraged with a firestorm of protest from the same conservatives. Upset by Ford's increasing investment in outreach to gay and lesbian consumers through advertising and sponsorship of nonprofits, this wedge of conservatives demanded that the marketing had to stop, and they ultimately claimed success in getting Ford's luxury brands, Jaguar and Land Rover, to stop

advertising to gay and lesbian consumers.

The only clear lesson to be drawn from these two conflicting scenarios is that any brand considering the opportunity inherent in the gay and lesbian market must understand the history, implications and benefits of a marketing program that focuses on this segment – simply because there is nothing standard about either the strategy to succeed or the response that may ensue.

An overview of how the gay and lesbian consumer market has developed is essential to this process.

1970-1990: UNDER THE RADAR

Historically retailers and professional services were welcomed into and in fact were celebrated and honored by gay communities throughout North America for one (or both) of two reasons:

- Because national brands made their marketing message “gay-friendly” or advertised in gay-focused media, they seemed to “promise” GLBT people that they were welcome and were going to be treated equally, overcoming a history of overt and covert discrimination.
- As with any community there is a chauvinistic preference to do



“business with our own” and therefore gay-owned and -operated businesses that advertised to the community made it clear that they were intrinsically part of the community.

What astounded these early mainstream brand marketers – specifically beer and alcohol beverage brands, which were the first to focus on gay and lesbian consumers, was how much product was being consumed in gay establishments and how minimal were the direct and indirect sales costs attached. In the general market, brewers spent fortunes building brands and even more in rebates and special incentives to straight clubs and bars in exchange for promotional considerations. Meanwhile, gay bars just bought the product and sold staggering volumes, making no demands on their sales allowances or profit margins.

It would not be pure fantasy to suggest these distributors knowingly took advantage of the marginalized nature of the segment and believed they were doing gay communities a favor by “allowing” their brands to be sold in gay bars and clubs. Until, that is, the 1980s when AIDS hit the GLBT communities and this cozy arrangement started to crumble; gay bars and clubs demanded support from marketers for fundraising events, linking throughput to input as directly as did general market establishments.

Once forced into supporting sales in the community, beer and alcohol brands discovered they were subject to the

same forces of brand preference as in the general market. Gay and lesbian-focused brand advertising was born.

1990-2005: CONSUMER APPRECIATION BECOMES CONSUMER EXPECTATION

Behind the very obvious success of the beer and liquor brands, a wide variety of other brands saw the potential of the gay and lesbian segment. To the degree that they dared in a discriminatory and politically volatile environment, brands started targeting gay consumers. Over time, increasing tolerance and understanding of AIDS allowed many brands to reach out. Supporting AIDS causes was an effective way of raising their hands in front of the community. The political risk was low. (“*We don’t actually support homosexuals, but as a God-fearing company, we see it as our duty to help stop this epidemic.*”) And the cost of this support, while not as low as it had been, bordered on exploitive, compared to general market promotional costs.

Initially it was enough to donate and communicate messages of support in advertising, but as more and more brands recognized the opportunity and the gay space became cluttered, the rules of engagement changed. Standing out became necessary and consequently the marketing campaigns became increasingly more creative and interesting.

And effective. Companies found that appealing to the GLBT community

made economic sense. It was good business. Gradually advertising dollars moved from an AIDS focus to general awareness strategies.

Research showed repeatedly that that the segment would respond to marketing that was directed toward gay and lesbian consumers because they felt desired, understood, safer and more comfortable doing business with brands that recognized them for who they were. These brands were also implicitly promising not to discriminate. It was a clear quid pro quo: support for the community translated to the bottom line. A side benefit of this process was the propagation of the myth that the GLBT community was large and more affluent than other market segments. While the research was always a bit vague and certainly suspect to anyone who understood research, two important aspects consistently showed up as conclusions:

- There were many gay and lesbian people.
- Their discretionary income was above average because they did not have kids to support.

Based on this alone, smart marketers started developing products they believed met specific needs of gay and lesbian people, with a much greater emphasis on men because most of the consumers surveyed were gay men: grooming products, travel products such as cruises or resorts, ethical drugs, an occasional gay-named beer or alcohol beverage.

These new revenue potentials spurred

an increase in the range and quality of gay media, which in turn boosted marketing interest in the segment. A final combination of influences rocketed this delirium—by both the GLBT community and corporate community—to new heights; as companies started to come to grips with the presence of and need for acceptance of diversity in the workplace, they found that equal treatment of GLBT employees was a perfect springboard for brand entry into the GLBT marketplace with either advertising or fully integrated marketing campaigns.

Change was inevitable, as is always true of marketplace dynamics.

As the second GLBT marketing era expanded, or possibly because of it, two countertrends started emerging:

1. Advertising to GLBT consumers—so called “targeting”—started to evidence diminishing returns because many brands were stepping into the space. The clutter was growing.
2. GLBT consumers started feeling less marginalized and therefore less prone to evaluate brand preference solely on the “gay-friendliness” factor.

2006: MARKETING SCIENCE AND STRATEGIC SOPHISTICATION

As soon as it became evident that just showing up was no longer satisfactory, brand marketers started to ask the really hard question: is our investment in the GLBT segment really paying off? The third era, which is just beginning,

demands marketing treatment equivalent to any other market segment, i. e., the same business case, the same strategic approach and the same level of professional, profit-focused expertise.

What remains to be seen is how far brands are willing to go to develop strategies that are intelligent, consumer-centric and include experientially based go-to-market strategies, or whether GLBT marketing will be allowed to wither away, driven into disrepute by the continuation of outmoded strategies such as:

“Look, we’re a mainstream brand and we believe in diversity, so this multicultural campaign will work for gay consumers too.”

Or

“Consumers know our brand. We can get away with changing a copy line to a double entendre. That will work for gay consumers. Never mind about the lesbians.”

Or

“While we finally know that sexist advertising does not spur brand development in the general market, GLBT is all about sex so we’ll wrap our message up in some inappropriate sexually provocative imagery.”

Or

“We really want to do business with you but we’re not prepared to invest in the same proportion as we do in the “real” market, so we’ll just use the same tired

stock photos of gay men and third rate gay copy and you’ll love it because the men are cute.”

When we ask gay and lesbian consumers what they think about these strategies, they tell us, in no uncertain terms, that they are offended.

The third era of GLBT marketing is defined by six precepts that govern the decision as to whether a GLBT niche plan makes business sense and subsequently the degree to which it succeeds:

1. Gays, lesbians and transgender people are not homogeneous – they fall into demographic, psychographic and social subgroups, as do all other consumers. The simplistic common difference (being gay) is no longer the glue that binds.
2. In the segment, 40% to 45% are lesbians, and generalities regarding their desirability as a market force are inoperative. Lesbians span the socio-economic spectrum in the same way as gay men; hold increasingly senior positions in small and large companies; are entrepreneurs and retirees, as much as any other group. It no longer makes sense to disregard 40% of the \$690 billion GLBT marketplace.
3. The ghetto walls have crumbled, and gay people can be found living and working all over the city. For a number of social and political reasons, the need to live together in a geographic community has receded. What were

formerly gay villages are increasingly being gentrified and occupied by “open-minded” straight people.

4. But while the imperative for a geographic community has declined, the need for community has increased. “Gay-borhoods” are being replaced by on-line communities, which are as easily and more efficiently reached through interactive media as the old “gay-borhood” was reachable through traditional media.

5. In line with the changing socio-political climate, gays and lesbians are feeling more relaxed about being themselves and are open to new products and services that help them express their self-actualized individuality.

6. The emergence of marriage and “marriage-like” partnerships has opened up a market for gay-tailored financial, legal and insurance products and services.

In truth, GLBT marketing has not become easier. On the contrary, it has become more challenging. But, when strategically planned, it is less risky than imagined with vast potential for return on investment. Truth-telling by members of the GLBT community, news reporting, research and time have opened up the complex—and once mysterious and threatening—lives of modern GLBT consumers.

Corporations that have demonstrated they value diversity and brands that have engaged in consumer dialogue that builds equity will succeed with both

the gay and lesbian consumer segment and the increasingly diverse general marketplace.

Double Platinum/BC3 is an international partnership that develops strategic marketing and communication programs to connect companies and brands with gay and lesbian consumers in North America and Europe.

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