

ACHIEVING IMPRESSIVE R.O.I. WITH THE GAY CONSUMER MARKET

by Howard Buford, President & CEO, [Prime Access, Inc.](#)

The gay consumer market, known as the LGBT (lesbian, gay, bisexual, transgender) market, is fast changing. The launch of the Logo cable channel in 2005 brought the first highly-targeted (and highly-efficient) television buying opportunity to the gay media mix. And with new hit shows, such as 2009's RuPaul's Drag Race, the audience has grown significantly, composed of both LGBT and general market consumers who are highly influenced by LGBT trends and brand choices. A TV spot targeted to this audience does not have to be costly and can yield strong sales results.

Broadcast, print, digital and community events all play important roles in effectively reaching the LGBT consumers and generating sales gains. Therefore, achieving your goals requires a sophisticated marketing mix. When managed effectively, the reward far exceeds the investment to produce an enviable Return on Investment (R.O.I.).

LGBT consumers form a marketplace with unique values and sensibilities. They expect advertisers to address them for who they are, directly and openly. In the late 1990s, it was sufficient to run mainstream advertising in a gay publication to capture the attention of the market. Today, with more marketers vying for the gay consumer dollar, the bar has been raised. In focus groups nationally, gay men and lesbians report significantly higher intent-to-purchase scores when advertising is specifically directed at them, portraying their lives and communities. Advertisers are listening. The 2008 Gay Press Report, published by Prime Access and Rivendell Media, found that a record high 52% of advertising executions appearing in gay and lesbian publications were created specifically for the market.

With 7% of the U.S. population freely identifying as LGBT, this is a sizeable market. In America's largest cities, that percentage can be as high as 12% or more. In total, this consumer marketplace by 2011 will represent some 16.3 million ethnically diverse consumers (age 18+) with combined buying power of \$835 billion annually.¹

Research consistently finds gay discretionary income to be higher than that of the general population by as much as 15%. This primarily traces to a lower incidence of children in household, which means these consumers not only have greater discretionary income but also have greater discretionary time. Greater time and income mean greater consumption of higher-end products and services. Categories reaping the highest reward from targeting the gay audience are those where gay consumers index especially high (such as health and beauty care, entertainment, travel, luxury items, fashion) and categories where a consumer's gay identity can be leveraged to influence purchase behavior through targeted messaging (financial services, automotive, beverage alcohol, for example). Brand marketers also benefit from gay consumers' high brand loyalty and the trendsetting role they play in influencing the purchase behavior of consumers in general.

In the LGBT market, greater per capita consumption, strong brand loyalty and an environment with less advertising clutter create significant marketing opportunities and potentially substantial rewards. At the same time, marketers often express concerns about organized opposition to LGBT marketing. In reality, sustaining such opposition has become

impractical and untenable, particularly with the widespread acceptance of gay imagery in popular culture (Ugly Betty, Project Runway, and daytime soaps, for example). And the sheer number of companies now active in the LGBT market makes tracking or avoiding these brands nearly impossible. As of 2005, more than 175 Fortune 500® brands actively marketed to gay consumers.² Disapproving groups can sometimes be vocal at first, but lose interest (and media coverage) when a marketer does not retreat.

(Source: Multicultural Marketing News)