



# **THE LGBTQ MARKETING DISCONNECT: MISSED OPPORTUNITIES AND HIGH REWARDS**

An *INTO* and *Brand INNOVATORS* Report

Today's brand marketers say they want their marketing aimed at LGBTQ consumers to be perceived as "Integrated," "Inclusive," "Equal" and "Progressive." However, marketers have a long way to go to make this a reality, and as the results of parallel studies from LGBTQ media platform INTO and Brand Innovators make clear, they run the risk of ignoring or even alienating LGBTQ consumers if they don't get it right.

The opportunity represented by the LGBTQ consumer market is massive; LGBT Capital estimates it at roughly 480 million individuals globally commanding aggregated annual spending power of more than \$5 trillion USD. A GLAAD study showed that 20% of Millennials, consumers who are building considerable earning potential in their 20s, 30s and 40s, identify as LGBTQ.

Plus, this market responds to inclusive marketing. **Seventy percent of LGBTQ consumers said a brand's reputation as being LGBTQ-friendly (or not) has directly influenced a purchase they have made**, according to INTO's new survey of thousands of LGBTQ consumers.

Despite all this, there is a serious disconnect between the staggering significance of the LGBTQ market and the way in which marketers approach this community. In fact, nearly **a third of brand marketers today -- 32% -- do not include LGBTQ in media planning and do not plan to do so**, according to a parallel survey of hundreds of brand marketers conducted by Brand Innovators.

*The message is clear:* Brand budgets and marketing strategies to reach this influential group are not aligned with the market power and scale of LGBTQ consumers. In other words, marketers have a lot of work to do. More than simply delivering a rainbow-themed campaign once a year, to capture this unmistakable opportunity, they must show LGBTQ consumers they want to connect with them in a meaningful and authentic way.

"We should be constantly looking for opportunities where LGBTQ inclusion can be an authentic part of the communication," said John Lake, VP of Multicultural Strategy and LGBT Segment Leader at Wells Fargo, which has engaged with the LGBTQ community for over 30 years. "As the spectrum evolves, we must continue to accurately reflect the marketplace we are striving to reach – and determine how we can best meet their needs."

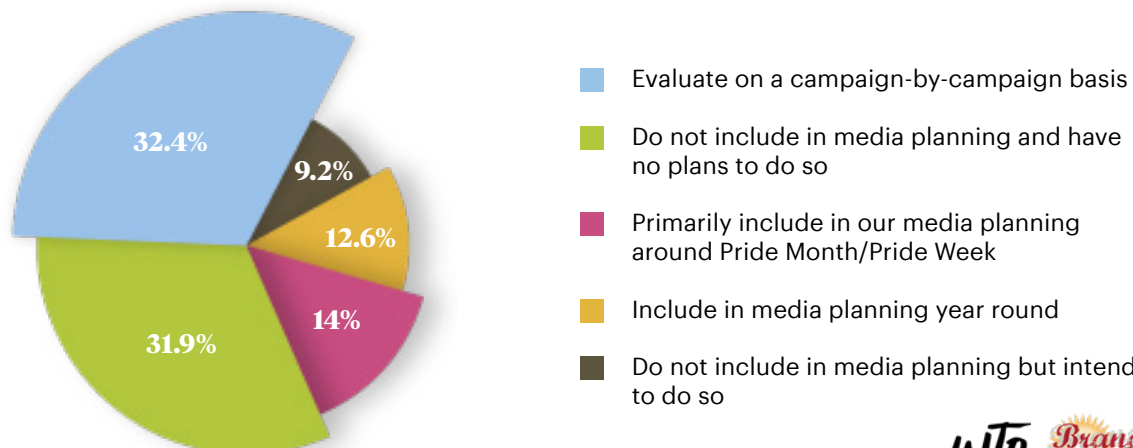
**The LGBTQ market is not only large and relevant, these consumers respond positively when they are acknowledged and included by brands:**

- LGBT Capital estimates the global LGBTQ population is about 480 million individuals with an aggregated annual global spending power of more than \$5 trillion USD
- 20% of Millennials aged 18-34 identify as LGBTQ, according to a 2017 GLAAD study
- 70% of LGBTQ consumers said a brand's reputation as being LGBTQ-friendly (or not) has directly influenced a purchase they have made
- Nearly half of LGBTQ consumers (47%) said a campaign inclusive of LGBTQ people or themes has directly influenced a purchase they have made

**Yet, many brand campaign plans and budgets fail to recognize the power of this market:**

- 38% of brand marketers don't include LGBTQ-focused advertising in media planning because other demographics are of higher priority
- 32% of brand marketers today do not include LGBTQ in media planning and do not plan to do so
- 28% of marketers say the LGBTQ market is not applicable to their brand
- Only 13% of brands include LGBTQ consumers in year-round media planning
- 65% of brand marketers said no single person or group in their organizations is assigned specific responsibility for LGBTQ marketing outreach

**Which of the following best describes your marketing approach specifically to the LGBTQ community?**



### LGBTQ Consumers Say Brands Could Do Better

- 60% of LGBTQ consumers said the inclusive representation of LGBTQ people and themes in advertising has gotten somewhat or much better compared to a year ago
- 36% of LGBTQ consumers said brands are doing somewhat well when it comes to how they are advertising to the community
- 24% of LGBTQ consumers said brands are doing somewhat or very poorly when it comes to how they are advertising to the community
- Just 12% of LGBTQ consumers said brands are doing very well when it comes to how they are advertising to the community

### The Most LGBTQ-Friendly Brands?

LGBTQ consumers surveyed were asked to name three brands they consider to be the most LGBTQ-friendly. Top brands cited included: Apple, Google, Target, Absolut, IKEA, Nike, Levi's, Starbucks, Calvin Klein, H&M



### LGBTQ Outreach Gets Results

- 32% of marketers say they have seen improvements in brand health scores when focusing on marketing to the LGBTQ community
- 22% say they've seen improved KPIs when focusing on marketing to the LGBTQ community

### Room for Improvement

- 51% would like their brands to be perceived in a "very" or "extremely" positive light in regards to their LGBTQ-friendliness
- 23% characterize their engagement with the LGBTQ community today as neutral or negative
- 20% characterize their brand's LGBTQ-friendliness as neutral or negative.

Still, many marketers say they feel good about where they stand. The majority of marketers ranked confidence in tone, engagement with the community, LGBTQ-friendliness and goals for future LGBTQ friendliness as slightly to extremely positive.

When asked how they characterize the state of their LGBTQ marketing today, marketers used terms such as: Inclusive, Growing, Minimal or Static the most often. When asked how they would like their LGBTQ marketing to be, brand marketer respondents used terms including: Integrated, Inclusive and Progressive the most often.



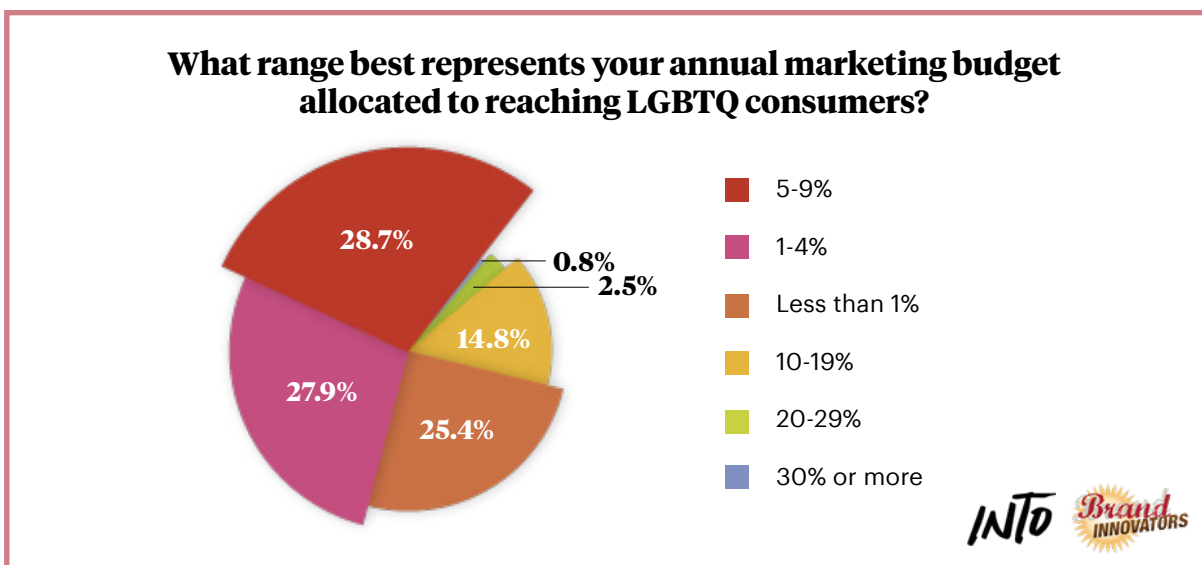


## BRAND BUDGETS AIMED AT LGBTQ? NOT REFLECTIVE OF LGBTQ MARKET POWER

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The majority of marketers allocate very little to reaching LGBTQ consumers. By increasing budgets even modestly, they can affect change.

- 53% of marketers said they allocate between just 0% and 4% of their budgets to reach LGBTQ consumers annually
- 29% allocate between just 5% and 9%
- 15% allocate between 10% and 19%
- 3% allocate 20% or more



### LGBTQ Spending Power Is Real, Marketers Say

Despite their current minimal budget allocations, marketers acknowledge that LGBTQ spending power is real.

- 71% of marketers said they believe LGBT Capital's estimate stating that the LGBTQ market spends \$5 trillion USD globally each year

Considering their belief in the market power of LGBTQ consumers, marketers have an untapped opportunity to boost budget allocations to reach them.

### Lack of Dedicated Resources

Despite the opportunity for advertisers to reach this group, many marketing organizations do not have dedicated resources to do so.

- 53% of brand marketers said no single person or group in their organizations is assigned specific responsibility for LGBTQ marketing outreach

## MOST MEDIA PLANS IGNORE LGBTQ CONSUMERS

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- Just 18% of brand marketers are currently working on an LGBTQ-focused campaign
- While 24% of brand marketers already have somewhat or significantly increased budget aimed at LGBTQ in the past year, 50% of them have somewhat or significantly increased their budget aimed at Millennials (20% of whom identify as LGBTQ according to a 2017 GLAAD study) in the past year

### Just Getting Started

- Nearly 35% of brand marketers have been marketing to LGBTQ consumers for at least three years
- 24% of brand marketers have been marketing to LGBTQ consumers more than five years
- 25% of brand marketers have marketed to LGBTQ consumers for less than one year

### Which of the following best represents how your marketing spend has changed over the past year for the following demographic groups?

	SIGNIFICANTLY DECREASED	SOMEWHAT DECREASED	STAYED ABOUT THE SAME	SOMEWHAT INCREASED	SIGNIFICANTLY INCREASED	N/A
HISPANICS	2.4%	2.4%	44.4%	22.7%	6.8%	21.3%
AFRICAN AMERICANS	1.4%	1.9%	49.3%	18.8%	4.3%	24.2%
SENIORS/ BOOMERS	3.9%	10.1%	44.4%	21.3%	2.4%	17.9%
GEN X	0.0%	6.3%	50.2%	23.7%	2.9%	16.9%
MILLENNIALS	0.5%	2.4%	33.8%	34.3%	15.9%	13.0%
LGBTQ	1.0%	1.0%	45.9%	20.3%	3.9%	28.0%
OVERALL BUDGET	3.4%	8.7%	47.8%	26.1%	4.8%	9.2%



Not only is campaign creative developed specifically to reach LGBTQ audiences appreciated, reaching them in media outlets they read, visit and watch makes an impact.

- Half of LGBTQ consumers said they are more likely to perceive a brand as LGBTQ-friendly if it advertises in LGBTQ-aimed media
- 44% of LGBTQ consumers were more likely to have a more positive perception of a brand overall if it advertises in LGBTQ-aimed media
- When brands advertise in LGBTQ media, a third of LGBTQ consumers (33%) said they are more likely to purchase the brand for the first time if they have not tried it before

“It’s my view that advertising with LGBTQ owned and operated publishers is a best practice. Because AT&T endeavors to support organizations that strengthen the LGBTQ community, and there is no shortage of high-quality LGBTQ media outlets, we have proudly partnered with community publishers for years,” said Robert Hebert, LGBTQ Marketing Lead at AT&T.

“Reaching the LGBTQ community at scale and with a certain frequency is key to the success of our campaigns, so we do advertise across platforms. Paid social is important and efficacious, and a part of every program. Campaigns with LGBTQ media partnerships that leverage their social audiences, as well, have yielded great outcomes.” (See more about AT&T’s LGBTQ marketing evolution below on page 12.)

### **Brand Ad Placement Falls Short of LGBTQ Consumer Preferences**

Although LGBTQ consumers clearly respond positively to ad campaigns aimed at their community in media outlets that speak directly to them, brands don’t necessarily allocate campaign budgets to LGBTQ-aimed media. Rather, when asked which media outlets they consider for LGBTQ outreach, brand marketers named BuzzFeed, HuffPost and Vice more than LGBTQ-specific media.



### **LGBTQ Consumers Appreciate and Reward Consistency in Brand Outreach**

- 70% of LGBTQ consumers were positive toward a brand when they regularly or continually include LGBTQ themes in advertising
- 46% of LGBTQ consumers were positive regarding brands that advertise only during Pride Week
- Only 13% of LGBTQ consumers were positive toward brands that advertise during holiday or other seasons only

“There are advantages to executing campaigns outside of Pride season, when your share of voice is considerably higher,” said AT&T’s Hebert. (See more about AT&T’s LGBTQ marketing evolution below on page 12.)

### **Brands Are Not Consistent**

When brand marketers do engage the LGBTQ audience, they tend to do so on an irregular basis, often only during gay Pride season in June, to their detriment.

- 14% of brand marketers market to LGBTQ primarily during Pride in June
- Only 13% include LGBTQ in media plans throughout the year

Marketers target every other group on a weekly basis more than they do LGBTQ:

- 17% of brand marketers target Millennials weekly
- 12% of brand marketers target Gen X weekly
- 10% of brand marketers target Seniors and Boomers weekly
- 7% of brand marketers target Hispanics weekly
- 7% of brand marketers target African-Americans weekly
- Just 3% of brand marketers target LGBTQ consumers weekly

“If a company is serious about reaching LGBTQ consumers, Pride is table stakes,” said John Lake, VP of Multicultural Strategy and LGBT Segment Leader at Wells Fargo. “Brands need to be there, but as a starting point.”

### **When Brands Include Them, LGBTQ Consumers Are Positive**

- 76% of LGBTQ consumers feel somewhat or very positive when ads integrate LGBTQ themes or people with mainstream
- 69% said they feel somewhat or very positive when ads in LGBTQ-focused media integrate LGBTQ themes or people with mainstream
- 60% said they feel somewhat or very positive when ads exclusively feature LGBTQ themes or people
- Nearly half -- 47% -- of LGBTQ consumers said a campaign inclusive of LGBTQ people or themes has directly influenced a purchase they have made

### **How Brands Incorporate LGBTQ in Campaign Creative**

- 50% of brand marketers develop specific creative when targeting LGBTQ audiences or when advertising in LGBTQ-specific media
- 28% of brand marketers use general market creative when advertising in LGBTQ-focused media
- 28% of brand marketers said their general market campaigns that depict straight couples and families also include LGBTQ couples and families



## **BRAND SPOTLIGHT: WELLS FARGO GOES BEYOND PRIDE**

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John Lake of Wells Fargo discussed with Brand Innovators how the financial services brand has expanded its inclusionary LGBTQ marketing efforts beyond pride month:

We look for other times when we can be a relevant voice in the community, such as October to mark Bullying Prevention Month and amplify our sponsorship of GLAAD's Spirit Day efforts.

Keeping up with the expansive diversity of the community is a challenge. For years our imagery was of same-sex couples – and that was a big statement in the early days. But that focus leaves out huge swaths of the community. Last year, one of our hero images featured three individuals on the spectrum of orientation and identity. It was intentionally vague and I loved the fact that through this image we were able to go beyond labels and reflect the community more inclusively.





## BRAND SPOTLIGHT: WELLS FARGO LGBTQ INCLUSIVITY IN A GENERAL MARKET CAMPAIGN

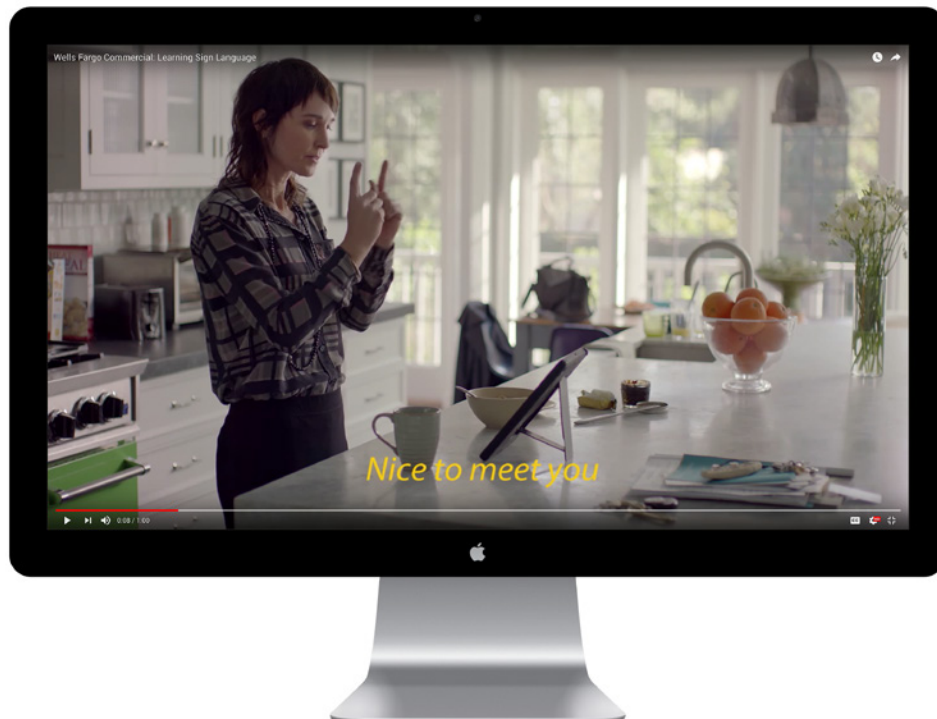
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John Lake of Wells Fargo discussed with Brand Innovators how the brand's campaign creative has evolved:

There are two ways I see our LGBTQ-related marketing evolving. Three years ago we told the story of a lesbian couple adopting a deaf girl as part of our general market brand campaign. It was not created as a segment-specific campaign. We wanted to reach a broad audience with a message about working toward your goals and one of the best illustrations happened to be the work involved in starting a family. The results were remarkable – both inside and outside the community. We did receive pressure from some external groups that took offense to the story, but we stood behind it completely and never wavered.

The *Learning Sign Language* commercial was a big step. We should be constantly looking for opportunities where LGBTQ inclusion can be an authentic part of the communication. Second is to continue to acknowledge the dynamic diversity that exists in the community. As the spectrum evolves, we must continue to accurately reflect the marketplace we are striving to reach – and determine how we can best meet their needs.



AT&T passed a non-discrimination clause protecting its lesbian and gay employees in 1975, and since then, the telecom brand's marketing has evolved toward highlighting this history and building on it. Robert Hebert, LGBTQ Marketing Lead at AT&T, discussed with Brand Innovators how AT&T's marketing efforts reaching LGBTQ consumers have changed over the years:

"AT&T has continuously evolved its LGBTQ marketing. Initially, to make the case for marketing to the LGBTQ segment, AT&T's marketing was about positioning a product or offer through creative that featured LGBTQ people while reflecting a queer sensibility. Consumers responded to the creative, sales were strong, and that supported the assertion that marketing distinctly for the LGBTQ community was a sound strategy.

Along the way, our research has highlighted how important it is to the community that brands take a political stand, are present in the community, and demonstrate their support. Some might be surprised to learn that AT&T is a progressive company that has been on the right side of history since 1975. That's the year this company passed a non-discrimination clause protecting its lesbian and gay employees. So, our marketing has evolved toward highlighting this amazing history and adding to it.

For the past five years, AT&T's Live Proud campaign has brought issues facing the LGBTQ community to the fore, often engaging the community to take some action either by sharing a post or watching a video in order to kick in a donation made by AT&T. Last summer, for example, we asked consumers to use #WeAreBold and AT&T donated \$1 for every social post which resulted in a \$50,000 contribution to GLAAD.

The top concern for the community last year was LGBTQ youth well-being and safety. That is also important to AT&T and we demonstrated our commitment through two initiatives. The Live Proud Scholarship Contest in partnership with the Human Rights Campaign invited college students to submit a video pitch for a campus project to advance LGBTQ visibility and acceptance. Three student projects were selected and, right now, students are planning and executing those projects with funding and a scholarship courtesy of AT&T, and mentorship and guidance courtesy of the Human Rights Campaign Foundation. Also, Live Proud Holidays was a campaign to raise awareness of the growing LGBTQ youth homelessness problem in America.

Up to 40% of youth experiencing homelessness identify as LGBTQ. Awareness of this issue amongst LGBTQs has been low. So, we partnered with True Colors Fund and Cyndi Lauper on a PSA that reached a large proportion of US LGBTQ adults. We are proud to add True Colors Fund to a list of NGOs we support in serving the LGBTQ community.

Because AT&T has a very authentic history and connection with the community, the response to these campaigns has been extremely positive. Last year's campaigns had some of the highest levels of engagement that we've seen because we are engaging the community to support the people and programs making a difference in the world. the LGBTQ community.

### **Integrating LGBTQ Outreach**

The AT&T Live Proud campaign has been the main, LGBTQ-focused campaign we have consistently executed through the years and its timeframe is June and July, Pride season. However, there are advantages to executing campaigns outside of Pride season, when your share of voice is considerably higher. The Live Proud Scholarship Contest and Live Proud Holidays campaign had a greater impact on our KPIs, dollar for dollar, probably because they rolled out during a less noisy time of year. For marketers who are likely to execute only one dedicated LGBTQ campaign, consider whether the spirit of Pride resonates most with your brand or if a different context would allow for a more authentic message.

As for the diversity of the community, it has been our intention to reflect the diversity of this community through our LGBTQ marketing. You can definitely see this reflected in our campaign videos, in the influencers that we have chosen to partner with to amplify our campaigns, and in the communities that the NGO we support are focused on serving."





### **When Brands Include Them, LGBTQ Consumers Spend**

LGBTQ consumers respond positively when they are acknowledged and included by brands. Seventy percent of LGBTQ consumers said a brand's reputation as being LGBTQ-friendly (or not) has directly influenced a purchase they have made.

### **LGBTQ Outreach Gets Marketing Results**

Nearly one-third of marketers say they have seen improvements in brand health scores when focusing on marketing to the LGBTQ community.

### **Brands Should Boost Budgets to Capture the Untapped LGBTQ Market**

Marketers acknowledge the power of the LGBTQ spending: 71% of marketers said they believe LGBT Capital's estimate stating that the LGBTQ market spends \$5 trillion USD globally each year, yet only 18% of brand marketers are currently working on an LGBTQ-focused campaign. To recognize the power of the LGBTQ market, brand marketers should boost LGBTQ-aimed campaign budgets. Today, more than half of marketers allocate between just 0% and 4% of their budgets to reach LGBTQ consumers annually, and 29% allocate between just 5% and 9%.

### **Media Plans Should Include LGBTQ Media**

Brands often do not allocate campaign budgets to LGBTQ-aimed media. However, half of LGBTQ consumers are more likely to perceive a brand as LGBTQ-friendly if it advertises in LGBTQ-aimed media, and a third of LGBTQ consumers are more likely to purchase a brand for the first time if they have not tried it before when the brand advertises in LGBTQ media.

### **LGBTQ Campaigns: Consistency Is Key**

While many brand marketers only run LGBTQ-aimed campaigns once a year during Pride season, 70% of LGBTQ consumers were positive toward a brand when they regularly or continually include LGBTQ themes in advertising.

### **Campaign Creative Should Be More Inclusive**

LGBTQ consumers appreciate when brands include their community. More than three-quarters of LGBTQ consumers feel somewhat or very positive when ads integrate LGBTQ themes or people with the mainstream.

## REPORT METHODOLOGY

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All data representing marketer viewpoints, unless otherwise noted, is attributable to a survey fielded in the U.S. in January and February 2018 by Brand Innovators among 278 senior level marketing and media executives from across an array of industry verticals including retail, travel, auto and entertainment.

All data assessing LGBTQ consumer viewpoints unless otherwise noted is attributable to surveys conducted by INTO, a Grindr-owned media platform, which polled 2,600 Grindr users and 1,500 INTO readers in the U.S. in February to assess their views on being marketed to as LGBTQ consumers.

The INTO team is your consultative partner in reaching LGBTQ Millennials. At INTO, we work with brands that want to engage with LGBTQ Millennial consumers in authentic and meaningful ways. LGBTQ Millennials are loyal to brands that show them they are allies.

