THE MYTH OF THE RICH AND TRENDY HOMO-SEXUAL –
WHY GAYS AND LESBIANS ARE NOT AN OVERLY ATTRACTIVE TARGET SEGMENT FOR MARKETING

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1. Problem statement

Research on homosexual consumption began in the 1990s in the US when gays and lesbians were identified as a viable market segment and marketers started to specifically target homosexuals.\(^1\) During this time the stereotype of the “typical homosexual”, i.e. white male, well-educated, high discretionary income with expensive tastes, a hedonistic lifestyle (including travel, theatre, art, gourmet food) and high fashion-consciousness, was manifested. Rigdon called the gays and lesbians market a “dream market” in a widely quoted article in the Wall Street Journal which stressed the enormous marketing opportunities for companies.\(^2\) Since then marketers have largely targeted the homosexual market with specific gay and lesbian marketing. However, it is questionable if the homosexual market is truly a dream market and expenditures on specific marketing efforts are justified. We believe that the attractiveness of the homosexual market segment is largely overstated due to the generalisation of the homosexual stereotype that does not represent the majority of the homosexual population.

2. The homosexual “dream market”

The major reason for the homosexual market to be called a dream market with large opportunities is due to its mere size. In 1990, Rigdon estimated the US homosexual market at 382 billion US Dollars.\(^3\) More than 30 years later Witeck Combs estimated the homosexual buying power at 835 billion US Dollars.\(^4\) There are two major drivers for this: the amount of homosexuals and their average income. Studies regarding the amount of homosexuals in society vary between 1% to 20% - mainly depending on the definition of gay/lesbian and on the market research methods used. In Western countries the widely accepted assumption is that there are around 9% gays and 4.5% lesbians, i.e. around 6.75% of the general public.\(^5\) Based on the German population, that makes almost 4 million potential customers (in the relevant age group between 15 and 65). In addition to the size, homosexuals are also considered to be more affluent than heterosexuals. Early research in the 1990s has already found gay/lesbian consumers’ income to be higher than that of heterosexuals. A widely recognized study by Simmons Market Research Bureau analysed the readership of eight of the leading gay newspapers in the US and found that the average individual income was 55,430 US Dollars for the readers as compared to census figures of 32,114 US Dollars for heterosexuals.\(^6\) This is also confirmed by more recent research: The OpusComm Group states that the average household income of homosexual couples is 60% higher than heterosexual couples.\(^7\) Homosexuals are considered to be twice as likely to have an individual income exceeding 60,000 US Dollars, and twice as likely to have a household income of 250,000 US Dollars or more.\(^8\) In Germany EuroGay and Emnid found out that over one third of gays earn more


\(^3\) Ibid.


than 3000 € net per month. Better education is considered the main rationale for the higher income. In the US, evidence based on year 2000 census data shows that 28% of male heterosexuals and 26% of female heterosexuals (living as couples) hold a Bachelor degree or higher, compared to 43% of gays and 43% of lesbians (living in a partnership). Lisa Penaloza found out that 56% of gays/lesbians had professional and managerial jobs, compared to 16% of heterosexuals.

In addition to higher income and better education, homosexuals appear to be trendier, show higher brand affinity and are more fashion-conscious than heterosexuals. Homosexuals’ consumption, especially on premium products such as travel, books, music, film and theatre, cosmetics, perfumes, and clothing, is greater than for non-gays. Homosexuals seem to have a higher fashion interest and fashion awareness than their heterosexual counterparts – they also prefer rather trendy and innovative styles compared to heterosexuals. Gays who are active in the gay community express their identity through a common style, which is often enriched with marker goods or brands that signify membership of the gay subculture and distance themselves from the mainstream culture. Specific brands such as Levi’s, Diesel, Calvin Klein and Miller Lite are trend labels of the gay community – also because these brands are considered to be “gay-friendly”, e.g. they advertise in mainstream media with gay themes, sponsor gay and lesbian events and have corporate employment policies towards gay and lesbian employees. Since physical attractiveness plays a major role in partner selection, gays engage in a high aesthetic bodily competition where being fit, attractive, shaved and fashionably attired (e.g. tight and fitted styles) is key for success.

Finally, homosexuals are also an attractive market segment because they are open to be targeted by gay and lesbian marketing. Advertising research has shown that homosexuals show a stronger positive response to gay-and-lesbian-themed ads than to heterosexual-themed ads.

3. The reality about the homosexual “dream market”

The enthusiasm of marketers to target gay and lesbians due to the financial opportunities has continued since its beginnings in the 1990s. We believe that the attractiveness of the market is exaggerated and its potential therefore overstated. Although there is no reliable data on the amount of homosexuals, the widely quoted 9% for gays and 4.5% for lesbians seems to be a valid assumption. However, just to name one contradicting example: a representative study in 2001 for the German market was conducted by EuroGay and Emnid that identified only

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1.3%/2.7% of gays and 0.6%/3.5% of lesbians.\textsuperscript{18} Therefore, the estimated market size of the homosexual market could be lower (or also higher) than the 6.75%.

The long prevailing “affluence myth”\textsuperscript{19} of homosexuals still remains. Newer research however shows that the widely acknowledged fact that gay and lesbians earn more than their heterosexual counterparts does not hold true: three separately conducted representative studies in the US and the UK come to the result that gay men earn less than heterosexual men, but lesbian females earn more than female heterosexuals.\textsuperscript{20}

Reza Arabsheibani, Alan Marin and Jonathan Wadsworth\textsuperscript{21} have found that gay men in couples earn 6% less than comparable heterosexual men and are less likely to be in work. In contrast, lesbian women in couples are paid 11% more than comparable heterosexual women and are considerably more likely to be in work. This outcome can be partly explained by the fact, that although gay men are better educated than heterosexual men, they tend not to be not employed in traditional high-paid jobs (e.g. business, law, IT). The higher income of lesbian women can be interpreted that lesbians realize early in life they will not marry and form a traditional household and therefore invest more in market-oriented human capital than women which adopt a traditional gender-based household specialization.

This results in not only a higher educational level but also in a higher income.\textsuperscript{22}

The myth of homosexuals who are trendier, show higher brand affinity and are more fashion-conscious than heterosexuals is based on the typical gay stereotype: gays who live a hedonistic lifestyle, have expensive tastes and are active in the gay community. Although this stereotype does exist, it is not the majority of homosexuals. A study by Kate Schofield and Ruth Å. Schmidt analysed the gay fashion consumption and found out that some gays dress according to the expected styles “drag” (feminine style) and “aesthete dress” (tight and fitted style), however a large part just follow the mainstream male fashion similar to heterosexual men. The authors of this article found similar results in an empirical study on gay and lesbian clothing consumption conducted in June 2011 with 879 homosexuals (and a control group of 210 heterosexuals) in Germany.\textsuperscript{23} 72% of lesbians and 51% of gays show only a low or average trend-and fashion-consciousness. In addition, homosexuals do not have a higher willingness-to-pay for clothing than heterosexuals. The acceptance of marketing activities targeted directly to homosexuals is rather low with non-scene-affine gays. Only homosexuals with a higher affinity to the gay community are open to gay marketing. In summary, it seems that the homosexual dream market seems to be not more attractive than the heterosexual market.

4. Conclusion

The homosexual market has been recognized as a financially attractive market and a large amount of marketing efforts have been undertaken to capture the potential of this market. Companies such as Philip Morris, Kodak, IBM, Ikea, Subaru and

\textsuperscript{18} Schrader, M.; Koehler, J. (2001): op cit., pp. 80-81. 1.3% of the interviewed men claim to be gay and 0.6% of the interviewed women claim to be lesbian. However, based on the question “to what extent are you erotically attracted by an attractive male/female” 2.7% of men and 3.5% of women would be considered to be gay or lesbian.


Absolut Vodka have tried to target homosexuals particularly, but not all were successful. The reason for their failure may very well lie in the design or execution of the marketing approach. However, the overestimation of the attractiveness of the segment and their purchasing ability might as well have been a cause. Companies should carefully consider particular marketing expenditures on the homosexual target segment and not expect miraculous returns, since the segment may – at least financially – not be considerably more attractive than the heterosexual segment.

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