

# LGBT Niche Marketing

## *Watchwords, Trends and Opportunities*

by Marion Edward

The 25th anniversary of the International Gay and Lesbian Travel Association (“IGLTA”) was recently celebrated at its annual convention in Las Vegas. I spoke with Executive Director, John Tanzella, about his perspectives on this niche market:

### **How has the gay travel market progressed in the last 25 years?**

“IGLTA was founded in 1983. True that was the height of Madonna, Calvin Klein and AIDS, yet did you see gay travel ads from the various advertisers you see today? Gay was on the world’s radar, more as a curiosity and pop culture but not yet on Madison Avenue as a target market to reach out to.”

### **What are you hoping to achieve in the next 25?**

“We are becoming more integrated into the mainstream in larger cities worldwide, but whether you are marketing clothes, cars or cruises, the distributors of those products know that the gay/lesbian niche they will always need to understand what makes our niche unique, what motivates our buyer, what trends are gay consumers leading following or creating. Therefore IGLTA wants to continue to be the leader in providing education, resources, connections and innovation in reaching the gay consumer.”

### **Why is it important to market to the LGBT communities?**

“Every niche community has its

importance, whether it’s the golfing community or any other group. If you feel you have a product or service that would appeal to the lgbt community, to enable you to capture their revenue and loyalty you must market to them specifically and in a manner that would appeal to the audience.”

As a purveyor of luxury hospitality estates, Bella Palazzo surveyed lgbt experts in debuting its proprietary services for upscale guests and concluded from expert discussions to trademark Bella Woman (Femme)<sup>™</sup> Bella Man (Homme)<sup>™</sup> and Bella You as you are (LGBT)<sup>™</sup> internationally. Margie Van Zee, CEO of Bella Palazzo comments: “The Bella guest is a discriminating traveler, appreciative of the privileged life, and we choose to tailor our services to accommodate every aspect of guest indulgence. We had the opportunity to evaluate several branding suggestions in the rollout of the LGBT initiative but regarded this simple and authentic phrase of You as you are the most genuine name and are grateful to Jeff Guaracino for posing that suggestion.”

Jeff Guaracino, VP, Communications, Greater Philadelphia Tourism Marketing Corporation, author of the 25-year overview of pioneering industry efforts, Gay and Lesbian Tourism: The Essential Guide for Marketing, and panel presenter “Staying Competitive in the Gay and Lesbian Tourism Industry” at the IGLTA convention states: “Any key general manager, revenue manager or director of sales in the hotel industry looking

to increase their revenue stream should consider opportunities within the gay and lesbian markets.”

Guaracino continues: “As the economy turns downstream, hoteliers can still capture this market by treating it with respect, by invitation and demonstrated commitment to the gay and lesbian community, e.g., advertising, sponsorships of gay and lesbian events locally, nationally, even internally for your gay and lesbian employees. Not since 9/11 has the gay and lesbian tourism offered such marketing gateways for airlines and tourism companies. Before, it was: ‘Gay and lesbian tourism, do we need that?’ The pendulum has swung back: The industry acknowledges: ‘We need that business.’ They are repeat visitors to hotels in which they’ve had positive experiences and are brand loyal when they come back to a destination. In Philadelphia, this market spends \$353 for a 2-night hotel stay, illustrating there’s a complete correlation between marketing and booking.”

Delving into the lgbt buys in hotels, Guaracino further notes: “The \$353 figure is not limited to the hotel stay, but bar, mini bar, restaurant, f&b, in room entertainment, gay business small meetings or social events like leisure softball or other events.”

“As hotels offer more brands and travelers use Internet more frequently for booking rooms, this market should be part of any hotel’s long or short term revenue goals...”

Guaracino believes hoteliers should explore all avenues to win gay and lesbian guest while becoming more literate in factors which influence travel purchase decisions and lifestyle issues, preferences and expectations.

The sophistication of this market in terms of allegiance, expectation and discretionary spending has been the subject of varied research over the last several years. Community Marketing, Inc., a San Francisco-based organization, is the acknowledged leader in pioneering research for this segment. Thomas E. Roth, MBA, President, Community Marketing, Inc., provides this summary of his organization's marketing research focused on the gay and lesbian community: "Over the previous five years, the premiere trend was the introduction of hotel brands top the LGBT community, featuring active outreach programs.

"Five years ago only a few were active in the market. Today, almost every major (and minor) brand has an active gay and lesbian outreach program. Because of this, the new trend for the next five years will be competition. With virtually every leading brand actively pursuing the gay market, it will take more than just waving a "gay-friendly" rainbow flag to earn loyalty and market share."

"It does no good to "Pink Wash." That means advertising and promoting the property in the gay community, but not cleaning up the house first. Well prepared hotels conduct diversity training, including gay and lesbian issues, to be sure everyone's on board and that guests have a great experience when they arrive."

"Recent Community Marketing research shows that hotels and brands now need to be more than "just gay-friendly" to maintain market share. Those with more aggressive outreach campaigns are noticed more, and practicalities like good value, great location, free WiFi, etc. are becoming more important in an age when almost every hotel and brand is expected to be gay-friendly."

"Another trend we are observing is

tracking Return On Investment. Tracking revenue from the LGBT community can be difficult, unless you are creative. You can't just ask a person's sexual orientation at check-in. Creative companies like Kimpton Hotels are showing terrific 2007 ROI because they have thought it out, and developed systems that allow their guests to comfortably self-identify their interest in LGBT community programs."

"Readers can find out more about these and related topics by joining the TAG Approved® Accommodations program ([www.tagapproved.com](http://www.tagapproved.com)) and by participating in upcoming webinars on Best Practices and Marketing as well as other training offered by the group to its members."

Darrell Schuurman, President, Travel Gay Canada and Co-founder, Canadian Gay & Lesbian Chamber of Commerce credits Community Marketing Inc. for their assistance in his organization's five-year history: "Overall as a tourism program specifically for businesses with the tourism industry, we saw there was an opportunity to tap into that market previously not done in Canada ...Tom's organization provided valuable insights into gay market research. We found a lot of opportunity for Canada as a whole and new business...What we did was collaborate and pool some of the program."

Schuurman continues: "Over the past 5 years the biggest change we have seen is the attitude change and openness that business have developed....Before, this market was foreign and many businesses didn't feel comfortable. Now it's viewed for its lucrative potential and loyalty of this segment. Because of its economic advantage, there's much more competition today. Before, there were a couple destinations and a few hotels. Now not only in the USA and Canada but throughout the world, it's a rich market to tap."

In Canada, Schuurman estimates, "We have probably the most progressive atmosphere due to the political environment, and we have it a little easier in terms of the

hotel perspective. With companies like Hyatt, Starwood, Delta....because of legislation already in place, employees have benefits and it's easier for us to get involved." For the most recent information on Schuurman's organization's studies, inquire about "Canadian Gay & Lesbian Chamber of Commerce, Toronto, 2007 Domestic LGBT Travel Research Study".

Alan Baer, VP Human Resources for the Kimpton Hotel Group states: "In 2007, Kimpton generated 3.9 million dollars in trackable revenue from lesbian and gay guests and groups. Tracking revenue from the LGBT community can be difficult and we know the actual revenue is much higher, but we are very happy with the trackable ROI."

Baer continues: "At Kimpton, we not only advertise in the LGBT media, but most of our corporate energy goes to support and sponsorship of community efforts and organizations. For example Kimpton's Red Ribbon fundraisers in Kimpton cities benefiting AIDS and HIV organizations, generated \$95,000 in 2007."

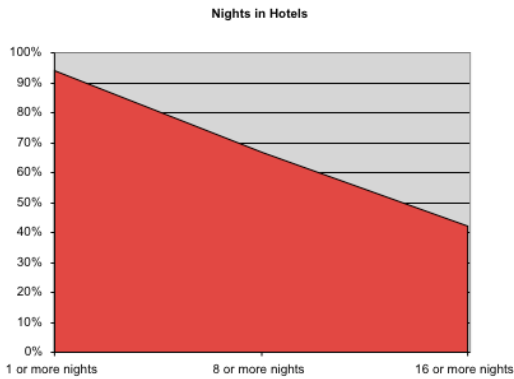
Within the company, KGLN, the Kimpton Gay & Lesbian Employee Network, provides a forum in each Kimpton city whereby common interests and challenges in the workplace can be discussed.

Kimpton Hotels was the first accommodations company to earn a 100% HRC Corporate Equality Index score and in 2007 the hotel group was awarded Hotel Group of the Year by Planet Out and was in the top three in the hotel category in Out Traveler's Reader's Choice awards. "Authenticity is the watchword for any hotelier interested in capturing this market," states Baer. "If not, your attitude will be transparent to the community." ■

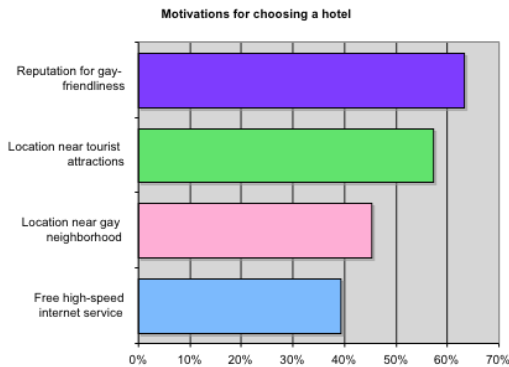
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*See charts and research findings corresponding with this article on page 11*

Findings in Community Marketing's 12th Annual Gay and Lesbian Tourism Study of over 7,500 gay and lesbian consumers indicate the gay and lesbian travelers spent 14 nights (median) in hotels during the previous year. 42% of respondents spent 16 or more nights in hotels.



Reputation for gay-friendliness is the most important motivator for lesbians and gay men when choosing a hotel (63%), followed by location near tourist attractions (57%), location near a gay neighborhood (45%), and free high-speed internet access (39%).



77% of gay and lesbian survey respondents said they reserved accommodations online at least once during the year, and 29% reserved over the phone. 54% of respondents said they had made reservations directly with a property or chain directly.

