



LGBT CFD Executive Report

*What you don't know
can hurt you.*

March 2015

The Supreme Court's ruling on same-sex marriage ushers in the potential for a host of changes and opportunities for financial-services providers.

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LGB households contribute disproportionately to support the economy, culture, neighborhood communities, and social change.



The US Supreme Court's July 2013 overturn of Section 3 of the Defense of Marriage Act has renewed attention to the lesbian, gay, and bisexual (LGB) community. Although LGB households represent only about 4% of all US households, they are important because many contribute disproportionately to support the economy. After many years of campaigning for recognition as individuals with the same rights due all US citizens, their acceptance has been accelerated by Millennials (the last have turned 18)—the majority of whom are ethnicity, gender, and sexual-orientation blind. Almost half of LGB household heads are Millennials.

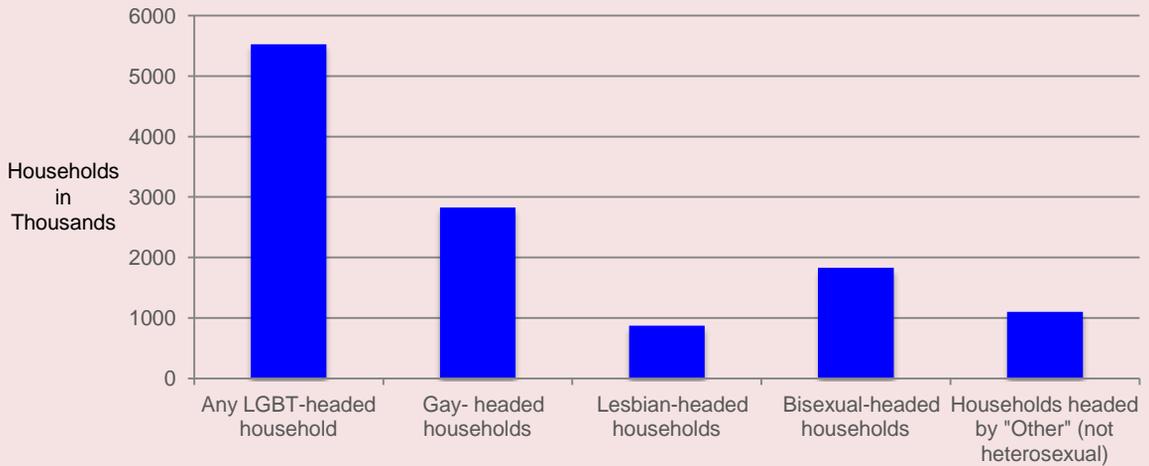
LGB households have a somewhat higher proportion of high resources—emotional, psychological, and physical—than low resources. However, the presence of high income and a higher-than-average incidence of postgraduate education, for example, explains only in part why many are so vibrant. In comparison with heterosexuals, LGB consumers are more experienced based and are more likely to “live in the moment.” Packaging—physical appearance—is important in purchased items. Look, feel, and visual stimulation are all compelling reasons to buy. And they do buy. For example, gay households make an estimated 711 annual transactions, in comparison with 635 transactions by straight households.



Four in five LGB households are child free; the exception is bisexual-headed households—of which 45% have children. Child-free status conveys the benefit of more time and money to focus on self than households with children, boomerang kids, or dependent adults have. Without the impetus to leave an inheritance or need to consider financial obligations such as college-education funds and life insurance, child-free households use fewer financial products and services; their net worth is lower. In a comparison of gay and straight households, the former (with only a 5% incidence of children) have a net worth of \$256K; the later have a net worth of \$376K (over one-third of straight households have children younger than age 18 present in the home). Debt for both straight both straight and LGB households is the same; the difference is that, overall, because LGB households have fewer financial demands than many straight households do—and fewer competing financial priorities—their ability to pay off debt may be higher. However, a higher proportion of gay households than straight households are concerned that they may not be able to secure a loan if, and when, they need one. Quite possibly, their concerns may be grounded in past or real or perceived discriminatory practices.



LGBT-HEADED HOUSEHOLD POPULATION SIZES



Source: 2010–12 MacroMonitor

Marketing to LGB or LGBT households as a group is not a good idea, because major differences exist between gay- and bisexual-headed households and between gay and lesbian-headed households for example. However, most LGB households form connected communities with others in their group; the internet and social media make it easy to do so. Because the majority are relatively young, they are very social, on the go, and tech savvy; new technology adoption—particularly mobile technology—is high. In fact, gay-headed households are more than twice as likely as straight households to have made peer-to-peer transactions in the past two years from a mobile device.

Word of LGB-friendly establishments and providers generates buzz among these highly networked consumers. To reach the LGB community effectively, product and service offers need selection on the basis of which type of households are targets, communications need to reinforce that you are serious about soliciting their business through demonstrations that you understand their need. Websites and mobile apps need to be very sharp and intuitive—easy—to use. The LGB households that you want to reach most are critical; they are as likely to tell everyone they know if they've had a good experience when dealing with you enterprise as they are to tell about a bad experience.



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