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Private wealth management strategies for the South African gay market

Venter, Bradley Warren

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Private wealth management strategies for the South African gay market

Bradley Venter

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, December 2012

ABSTRACT

This research set out to provide recommendations and insights to wealth management organisations that wish to develop a strategy that targets the gay market in South Africa.

To achieve this end, the research identified the primary buying behaviours of affluent gay men living in Gauteng, and the key success factors that wealth management organisations should consider when designing and implementing specific strategies for the gay market in South Africa. The strategic success factors were critiqued to ensure that they addressed the identified buying behaviours or take advantage of the buying behaviours for maximum impact.

A qualitative research methodology was employed with data being collected from the three population samples using in-depth interviews. The three sampled populations were: Affluent gay males living in Gauteng, wealth managers from leading wealth management organisations in South Africa, and South African media strategists. The data obtained from the interviews was analysed and triangulated in order to identify the said buying behaviours and key success factors.

The research results show that affluent, South African gay men living in Gauteng possess very similar buying behaviours to those identified in the literature. The research did, however, uncover several unique buying behaviours as depicted by this market segment in the context of wealth management, including: gay individuals in South Africa are confident consumers with a high social status; gay individuals possess unique wealth management needs; the gay community will boycott homophobic or discriminatory companies or brands, and the gay community will actively seek out companies and brands that specifically target them.

Regarding the key success factors for targeting the gay market in South Africa, the research results deviated considerably from the literature with many of the proposed key considerations being unique to this research. The unique success factors identified in this research are as follows: relevant festivals and events

should be the preferred marketing mediums when targeting the affluent gay market in South Africa; there is merit in wealth management organisations having a dedicated team or individual actively involved in the gay community; wealth management organisations should embark on a brave and aggressive strategy, given the unchartered nature of the gay market in South Africa; a strategy for South Africa's gay market should, ideally, be reserved for wealth management organisations with established and credible brands, and the strategy for South Africa's gay market should take into account the strong social networks at play within the gay community.

There was a good deal of consistency and overlap between the identified buying behaviours and the proposed strategic success factors. It is felt that this consistency added considerable value to the recommendations for wealth management organisations on how best to develop and implement a strategy for South Africa's gay market.

There has been very little research into the gay market in South Africa, and no research into how best to approach this gay market from the wealth management point of view. Using the recommendations proposed in this research, wealth management organisations can begin to tap into this lucrative, appealing, and previously ignored market segment.

DECLARATION

I, Bradley Warren Venter, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Bradley Warren Venter

Signed at ……

On the …….. day of …… 2012

DEDICATION

To Darren

This is the fourth qualification that you have seen me through in our time together, and, if we're to be honest, we both know that it won't be my last. Thank you for your patience and tolerance and never-ending support.

ACKNOWLEDGEMENTS

Firstly, to Mark Peters, my supervisor, this is going to sound like a “made-for-TV” love story, but I knew from the very first strategy class you took me for, in the second semester of my MBA, that I wanted you to supervise my research. I can’t thank you enough for committing yourself to seeing me through to the submission of this research, even though your personal circumstances had changed substantially. It couldn’t have been easy having these loose ends with you for the past six months. Thank you for always offering me a comfortable environment and for your support of my research topic right from our very first meeting. I've thoroughly enjoyed this experience and I really hope that we will have a chance to work together in the future.

My biggest thank you has to go to my dad. You’ve never questioned why I’d possibly want to study something else and you’ve supported me in every way, whole-heartedly, throughout all my studies and especially throughout my MBA. I light up with pride and a sense of accomplishment every time someone comments that I'm exactly like my dad. I'm super proud, and I couldn’t think of another block that I’d rather be a chip off of. Academically, we’ve chosen different paths, but I can only hope that the path I've chosen leads me to the levels of success that you have achieved. As blessed as I am to have such an amazing dad, I'm equally blessed when it comes to my mom, my sisters and my new brothers. As far as wonderful families go, you guys are textbook. Mom, I'm sure I must confuse you to death with all that I get up to, but that never stops you from loving me and supporting me and just being the best mom that anyone could ever wish for. I love you to bits.

To all my friends and especially “the family”, many of you helped me find interview respondents for this research and all of you encouraged me along the way, but generally, thank you all for being such great friends, in every sense of the word, and for making my life complete.

To Martin, my “PDM buddy”, “MBA buddy”, “golf buddy” and soon to be “PhD buddy”. It has been an awesome journey so far and I hope, that for the

remainder of our journey, we will continue to inspire each other and enjoy all the challenges that we will face together.

To Prof Terri Carmichael, thank you for your unexpected and hugely significant input, I really appreciate your help. I know I've said it you before, and I'll say it again: I am in awe of you. How you manage to do so much, of such high quality, is dumbfounding and inspiring at the same time.

And lastly, in case my dedication didn't do my gratitude justice, to Darren. I could write pages mentioning everything that you do for me, but, because I can't, please know that nothing goes unnoticed or unappreciated, and I thank you for it all.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

This research will establish whether organisations, in particular wealth managers, should have separate strategies for the gay market and will determine the factors that are essential for the successful targeting of South Africa's gay market, based on the analysis of the unique buying behaviours of South African gay men.

1.2 Context of the study

The gay markets in the USA and UK have been found to be highly lucrative markets with consumption behaviours that may be favourable to organisations wishing to target them. Evidence pointing to the buyer characteristics can be found in the results of research that was undertaken by Tuten (2005); it was found that gay consumers made no reference to costs when determining how satisfied they were with a particular brand. Similarly, Hughes (2005) found that a large proportion of gay individuals earned incomes that exceeded the average, placing them at the upper-end of the socio-economic scale. In recent years, more and more companies have seen the potential of this market and realised the benefits of successfully appealing to it. This research will attempt to ascertain whether there are grounds for organisations to have separate strategies for the gay market and will provide some evidence as to whether there is a potential goldmine of a market waiting to be tapped into.

Little is known about this segment and its spending behaviours and there is possibly huge potential for South African wealth management organisations to better understand the market and actively pursue it.

Being the economic "hub" of South Africa, Gauteng seems an appropriate location to draw an affluent and urbanised sample of this niche market. The affluent and urbanised gay male market in Gauteng will be analysed in an attempt to understand the nature of the gay market in South Africa and the

potential that this market shows, as a viable target market for South African wealth management organisations.

1.3 Problem statement

1.3.1 *Main problem*

The aim of this research is to make recommendations on the marketing strategies to be employed by wealth management organisations wishing to target the gay market in South Africa. Relevant consumption and buying behaviours of the gay market will be identified, looking specifically at gay males living in Gauteng. This study will review literature on research that has examined the gay markets in countries such as the United Kingdom and the United States of America, and discuss this literature in relation to the research findings. In a similar manner, the research will determine the key success factors that wealth management organisations should consider when targeting the gay market in South Africa.

1.3.2 *Sub-problems*

1.3.2.1 First sub problem

The first sub-problem is to identify the buying behaviours of affluent gay males in Gauteng.

1.3.2.2 Second sub problem

The second sub-problem is to establish the key success factors that wealth management organisations should consider when targeting the gay market in South Africa.

1.4 Significance of the study

The research will be valuable to South African wealth managers and their associated strategy and marketing departments, as it will provide insight into the attractiveness of the country's gay market. The development of the gay market, in general, is a relatively new phenomenon. Branchik (2002) suggests that the development and growth of this segment is attributable to the advancement of the gay community and gay rights. While there has been substantial research into the gay markets of developed countries like the USA, UK, Germany and Australia, there has been little or no research into the South African gay market. The research carried out in the above-mentioned developed countries has shown the gay economy to be an extremely attractive and rewarding market and many organisations are recognising the appeal of the gay market and are reaping the benefits of attracting gay money. Fugate (1993) suggests that the profile of the gay market is one that is better-educated, brand conscious, interested in fashion and style and willing to spend money. Fugate (1993) goes on to state that these attractive stereotypes are compelling marketers to target the gay market. In addition to these traits, Branchik (2002) maintains that American organisations are beginning to recognise that the gay population is an affluent minority that possess high levels of disposable income

The management of organisations are under ever increasing pressure to enhance and maximise shareholder value. The current business environment is plagued with increased competition, globalisation and a need to appeal to increasingly educated and aware consumers. This challenging environment is forcing organisations to seek new and untapped markets in order to improve their bottom line and increase market share in an effort to improve shareholder value. Through a better understanding of the gay market, South African wealth managers may be compelled to target this potentially lucrative market in an attempt to achieve their organisational and financial goals.

This research is significant because:

- South Africa is experiencing significant trends of increasing acceptance, and a greater tolerance of the gay community.

- Section 9 of the South African Constitution protects the gay community against discrimination. As a result, more and more individuals are using this afforded protection to embrace their sexuality, identify themselves to organisations that target them, and offer those organisations a high degree of brand loyalty (Republic of South Africa, 1996).
- There is an opportunity for the first wealth management organisation that is brave enough and dedicated enough to target the gay market in South Africa, to capture and become the leader with this segment of the market.
- According to SALA (2012), there is an abundance of wealth management service providers for affluent South African individuals to choose from, with local and international wealth managers competing for the business of the same individuals. Given the nature of this industry, can wealth managers afford to ignore the gay market?
- There is an opportunity for wealth management organisations to educate the gay market segment and open their eyes to their inherent needs, in the hope to capture them as customers.

1.5 Delimitations of the study

In order to keep the research to suitable and attainable levels, this research was limited in the following major ways:

The research was focused on affluent gay males living in Gauteng and did not look at the total gay population of South Africa.

The research did not examine, in detail, the marketing implications or marketing strategies of those companies wishing to target the gay economy.

1.6 Definition of terms

Table 1: Definition of Terms

The Pink Market, The Pink Economy	Gay male consumers who are "well-off, discerning, fashion-conscious early adopters".	(Brewis & Jack, 2010:254)

1.7 Assumptions

The following assumptions were made regarding the research:

- A gay man is assumed affluent if he meets certain criteria. These criteria are defined in Chapter 3
- The interviewed samples were random samples from the relevant populations
- The samples that were interviewed were assumed to be representative samples of the populations being studied
- It was assumed that the information provided by the interviewees was honest and free from bias.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The literature review will develop an understanding of the principles of market segmentation and the progression from market segmentation to the development of a niche market strategy. The definitions of a niche market are explored as well as guidance on how to assess whether a niche market strategy is appropriate and viable from an organisational strategy point of view.

With the concepts of market segmentation and niche marketing in mind, the characteristics of the gay market are investigated to determine whether there are grounds for the employment of segmentation or niche strategies for organisations wishing to target the gay market.

This literature review is structured as follows:

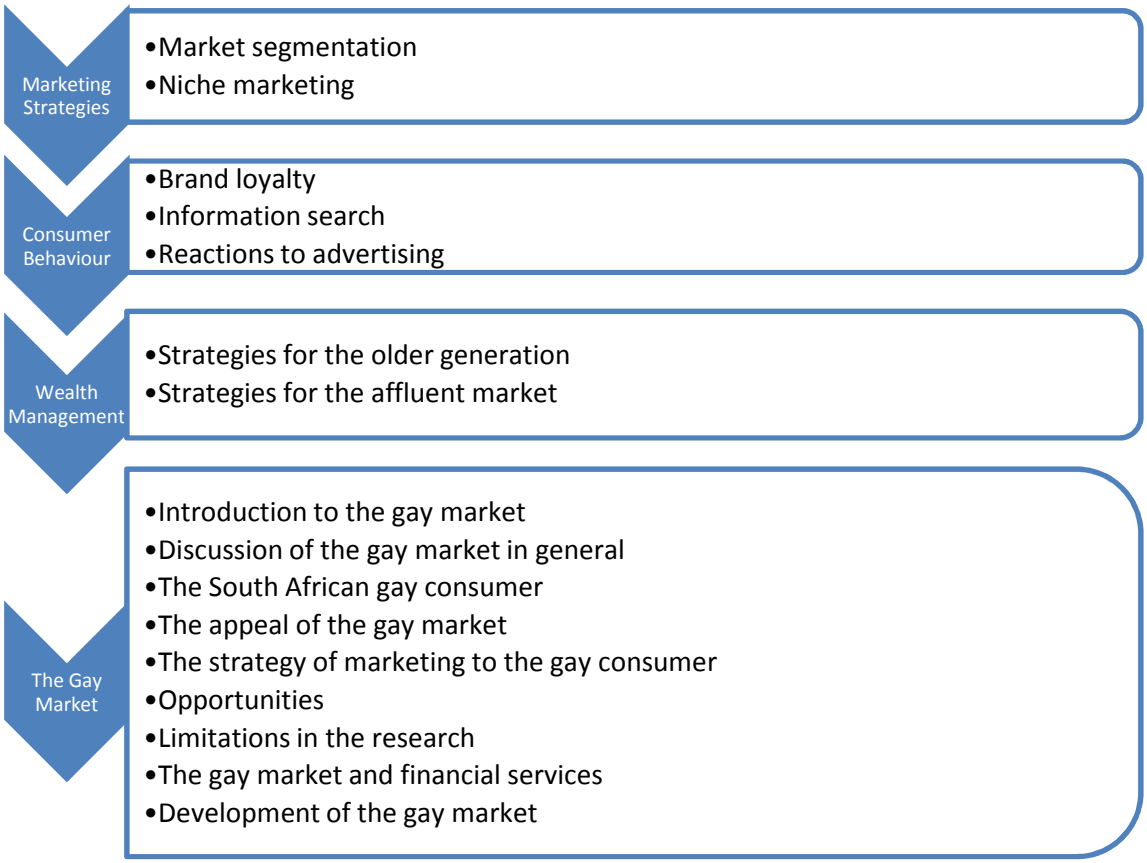

Figure 1: Structure of literature review

The discussion of marketing strategies will begin at a high-level, looking at market segmentation. Niche marketing takes the strategy of segmentation one step further. Accordingly, the discussion of market segmentation will be followed by a review of literature related to niche marketing strategies.

The literature review will then proceed to highlight and discuss the major concepts of consumer behaviour. It is important to note the logic of the structure: strategists need to ensure that they identify and understand their target market's most significant behaviours and should make certain that their strategy encompasses and addresses these.

The research then narrows focus with a definition of wealth management and an explanation on two popular strategies used by wealth management organisations. The final section of the literature review will offer an introduction to the gay market, discuss the pertinent characteristics of this market, and will lay the necessary groundwork for the research, i.e. to identify the key success factors for the targeting of the South African gay market by wealth managers.

2.2 Marketing strategies

2.2.1 Market segmentation

According to Dickson and Ginter (1987), market segmentation is a marketing strategy which involves the identification of groups, or segments, within a market based on demand functions. Epetimehin (2011), in more recent literature, offers a slightly clearer explanation of market segmentation. Epetimehin (2011) proposes that the core of such strategy should involve the grouping of potential customers according to common needs or buying behaviours. Once the greater market has been broken up into these defined pockets, the organisation in question is better able to conceive and develop products or services that are more closely matched to the distinct needs of the niche. In addition, marketers can use the comprehensive understanding of the

niche to tailor their advertising and communication efforts to appeal to that niche in a more exacting manner (Epetimehin, 2011).

According to Kotler (2003), organisations spanning all industries are realising the benefits associated with a market segmentation strategy and are taking up the strategy. Segmentation is seen as a means by which organisations can increase their customers' satisfaction levels. Organisations can tailor their offerings to better meet the unique needs of customers within the market segment by improving their understanding of those customers and their distinctive needs (Kotler, 2003; Wind, 1978). Fuller and Matzler (2008) state that simply satisfying one's customers' needs is no longer sufficient, and in order to elicit favourable consequences, for example, brand loyal customers that act as ambassadors for your brand, organisations need to delight their customers. Market segments, if segmented correctly, should be relatively homogenous in their needs, preferences and buying behaviours and, as such, organisations are in a position to reach a deep level of understanding regarding those needs, preferences and buying behaviours.

Organisations operating within the financial services industry should analyse their industry and identify distinct market segments which are attractive and which the organisation can most effectively serve their needs (Doyle, 1995 as quoted in Epetimehin, 2011). Epetimehin (2011) advises that financial services providers embark on market segmentation strategies in an attempt to overcome increased competition in the market, although warns of potential obstacles to proper market segmentation resulting from the lack of sufficient and appropriate customer information on which the segmentation strategy can be based. Epetimehin (2011) recommends that organisations develop customer databases of the highest quality to allow for the segmentation of those customers.

According to Epetimehin (2011; p.64), organisations should be mindful of the following potential barriers when segmenting their customer bases: 1) "Segmentation barrier: the customer data necessary for segmentation may not be available"; 2) "Targeting barrier: …companies may find that is not appropriately positioned to make best use of segmentation"; 3) "Positioning

barrier: there may not be a good fit between the chosen segmentation approach and the distribution channel"; 4) "General barrier: the organisational context may not provide and environment in which segmentation could be made".

The success of a market segmentation strategy depends on the organisation's ability to overcome the abovementioned barriers as well as the ability of the organisation to collect the detailed and relevant customer information necessary to both segment the customer base and to develop the deep insights into the distinct needs and behaviours of the segments.

2.2.2 Niche marketing

A niche marketing strategy may be explained as one which is developed to stress a certain variable, to take aim at a particular market segment, focus on a geographic area, be defined along the dimensions of a specific product, or aim to address a particular need (Fuller & Matzler, 2008).

The above definition gives one a clear understanding of what a niche market is, and what niche marketing entails, but for the purposes of this research, a niche marketing strategy can be best explained as follows:

Niche marketing involves an organisation researching the market as a whole, with the intention of identifying a small portion of that market that has been ignored by product or service providers, or who are yet to have specific and unique needs fulfilled. Using a thorough understanding of all facets of this newly identified niche, the organisation in question is able to meet those needs by becoming a product or consumer specialist (Shani & Chalasani, 1992).

In summary, niche marketing is all about offering a bespoke product or service to a carefully selected collection of customers (Dalgic, 2006 as quoted in Toften & Hammervoll, 2010). Firms that engage in niche strategies may be regarded as product specialists as well as customer specialists, and the manner in which the organisation matures into a product specialist is through the development of specialised competencies; these competencies should be developed in

response to the unique needs of the customers that make up the niche (Toften & Hammervoll, 2010).

2.2.2.1 To niche, or not to niche

Shani and Chalasani (1992) propose that a particular target market must meet certain characteristics before it may be considered a viable niche, worth targeting:

- The niche must be large enough and must possess sufficient financial resources to be financially viable to target
- The niche should be a going-concern
- The niche has been overlooked or holds no similar appeal to competitors
- To ensure success, the targeting organisation should possess sufficient assets to enable it to take advantage of the niche
- Achieving success with the niche should entail acquiring a high degree of brand loyalty from the niche market, and this brand loyalty will ultimately act as a deterrent to competitors, as the niche will be reluctant to switch brands.

Although the concept of niche marketing holds a certain appeal, one should avoid making the mistake of confusing niche marketing with segmentation. Niche marketing is focused on a much smaller market and requires a greater level of specialisation, on the organisations part, to satisfy the needs of the niche. In summary, segmentation involves dividing the entire market up into smaller parts and niche marketing then involves the breaking up those segments into even smaller parts (Shani & Chalasani, 1992).

2.2.2.2 Relationships in niche marketing

The success of a niche marketing strategy is largely dependent on a single aspect of the strategy, relationships (Parrish, Cassill, & Oxenham, 2006). Leeuw (1994) as quoted in Parrish et al. (2006) maintains that the successful development and nurturing of enduring relationships between the organisation and its clients supports a niche marketing strategy. The rewarding relationships that are developed inspire customers to remain loyal to the brand or

organisation, pose a formidable barrier to entry for would-be competitors, and can make substantial contributions to the long-term profitability of the respective organisation. Leeuw (1994) as quoted in Parrish et al. (2006) supports the proposal that potential competitors can be walled-out through the development of deep and meaningful relationships between an organisation and its customers, and adds that organisations engaging in niche strategies may relax on their use of above-the-line marketing activities, and instead focus their resources on developing and maintaining these relationships. The customers that are party to these relationships may then act as ambassadors and, through word-of-mouth, spread positive messages about the inimitable products or services that the organisation has available.

Perez, Salmones and Bosque (2012) explains that brand loyalty is fostered in customers when an organisation manages to provide a product or service that completely satisfies the customer. This feeling of satisfaction will increase the likelihood that the customer will develop an emotional attachment and positive associations with the service-providing organisation.

2.2.3 Words of warning

The literature has identified and detailed many common mistakes that organisations have made when embarking on a segmentation or niche strategy, of relevance to this research is the error that was highlighted by Moschis, Lee, and Mathur (1997) relating to organisations what wish to target the mature, or older, market segment in the financial services industry. Moschis et al. (1997) explained that, often-times, marketers devise their segmentation strategies based on a hackneyed profile of the mature market. Moschis et al. (1997) attribute this mistake to a lack of information about the customers that make up this mature market segment. Again looking at segmentation strategies that aim at the older-generation market, another mistake made by marketers is assuming that the marketing and communication strategies that may have proved successful with the mainstream or youthful market will be equally successful with the market of older generation individuals (Carrigan & Szmigin, 1999).

Related to this blinkered reliance on generic strategies, Carrigan and Szmigin (1999) believe that this mistake may stem from the marketer's fears of alienating the youthful market, if the brand or organisation was perceived by the youthful market as being too strongly aligned and too favourably associated with the older market.

The above words of caution hold true for strategies that address the gay market with financial services, according to Pereira and Ayrosa (2012), who maintains that success with a strategy that targets the gay market is unlikely if one ignores the many niches that are inherently present within the gay market segment. Such a move would see the organisation treating the gay market segment as a monolithic market. In response to this potential pitfall, Pereira and Ayrosa (2012) propose that organisations wishing to target the gay market should first equip themselves with a full understanding of the different cultures and lifestyles at play within the gay market. This knowledge will enable the organisation to better segment the market, develop successful strategies and, in-turn, enable the organisation to form solid relationships with its customers.

These suggestions are consistent with the findings of Jarratt and Fayed (2012), who claim that the wealth and financial services sector is under ever-increasing competition. This trend can be attributed to a variety of factors, including the internationalisation of the industry. The aggressive battle for loyal customers has highlighted the need for organisations to: acknowledge the diversity of the financial services market; segment the market using an understanding of these diverse characteristics; and then develop bespoke products or services for the most appropriate segments (Gand & Vezin, 2009 as quoted in Jarratt & Fayed, 2012).

2.3 Consumer behaviour

The literature on consumer behaviour explains the concept as being the feelings and emotions that consumers experience, before, during and after the actual act of purchase, as well as the physical acts that these consumers go through during the process of purchasing or acquiring products or services

(Pachauri, 2002; Jacoby, Johar, & Morrin, 1998). Pachauri (2002) maintains that organisations should use a thorough knowledge about the ways that consumers behave to improve their marketing efforts. Marketers can pre-empt certain behaviours in target consumers through careful manipulation of the elements of the marketing mix: promotion, product, distribution and price.

It is not possible to discuss all the elements of consumer behaviour. Given the complex nature of the field, one could explore its many facets to no end. The buying behaviours explored in this research, however, are encompassed, to varying degrees, by the elements of consumer behaviour discussed in the following section.

2.3.1 Brand loyalty

Brand loyalty talks to the affiliation that a customer has to a particular brand, and the degree to which this positive affiliation with the brand inspires regular repeat purchases. Brand loyalty, from the consumers' point of view, may be the result of a variety of different emotions, situations or factors (Podoshen & Andrzejewski, 2012). It was proposed by Salmones, Perez, and Bosque (2009) that brand loyalty is the means through which customers express their content and appreciation of a brand and that there are many instigating constructs which ultimately lead to brand loyalty, including satisfaction with the performance of the brand, a high level of trust in the brand and an identification with the brands' attributes and meanings. Lin (2010) as quoted in Podoshen & Andrzejewski (2012) suggests that there are many benefits to be had by organisations that successfully cultivate brand loyalty with their customers. These include the notion that brand loyal customers purchase more of the brand's products or services and they are more inclined to pay a higher price for those brands.

Brand loyalty is an in-depth topic, laden with many theories, but for the purposes of this research, only the relevant concepts will be discussed. Looking specifically at consumer behaviour in the wealth management arena, one of the biggest instigators of brand loyalty in consumers is the ability of a company to validate its specialised knowledge and expertise.

2.3.2 Information search

Jacoby et al. (1998) explains this element of behaviour as all efforts made by consumers, as well as the actions they take, during the process of evaluating different purchase options. Pachauri (2002) suggests that this search for information, and the amount of time and degree of effort that will be spent evaluating the acquired information, is determined by the consumer's perception of the risks associated with the purchase and, importantly, by the consumer's perception of the price of the purchase. A more expensive purchase with higher degrees of social and personal implication will demand a higher degree of information to be sought and will require more extensive analysis by the consumer. Jacoby et al. (1998) discusses the choices that consumers are faced with when making purchase decisions and note that organisations should provide their target audience with as much information as possible. Organisations should also attempt to manipulate their target market's consumer behaviour in every possible way i.e. attempt to make the consumer decision as simple as possible and gain the favour of their desired market (Jacoby et al., 1998).

2.3.3 Reactions to advertising and branding

Pachauri (2002) discusses the personal factors that have an impact on the decision processes that consumers go through when making significant purchases. It is important to understand, in the context of this research, that the behaviours depicted by consumers are influenced by external forces. Marketers therefore, have the opportunity to incite specific consumer behaviours by stimulating consumers with advertising and other marketing communications.

Foxall, Oliveira-Castro, James, and Schrezenmaier (2006) offers more in-depth insights into this facet of consumer behaviour and proposes that the behaviours depicted by consumers are the direct result of two influencing forces: the setting or situation, and the learning that the consumer has developed based on prior experiences or situations.

2.4 Wealth management

Yu and Ting (2011) explains wealth management as being a service in which all facets of an individuals' financial life are cared for and managed on a professional level. Wealth management may include "financial/investment advice, accounting/tax services, and legal/estate planning" (Yu & Ting, 2011). A key defining element of wealth management is that all the costs for these individual services are bundled together, and the customer pays a single fee.

2.4.1 Wealth management strategies

Yu and Ting (2011) suggest that the wealth management industry is growing at a significant pace and, as such, the competition between wealth management service providers is becoming increasingly fierce. This intense competitive rivalry is forcing wealth managers to develop carefully formulated strategies which encompass the means through which they will differentiate themselves and which markets, market segments or market niches they will target in order to sustain themselves. Parrish et al. (2006) agrees that in industries that are rife with competition (usually industries in the mature phase) organisations need to develop strategies that will set them apart from the competition in order to survive. Ultimately, organisations need to engage in niche market strategies in order to remain successful. This suggestion is consistent with the proposal made by Parrish et al. (2006), who stated that organisations should avoid trying to appeal to, and service, entire markets, but should instead focus their efforts on securing untapped segments of the market. The literature has highlighted the most prolific strategies within the wealth management industry as follows:

2.4.1.1 The older generation

Carrigan and Szmigin (1999) suggest that there are too many organisations that focus their marketing efforts on younger generations whilst neglecting to acknowledge or recognise the segment of older people. This trend leaves a significant segment of the market without service, and the faulting organisations worse-off in economic terms. This view was enforced by Gassmann and Keupp

(2009) who feel that, overall, organisations are making the decision to ignore the market of older generation consumers and are instead infatuated with the young and middle-aged markets. It was further suggested by Gassmann and Keupp (2009) that this neglected segment of the market could potentially offer substantial economic benefits to organisations that are willing to recognise them.

Carrigan and Szmigin (1999) add that organisations should, in no way, neglect the more youthful segments of the market but that they should be aware of the fact that they may be ignoring an extremely lucrative demographic market segment in the form of the older market. In contrast to the suggestions that the mature market is largely ignored, Moschis and Nguyen (2008) propose that the financial services industry has long been aware of a niche within the mature market and have recognised that it is defined by many appealing characteristics. These may include high levels of affluence and disposable income. Marketers within this industry have therefore tried to understand the preferences and behaviours of this segment with the aim of tailor-making specific strategies aimed at this affluent niche.

Clarifying the importance of understanding a particular niches' needs, in order to meet those needs with bespoke products or services, Gassmann and Keupp (2009) notes that different niches have the same basic needs but an understanding of the intricacies of their uniquely different needs and behaviours is that will grant an organisation success with that niche. Yu and Ting (2011) add that many failed or unsuccessful strategies can be attributed to a lack of a thorough understanding of the target markets' consumption patterns and distinctive needs and lifestyles.

When looking at wealth management, Johnson and Nunes (2002) had previously proposed that the essential starting point for targeting a niche of consumers is to acknowledge their existence. It is also important for organisations, and marketers specifically, to grasp the idea that a consumers engagement of services with a company is preceded by a choice that the consumer has made, and in order to capture their desired consumers,

marketers must ensure that they have adequately manipulated key elements of their decision making process.

2.4.1.2 The affluent market

Strategies that have their focus on the affluent niches of the market will generate high returns and profits for the executing organisation (Walters, 2007). If one looks at the affluent niche in the retail banking space, Gemes, Konik, and Moss (2008) claim that the wealthy customers within this niche are more profitable than the mainstream market to a retail banker by approximately thirty times.

Walters (2007) found that there is a positive relationship between a customer's wealth and their demand for personal interaction with their wealth manager. As such, wealth management organisations should endeavour to pair their clients with like-minded wealth managers in order to encourage the development of close relationships. The importance that customers attach to a comfortable and intimate relationship with their wealth managers is further strengthened by Yu and Ting (2011), who stated that this necessity is a key consideration for customers when they are going through the process of selecting a wealth management service provider.

In addition to desiring a close personal relationship with their wealth manager, Gemes et al. (2008) found that affluent customers in the retail banking arena require their financial advisors to be equipped with a higher level of specialised knowledge. In reaction to this consumer need, banks are using their specialised knowledge as a means of differentiating themselves from the competition, as well as a means for appealing to, and securing the business of affluent customers (Gemes et al., 2008). These findings are consistent with the findings of Hader (2008) with regards to luxury consumers in general. Hader (2008) and Walters (2007) state that the fiercely competitive nature of the luxury goods market has heightened the necessity for companies to fully understand the needs and expectations of luxury consumers and to ultimately use this knowledge as both a marketing tool to capture the attention of their desired customers and as a base for developing products and services that are unique

and will be sought after by luxury consumers. The need to understand the distinct characteristics of consumers was earlier proposed by Carrigan and Szmigin (1999) who stated that this thorough understanding of the consumer could help marketers develop and deliver more appropriate advertising and similarly, help organisations in the financial services industry to develop and deliver more fitting products and services.

Regarding the need for advertising, promotion and marketing campaigns, Yu and Ting (2011) propose that wealth management firms should steer clear of placing too much emphasis on the use of these campaigns to attract new clients, but rather that they should use their specialised services and knowledge to appeal to existing customers to make use of more of the wealth management services that the firm has to offer.

2.5 The gay market

2.5.1 Introduction to the gay market

A review of the literature relating to the gay market highlighted the fact that there has been very little, if any, research carried out on the gay market in South Africa. Prior research on gay markets have been carried out almost solely in westernised countries, with much of the research focusing on the gay markets of the USA and UK in particular. The findings of these studies will be explored with the aim of understanding the distinct characteristics that make the gay market so unique. The research findings highlighted many similarities between the gay markets of the USA and UK respectively. This congruency leads one to reason that gay markets may possess certain key similarities, regardless of the country in which the market finds itself, and that these similarities may, in the authors view, be amplifying the appeal of the gay market to organisations and marketers alike. Tuten (2005) suggests that organisations can realise a great deal of reward by successfully appealing to the gay market and gaining their interest and support, and it is this financial reward that garnered the desire marketers are showing towards this sub-market.

2.5.2 The gay market

Given the narrow focus that research to-date has had, largely looking at the gay markets in the USA and UK, the terms “pink dollar” and “pink pound” have come to light. Morgan (1998) suggests that no conversation or mention of the gay market can be had without there being a mention of the pink pound and its apparent power. On reviewing current literature on the topic and finding no explicit definition of the term, it may be proposed that the notion of the pink pound, hereafter referred to as pink money for the purpose of this study, is commonly associated with the substantial spending power and perceived levels of affluence of the gay market, along with other favourable consumer characteristics such as: brand loyalty, high education levels and trend-setting senses of style and fashion (Hughes, 2005). Combine individuals possessing these perceived characteristics and what results is a group that is high in economic value and in control of considerable spending power (Morgan 1998). Brewis and Jack (2010) expand on this proposal in stating that the pink pound is an encompassing term for the gay market’s buying behaviours and consumption preferences. This is supported by the work of Morgan (1998) who notes that the gay lifestyle and gay culture impacts many facets of gay individual’s lives, for example, their fashion choices, the media they consumer and the brands of alcohol they drink.

There seems to have been a progression in thinking regarding the gay market and its associated pink money. Keating and McLoughlin (2005) propose that the gay market is no longer categorised and identified in terms of something as simple as sexual preference, but rather it is the innate lifestyle elements associated with being gay, that define the market. Hughes (2005) reaffirms this proposal by stating that it is indeed the distinct gay lifestyle that marketers focus on when targeting the gay market, and notes that through his research he has found the gay market being referred to as a developing market segment that can be identified by certain lifestyle variables.

The widely held belief that the gay market is a valuable market led The Wall Street Journal (as quoted in Morgan, 1998; p.6) to dub it a “dream market”. Morgan (1998) and Haslop, Hill, and Schmidt (1998) feel that the characteristics

of this dream market hold vast appeal to marketers and advertisers. This belief was later affirmed by Choong (2010) who claimed that the gay market has become a strategic target for marketers and companies, owing to its highly lucrative nature.

There have, however, been alternative schools of thought regarding the attractive and appealing characteristics of the gay market. Buford (2000) argues that the manner in which the gay market spends and consumes is what entices marketers' interest in the market, rather than the degree of wealth the market, as a whole, possesses. This is congruent with a finding noted by Hughes (2005), who has identified a shift towards segmenting markets based on the cultural attributes of a group. Lifestyle marketing can then be adopted as the means of appealing to the segmented group. Although there may well be a high level of affluence among the individuals making up the gay market, there are other attractive features of this segment. The lifestyle characteristics and cultural values inherent to this market are equally attractive characteristics as they allow one to understand the gay market and, in turn, successfully appeal to it (Choong, 2010).

Of particular relevance to the current study, Buford (2000) notes that the appeal of any market segment is the manner in which that segment can be encouraged to spend.

2.5.3 The South African gay consumer

Having explored the characteristics of the gay markets in the USA and UK, as described in the relevant research, the focus of this literature review now shifts a little closer to home by examining the finding of the "A.B.N.S.A. GAY CONSUMER PROFILE 2008", which they describe as being "the first of its kind and the largest, most comprehensive and most representative gay consumer survey in South Africa's history" (Gay Pages, 2008; p.1).

This particular piece of research differs from all the other research that was reviewed for the purpose of this study, in that the research was purely quantitative in nature.

The nationwide study was conducted by Gay Pages and was launched in August 2007. 15000 printed questionnaires were distributed, of which 3,000 were completed and sent back to Gay Pages, equating to a twenty percent response rate. “The upmarket 16-year-old Gay Pages is the only South African glossy gay magazine with comprehensive national distribution. Many premium brands advertise with us, as the affluent, brand loyal gay consumer segment is one of the most sought after niche markets” (Anon, Unknown).

“The vast majority of respondents were male, with the target audience being ‘out’ men and woman who could be reached thorough print, Internet media and mailed printed questionnaires” (Gay Pages, 2008; p.1). The report acknowledges that the results obtained through this research are not a representation of “the entire gay population of South Africa” (Gay Pages, 2008; p.1) but does claim that the findings do “provide statistically significant insight into the gay consumer profile” (Gay Pages, 2008; p.1).

The report states that the statistical analysis found in the results report was carried out by Qualitative Quarter, “an independent market research company” and their results “were verified by Theta Projects” (Gay Pages, 2008; p.1). “Nicola Kleyn, a senior lecturer from the University of Pretoria’s Gordon Institute of Business Science, assisted with the analysis of the results” (Gay Pages, 2008; p.1). The report claims that unbiased and professional third part involvement contributed to the validity of the study” (Gay Pages, 2008; p.1).

A number of key insights and interesting findings were uncovered during the analysis of the results of the ABNSA study. The information pertinent to this research is represented graphically:

96.5% of respondents were male, and the median age of respondents was 29.

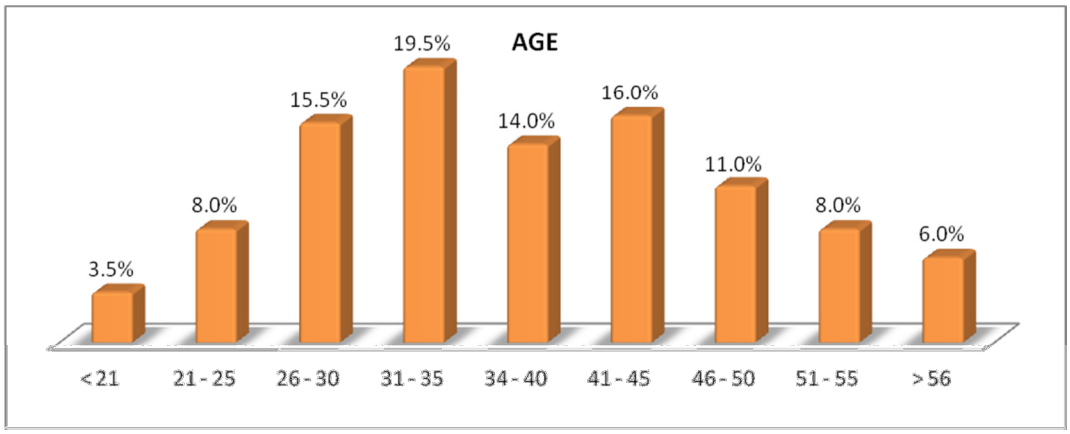

Figure 2: Age of respondents (source: Gay Pages, 2008)

Education levels among the respondents were high. Even in isolation these education levels are high.

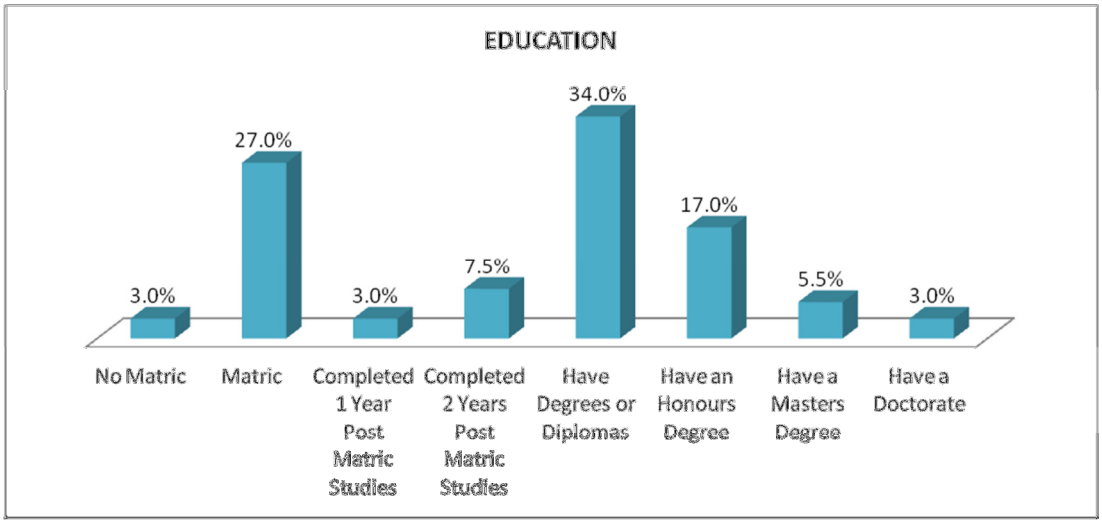

Figure 3: Education levels of respondents (source: Gay Pages, 2008)

There were exceptionally high levels of self-employment in the sample.

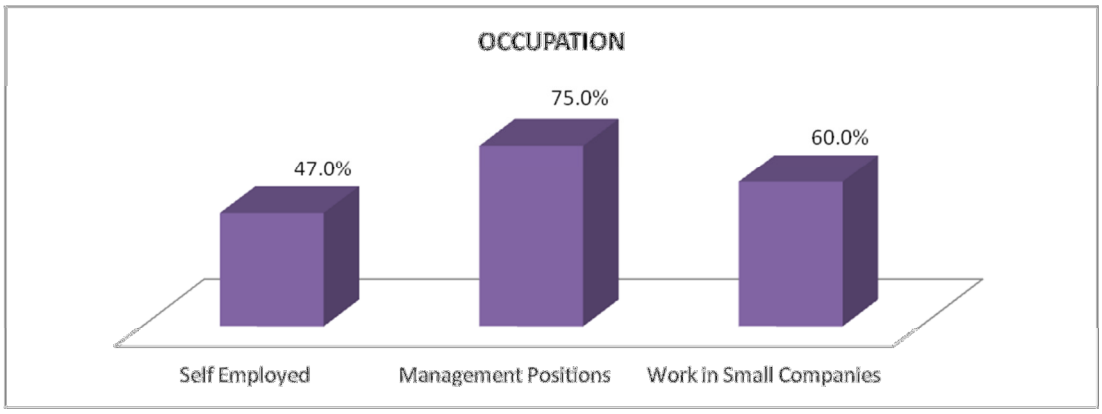

Figure 4: Profile of employment (source: Gay Pages, 2008)

The high income levels correspond with the high education levels and high level of self-employment. High individual incomes such as these will lead to high gay household income with potentially high disposable income.

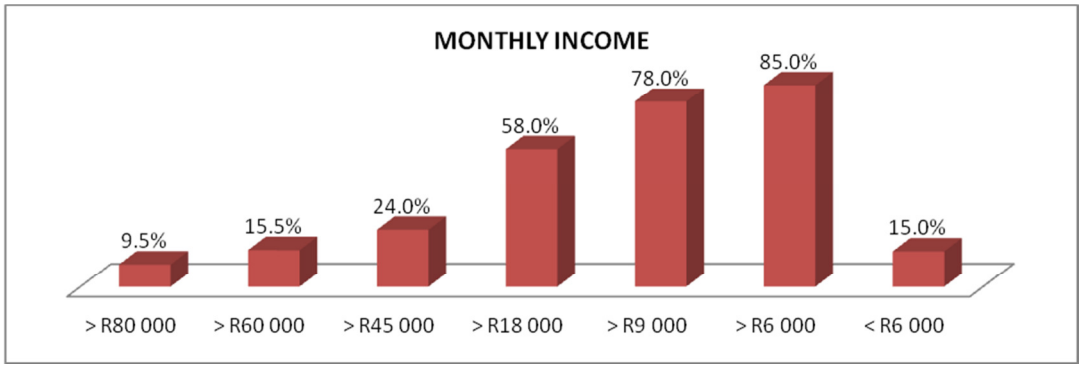

Figure 5: Individual monthly income of respondents (source: Gay Pages, 2008)

Over three-quarters of respondents own a residential property, and over one-third of the respondents owned two or more properties.

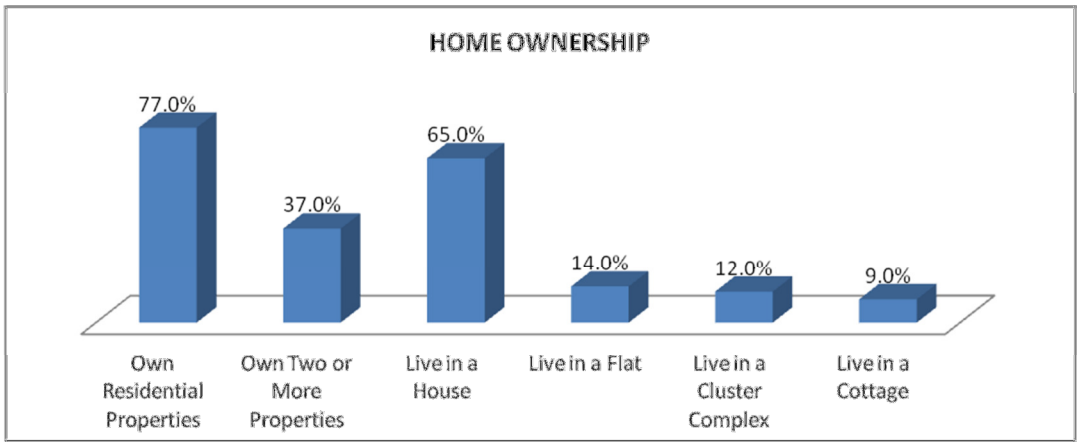

Figure 6: Residential status (source: Gay Pages, 2008)

Brand loyalty ranges across a variety of products, from toothpaste to clothing to cars. The respondents showed high levels of image consciousness, and this has a lot to do with aspirations and how they wish society to perceive them.

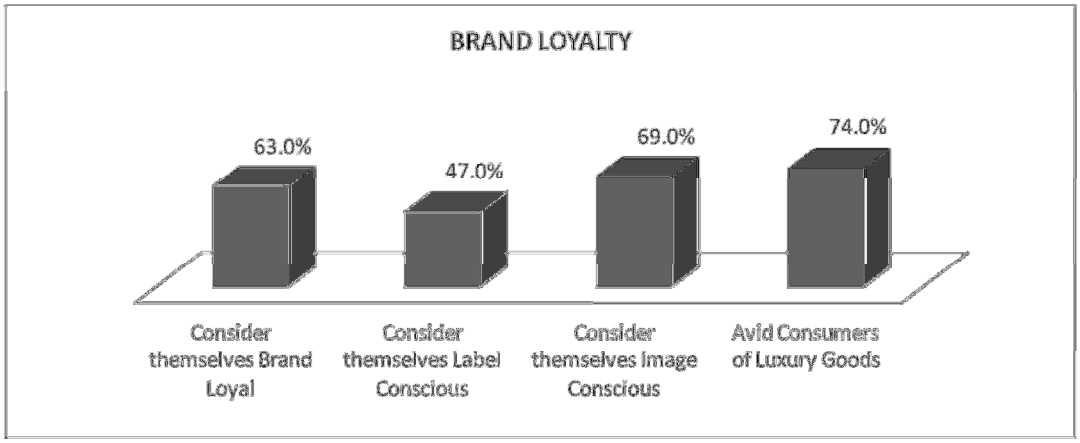

Figure 7: Brand loyalty, image and luxury good consumption (source: Gay Pages, 2008)

Nearly all respondents indicated that they own a car.

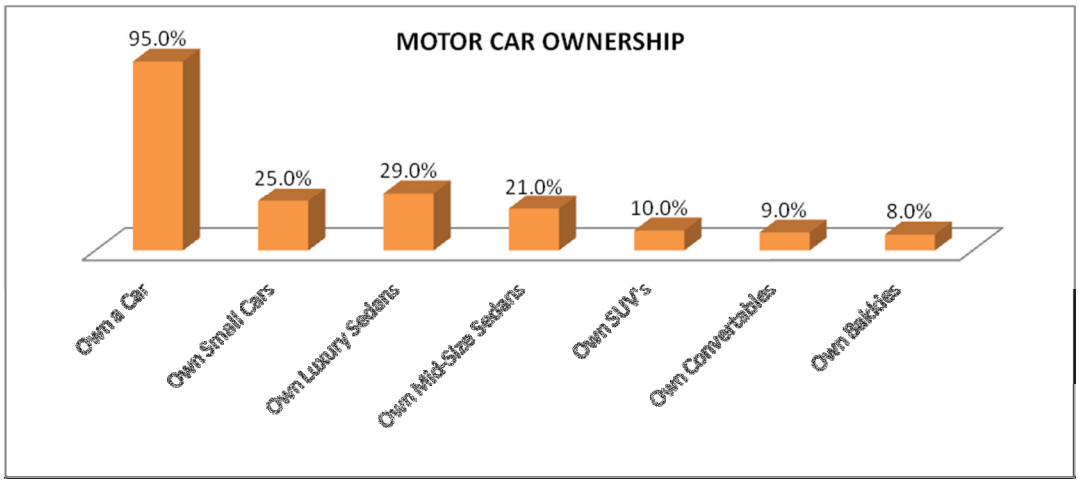

Figure 8: Motor car ownership (source: Gay Pages, 2008)

Mercedes Benz was found to be the most popular car brand. Within the top three most popular car brands, two are premium luxury brands.

Mercedes Benz had been overtly targeting gay consumers through customised advertising campaigns for the six years prior to this specific research.

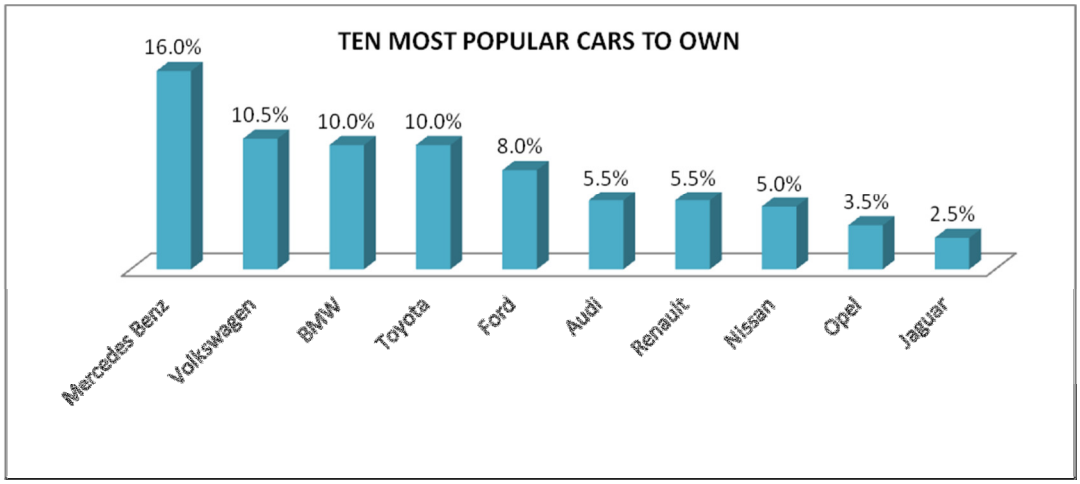

Figure 9: Motor car ownership by brand (source: Gay Pages, 2008)

The respondents were avid travellers and depicted particularly high international travel habits.

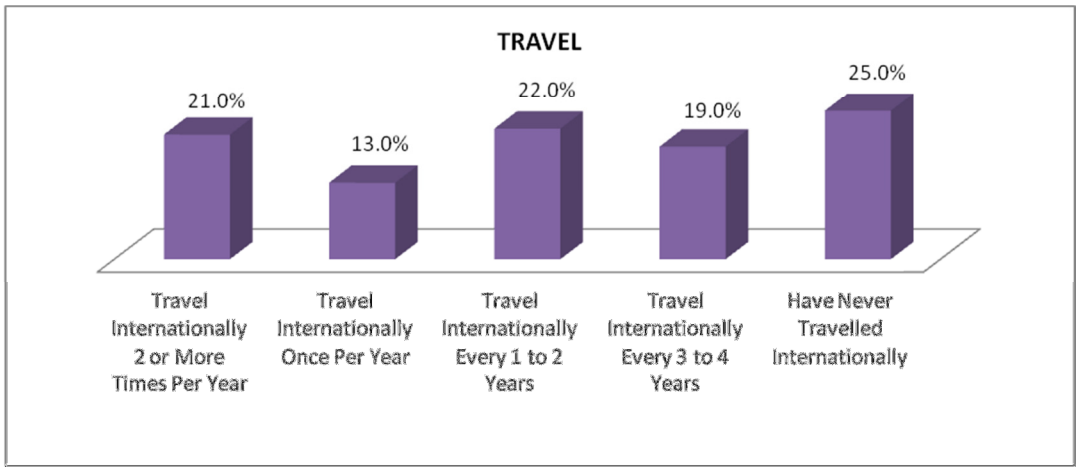

Figure 10: Travel among respondents (source: Gay Pages, 2008)

2.5.4 The appeal of the gay market

In recent years they gay market has attracted a great deal of interest and attention from marketers and organisations (Baxter, 2010; Brewis & Jack, 2010). The reason the gay market is featuring in the strategies of organisations and is receiving the interest of marketers and advertisers is that the unique characteristics of this market, namely the wealth, high education levels and superb taste, are just too good for marketers to ignore (Schulman, 1998).

Hughes (2005) found a seemingly common view that homosexuals have more disposable income than their heterosexual counterparts. The logic therein being the fact that many gays do not have children or other family responsibilities, and the belief that many gays (men in particular) are in senior management and professional employ as a result of their high levels of education. These characteristics "combined with attitudinal and behavioural attributes appear to make gays a lucrative market to target" (MAPS, 1998; p.5 as quoted in Hughes, 2005; p.62), and we are once again persuaded that the gays are "a marketing department's dream consumer" (MAPS, 1998; p.5 as quoted in Hughes, 2005; p.62). Baxter (2010) notes that the appeal of the gay market is not a recent phenomenon, and that the clout of the gay market's disposable spending power and the brand loyalty shown by gay consumers has been a focus of research from as early as 1992. The findings of Baxter (2010) are in agreement with Hughes, specifically that gay consumers are early adopters, "have more discretionary income than average folks and are very brand loyal" (Winter, 2004 as quoted in Baxter, 2010; p.126). These are very similar finding to those of Brewis and Jack (2010) who frame the "typical gay male consumer as affluent, savvy, quick to adopt new commodities and brand-aware" (Brewis & Jack, 2010; p.254), and claim that qualities such as these are the very reasons that so many professionals are under the impression that the gay market would be economically beneficial to capture. Although the suggestions of Hsieh and We (2011) are in agreement with Brewis and Jack, notably that that gay market has attracted the attention of multinational corporations such as Smirnoff Vodka and Levi Strauss because of the attractive market qualities, they neglected to critically evaluate the gay market as did Kates in much earlier research. Kates

(1999) challenges the image of the stereotypical gay male consumer, i.e. an educated individual with a high degree of spending power, superb taste and a willingness to spend more for the products he desires, by suggesting that there is a flip side to that coin. Kates urges us to regard uneducated gay men, gay men of different races, or even gay men living with AIDS.

It seems that marketers may be caught up in all the positive and appealing qualities of the gay market and, to avoid tainting the image they had painted of this commonly denoted “dream market”, neglected to consider the reality that the gay market is not homogenous. Pritchard, Morgan, Sedgely, and Jenkins (1998) suggest that in order to avoid viewing the gay market along a single dimension, namely that sexual orientation is the market’s only defining factor, one should realise that the gay market is made up of many niches. Hughes (2005) claims that these sub-segments are defined by demographic and behavioural factors and that it would be offensive and primitive to use sexuality as the sole identifier of this market segment. In accordance with Hughes, Baxter (2010) suggests the following means, along which the gay market may be further segmented: gender, ethnicity, age, nationality or socioeconomic status.

Pertinent to this study, and in harmony with the above arguments, earlier research claims that “there is a substantial segment within the gay market of upscale spenders who are prepared to spend heavily on discretionary items” (Pritchard et al., 1998; p.280), and of more interest is the suggestion that there is a lucrative market, sleeping and ignored, that is made up of gay people living in urban areas (Branchik, 2002).

2.5.5 The strategy of marketing to the gay consumer

There are numerous opinions and suggestions, arising from prior research, which should be considered when wishing to include the gay market in an organisation’s overarching strategy or marketing strategy. Buford (2000) proposes that an organisation’s marketing communications, which are intended to speak to the gay audience, need to be explicitly tailored to reach, and appeal to a gay mind-set. This proposal is in agreement with the work of Choong (2011) who states that the successful pursuit of the gay market is dependent on

familiarity with the mind-set, and appreciation of the values of a typical gay consumer. Choong (2011) goes on to issue a word of caution to those attempting to target the gay market, stating that in order for the endeavour to remain profitable, one must ensure that the lucrative appeal of the gay market does not cause one to foolishly hound the market with a one-track mind and run the risk of shunning the mainstream market with inappropriate communications. Elaborating on the need for an understanding of the gay market before embarking on its pursuit, an organisation should note that the success of any marketing or targeting efforts aimed at the gay market is dependent on a deep understanding of the characteristics, mind-sets, cultures and values that are intrinsic to this market (Keating & McLoughlin, 2005).

Showing an interest in the gay market and developing customised marketing communications to appeal to the market may yield very little success, or may even be damaging to an organisation or brand, if the attempts are perceived by the gay market as being insincere and motivated purely by economic gain. Success with the gay market is dependent on the organisation or brand achieving the status of being “gay-friendly”. A gay-friendly organisation is one that is sincere about addressing the needs of the gay consumer. The market recognises the alignment in values and, subsequently, the organisation or brand gains the trust, and forms an emotional bond with the market (Baxter, 2010; Hsieh & Wu, 2011).

Research conducted in the USA showed that a gay male couple, employed and earning a man’s income is the household with the highest possible earning potential (Schulman, 1998). The earning potential of a gay male, or better yet, household earning potential of a gay couple, contributes to the significant spending power of the gay market, and it is subsequently becoming an appealing market, and a market worth considering, for many organisations (Baxter, 2010). Despite this market attractiveness, certain researchers have identified marketers and organisations that believe there is no benefit to be had by tailoring marketing messages to the gay market specifically. Some identified comments include: “If gays are just like everyone else, why bother with gay friendly marketing at all?”, “We don’t market based on sexual preference” (Cyr,

1993; p.114), and “Do gay men want to be targeted differently?” (Choong, 2011; p.5). Regarding strategy, the question thus arising is whether the gay market should be absorbed into communications aimed at traditional mainstream markets, or whether it should be considered as a unique segment deserving of its own targeting campaigns.

2.5.6 Opportunities

The costs of targeting a specific market segment, in this case the gay market, are high, yet those organisations that take the time and effort to understand the intricacies of the gay market and get on-board with the market early may find that the rewards will ultimately exceed the associated costs and risks (Fugate, 1993).

Although Choong (2010) highlights the fact that marketers run the risk of pushing their mainstream market away when openly courting the gay market, Fugate (1993) proposed, in much earlier research, that the flipside to alienating a portion of a company’s traditional market is that one potentially gains a growing market of loyal customers. Pritchard et al. (1998) affirm the growth potential of the gay market through their findings, claiming that there are a growing number of gay couples creating families by having or adopting children and this trend is also contributing to the growth of the gay market as a whole. This sentiment of growth is shared by Hughes (2005) who is of the opinion that that the gay market is going to grow in size and spending-power as the acceptance levels for gay people in society increases.

According to Morgan (1998) organisations will be putting themselves at a disadvantage if they do not consider the gay market as a potential target market. Of interest was the observation made by Galloway (2007) that the gay population seems to be more concentrated where acceptance of their sexuality is prevalent. If the same trend could be found in South Africa, organisations and marketers alike would have a more focused strategy and a slightly easier job of at least reaching the consumer with their communications.

Cyr (1993) suggests that those organisations that have had the insight and shown the initiative to target the gay market have reaped considerable benefits. One needs to consider whether there is something to this statement when one looks at the list of companies that are already targeting this market. The attractiveness and appeal of the gay market has not been lost on many well-known corporations and brands. “American Express, Absolut Vodka, Subaru, IBM, American Airlines and dozens of others, placed advertisements in niche gay media hoping to tap into a market estimated to represent billions of dollars in disposable income” (Gudelunas, 2011; p.55).

2.5.7 Limitations in the research

The literature examining the gay market has highlighted potential concerns around the targeting of the gay market, as well as concerns surrounding various studies on the market. Certain pieces of literature also critically examine the widely held beliefs of the gay market.

The first issue brought to the fore relates to actual research conducted on the gay market. Prichard et al. (1998) note the problem with determining the actual size of the gay market. The lack of information and reliable data result from the manner in which most studies of the market are conducted. Prichard et al. (1998) note that the majority of studies are qualitative and relatively informal in nature, the result of this being little or no reliable statistics on the gay market. Adding to the difficulties in researching the market is the argument that gay individuals have a choice about whether to identify themselves as gay or not, making it difficult to accurately research the gay market (Fugate, 1993; Haslop et al., 1998). Still on the topic of researching the gay market, Arabsheibani et al. (2004) as quoted in Galloway (2007) agree that researching this market is notoriously difficult, particularly with regards to identifying gay men and woman to conduct the research on, as many gay individuals are not comfortable with admitting their sexuality. More recent research affirms this suggestion: “Gay and lesbian consumers are notoriously difficult to survey and study in comparison with general market consumers” (Gudelunas, 2011; p.65).

In terms of the respondents that are ultimately reached for research purposes, Buford (2000) proposes that the research samples, and their corresponding findings, on which the notions of gay affluence are based, do not accurately represent the entire gay population. This perception of affluence is then incorrectly used to paint across the entire gay population. Related to this, Galloway (2007) identified a potential area of concern, specifically that there is no agreement in the applicable literature on the actual wealth of gay individuals and the combined value of this wealth as a market. The issue of earnings is addressed in research conducted by Gudelunas (2011) who attributes this generalisation of gay affluence to errors in research sampling. The author believes that only wealthy and financially confident gay individuals are open about their sexuality and that these are precisely the individuals on which much of the research into the gay market is based.

Even if one were able to gather accurate and reliable statistics on any given gay market, putting that data to use comes with its own drawbacks. Buford (2000) acknowledges the widely held perception (whether true or not) that gays are better off financially than their heterosexual (straight) counterparts, yet argues that one cannot claim this with confidence as the gay market has never been accurately evaluated alongside traditional markets.

2.5.8 The gay market and financial services

2.5.8.1 Unique needs

Although the reviewed literature has identified the acceptance in the marketplace that the basic needs of the gay market are no different from the mainstream market, there are certain areas where the gay market does face complexities that are brought about by their sexuality. Herein lays the opportunity for wealth managers to provide assistance to this previously ignored market segment (Timmermann, 2012).

Armstrong (2011) proposes that wealth managers should equip themselves with a thorough understanding of the laws and jurisdictions that may affect gay individuals and same-sex couples. It is further recommended that this up-to-

date and thorough knowledge become one of the key strengths of their service offerings as they offer competent support to the gay market. This identified opportunity is consistent with the views of Timmermann (2012), who suggested that there are more and more gay individuals revealing their sexuality and subsequently looking to the wealth management space for advice on legal and financial matters. This trend offers the wealth management industry a considerable business opportunity, should they fully understand the challenges that the market faces and are able to address those challenges by means of specialised knowledge and services. Timmermann (2012) gives the following as examples of the unique needs that gay individuals and gay couples may face: drawing up of an appropriate will; the handling of the ownership and split of assets; short-term and long-term insurance requirements; rights and directives specific to healthcare and medical emergencies; and estate planning in general.

2.5.8.2 The importance of social networks and communities

There was much evidence in the literature highlighting the importance that the gay community places in social networks. Within these larger social networks, gay individuals form closely-knot circles to which they offer support in all aspects of their lives. One example of this support is highlighted by Kates (2000) as quoted in Reilly and Rudd (2007) who recognised that gay men showed a preference towards shopping in stores that belonged to, or were operated by, another gay man. On a more intimate level, Timmermann (2012) while reporting on the findings of her research into the gay market, indicated that nearly 66% of respondents claimed that they had a self-chosen family unit, made up of close friends, on whom they rely on for support, comfort and emotional advice.

2.5.8.3 The need for comfortable and accepting environments

An important aspect of providing financial services to the gay market is to communicate the acceptance of the gay community and genuine desire to offer this community specially-tailored products and services. Putting these words and intentions into practice, the organisation should provide a certain level of sensitivity, comfort and understanding in all its dealings with the gay community.

The reviewed literature has shown that the affluent end of the gay market has expressed a concrete desire for credible financial service organisations to provide them with professional services that are based on high-end knowledge of the gay market's distinct needs and characteristics. Research findings in the reviewed literature stressed the importance and context that the gay market placed on the environment in which the services should be provided: a considerate, confidential and professional environment (Armstrong, 2011 & Timmermann, 2012).

With focus on results from research that explored the financial industry as a whole: Salmones et al. (2009) recommended that financial service providers take deliberate steps and develop specific processes that will ensure that all dealings with customers are open, honest and ethically sound.

2.5.9 The development of the gay market

Branchik (2002) proposes that the gay market has been brought out of latency and grown to a point where people are, at a minimum, cognisant of the market because of the general progression of the gay rights movement in westernised countries. Further to this is the possibility that organisations have come to terms with the fact that the gay market is here to stay, and given the market's favourable economic characteristics, they may just as well incorporate the gay market into their strategies. In addition, Branchik (2002) proposes that the gay market is developing, in part, because of society's increasing tolerance of homosexuality.

Hughes (2005) makes almost identical observations to Branchik, in proposing that the attractiveness of the gay market is increasing together with the increasing social tolerance of gay people. Further, Hughes (2005) claims that there has been a noticeable increase in the interest and attention that marketers are showing towards the gay market. Ragusa (2005) as quoted in Gudelunas (2011) offers a clear summary regarding the development of the gay market. Based on analysis of advertisements and business articles in The New York Times, he notes that organisations have progressed from a time of fear and

discrimination of the gay market to a point where they are now actively pursuing and embracing the gay market.

2.6 Conclusion of Literature Review

Gudelunas (2011) notes in his research findings that by the year 2006, over 180 of the fortune 500 brands were actively targeting the gay market. Earlier research conducted by Branchik (2002) that corresponds with Gudelunas' findings, found that American Express had developed a fully tailored, gay-themed campaign that encompassed a full suite of marketing communications. From these and other research findings, it seems that many large corporations have recognised the potential rewards associated with successfully tapping into the gay market. In increasingly challenging economic conditions, it may well make good financial sense for organisations to include the gay market in their targeting strategies. At a time when the allure of the gay market was first attracting the likes of advertisers and marketers, it was noted that the characteristics and buying behaviours of the gay market were simply too appealing to ignore, demographics of the homosexual market are simply too attractive to ignore especially in a globalised market that is rife with competition and where it is increasingly difficult for organisations to add to the bottom line (Fugate, 1993).

The review of literature has highlighted the fact that there are conflicting ideas and opinions regarding the affluence and wealth of the gay market. But, as Hughes (2005) notes, the individuals making up the gay market segment have a unique set of identifiable and often coherent characteristics, making the gay market as a whole, distinctly different from the mainstream heterosexual market. Marketers wishing to engage with the gay market can use these unique characteristics to adapt their marketing messages, and organisations can use them to develop specific products and services suited to the needs of the market. Therefore, regardless of the income levels of the market, the significant conclusion is that a unique market segment exists. "There is widespread confidence, therefore, that a gay market segment exists: it is identifiable, is of adequate size, and is accessible and stable" (Hughes, 2005; p.68).

Successful engagement with the gay market is dependent on the organisation's ability to position itself as being gay-friendly in the eyes of the market. If an organisation or brand can win the market over in this regard, the reward to them is intense brand loyalty from the gay market (Pritchard et al., 1998). In addition to offering brand loyalty to gay-friendly brands, Tuten (2005) suggests that when a brand is favourably regarded by gay consumers, and their satisfaction with the brand is high; their level of price sensitivity actually decreases.

The literature reviewed highlights the benefits associated with winning over the gay market, although it should be said that such a strategy is not without its challenges. Gay consumers represent a viable target market for products and services which are either modified, or created to meet their specific needs. One such industry is the financial services industry. Companies within this sector have discovered that gay individuals and gay households have different needs to the mainstream, heterosexual market for financial products and services (Buford, 2000). Galloway (2007) offers an example on one such organisation in the financial services industry that has successfully developed unique products befitting of the needs of gay consumers: "an example of entrepreneurs exploiting the gay market is the multi-millionaire gay entrepreneur Ivan Massow, who saw an opportunity to supply the gay market with financial services and products, such as pension, life insurance and mortgages, as the mainstream suppliers tended, for various reasons, not to cater for those of non-traditional orientation" (Galloway, 2007; p.276).

2.6.1 Research Question 1:

The literature review has identified the buying behaviours of gay males, **what are the relevant buying behaviours of affluent South African gay males living in Gauteng?**

2.6.2 Research Question 2:

The literature review has identified the key success factors for targeting the gay market. **What are the relevant success factors that should be considered by wealth managers for the successful targeting of the South African gay market?**

CHAPTER 3: RESEARCH METHODOLOGY

This chapter details the research procedures and techniques that were utilised in order to answer the research questions identified in Chapter 2. The research method, details about the population and sample, the process of data collection, analysis that was employed, and issues of validity and reliability are discussed.

3.1 Research methodology

Two approaches for conducting research exist: a quantitative approach and a qualitative approach. Quantitative research involves the analysis of data that is in numeric form. These numbers are measured and relationships and causal behaviours between the measured variables are sought. In quantitative research, the emphasis is on facts, and all numeric research results are summarized and quantified using statistical expressions (Bogdan & Biklen, 1998; Charles, 1995; Denzin & Lincoln, 1998; Golafshani, 2003).

Qualitative research, on the other hand, is research that produces results which are not numeric in nature, and the results are not produced or displayed using statistical techniques (Strauss & Corbin, 1990). Qualitative research may be used when a researcher is enquiring about the human side of a situation and attempting to gain insight into a particular social context, in addition, it is more suited to researching previously unexplored or thinly-researched areas (Merriam, 1995; Golafshani, 2003).

A qualitative approach was chosen over a quantitative approach as the goals of this research, in order to answer the research question, are to: 1) understand the specific actions of sampled organisations; 2) obtain descriptive information from respondents; 3) obtain the opinions of respondents; 4) understand patterns of behaviour and the influencers of behaviour; 5) obtain specific details, and 6) note the personal experiences of respondents (Merriam, 1995; Golafshani, 2003; Maxwell, 2008).

In an attempt to gather quality data and allow the researcher a deeper insight into the buying behaviours of gay consumers as well as the strategies associated with targeting gay consumers, triangulation as a research strategy was used (Thurmond, 2001). Data triangulation results when a single study makes use of multiple sources of data, research methodologies or methods of data analysis (Thurmond, 2001). This research made use of data source triangulation by studying three different sources of data, namely, gay males, wealth managers and media strategists, in order to identify commonalities and increase the confidence in the findings. By making use of data triangulation, researcher bias is reduced and the validity and strength of the research is enhanced because of the different perspectives and interpretations that are sought (Denzin & Lincoln, 1998).

Data triangulation has the benefit of generating a large amount of potentially rich data for analysis, out of which a clearer understanding of a phenomenon can be reached. The disadvantages associated with the use of triangulation are potentially cumbersome amounts of data being gathered, the increased amount of time needed to interpret that data, and the potential of incongruent and conflicting data or opinions being collected from the different data sources (Thurmond, 2001).

A triangulation strategy was best suited for this research given the largely unexplored nature of the gay market in South Africa and the lack of information regarding the inclusion of the gay market into the strategies of wealth management organisations or individuals.

3.2 Research Design

According to Parasuraman, Grewal, and Krishman (2004) there are two categories of data. Firstly, primary data, which are data collected for the specific needs of a particular research endeavour, and secondly, secondary data, which are data readily available from previous studies and other academic sources.

Primary data, for the purposes of this research, was collected by means of interviews. The interviews were semi structured in nature and were centred on a

few key questions. The semi structured interview technique was also appropriate for this research as it is exploratory in nature (Leedy & Ormrod, 2005). Interviewing, as a means of data collection was chosen because the nature of data that interviews yielded corresponds with the needs of this research. “The researcher can ask questions related to any of the following: facts (e.g., biographical information), people’s beliefs and perspectives about the facts, feelings, motives, present and past behaviours, standards for behaviour (i.e. what people think *should* be done in certain situations), conscious reasons for actions or feelings (e.g., why people think that engaging in a particular behaviour is desirable or undesirable) (Silverman, 1993 as quoted in Leedy & Ormrod, 2005; p.146).

In addition, interviews have the advantage of immediate response and respondents can ask the interviewer for clarity should they not fully understand any of the questions. Another advantage is that interviews have higher response rates than other data collection methods (Kotler, 2003).

Despite the inherent advantages of using interviews as a research method, there are certain drawbacks. Interviews are time consuming, interviews are difficult to replicate and it is imperative that the correct individuals are sought. The individuals sought for this research were of management level or above, and such individuals do not have an abundance of free time nor are they always in control of their time; this may result in meetings being cancelled and having to be rescheduled on a frequent basis (Leedy & Ormrod, 2005; McDaniel & Gates, 2007).

3.3 Population and sample

3.3.1 Population

Given that the research gathered data from three sources, there were three relevant populations: Population one comprises homosexual males living in Gauteng, South Africa who met the average criteria for private banking in South Africa i.e. earn in excess of R1million annually or have R4 million in investable

assets (Anon, 2011a, 2011b, 2011c). Population two included individuals involved with wealth management services in South Africa, and the third population is made up of individuals who were involved with strategy at media agencies in South Africa.

3.3.2 Sample and sampling method

Convenience sampling was used to select the samples of the wealth managers and media strategists from their respective populations. “Convenience sampling is just what is implied by the term – you select a sample based on time, money, location, availability of sites or respondents, and so on” (Merriam, 1998; p.63). It was decided that snowball sampling was best suited to build the sample of qualifying gay men, as it was anticipated that identifying suitable respondents for the study would pose a challenge, particularly with regards to their level of affluence i.e. income or wealth. The researcher used personal networks to access initial respondents, who then referred the researcher to other qualifying respondents (Merriam, 1998).

Table 2: Profile of respondents

Description of respondent type	Number to be sampled
Affluent gay males living in Gauteng	10 to 15
Wealth managers operating in South Africa	3 to 5
Media strategists	3 to 5

3.4 The research instrument

Three instruments were used in this research: a list of guiding questions for the interviews of respondents in each of the abovementioned samples. It was anticipated that the responses to these questions and any subsequent discussions did allow the researcher to amass sufficient and suitable information, which was used to answer the posed research questions.

Each research guide began with a number of demographic questions and questions relating to the respondent's employment standing. These specific questions were then followed by guiding questions, relevant to each of the three samples. The questionnaires can be found in Appendix A.

3.5 Procedure for data collection

Respondents were contacted by the researcher either telephonically or through email to inform them of the purpose of the study, and upon obtaining their permission to proceed, the two parties agreed upon a time and place for the face-to-face interviews to take place. It was stressed that convenience, on the part of the respondent, was of utmost importance. All interviews were personally conducted by the researcher. All interviews were transcribed by the researcher and, with the respondent's permission, electronically recorded. All respondents were guaranteed confidentiality and anonymity.

3.6 Data analysis and interpretation

Maxwell (2008) advises researchers undertaking qualitative research to consider the analysis of their data as a concurrent process to the collection of the data. “This allows you to progressively focus your interviews and observations, and to decide how to test your emerging conclusions” (Coffey & Atkinson, 1996; p.2 as quoted in Maxwell, 2008; p.236). Taking heed of this advice, the data collected through interviews with the various samples was analysed on a continuous basis, beginning with the very first interview, and the interview questions and guiding questions were enhanced as the data collection process progressed.

On completion of the task of data collection, the accumulated data was analysed using a content analysis methodology (Leedy & Ormrod, 2005). Content analysis, as the chosen analysis methodology, was ideally suited for the analysis of the answers obtained through open ended questions, and is defined as “a detailed and schematic examination of the contents of a particular body of material for the purpose of identifying patterns, themes or biases” (Leedy & Ormrod, 2005; p.142).

3.7 Limitations of the study

The following were identified as potential limitations to the current research:

- The populations defined for the purposes of this research were limited geographically, to the province of Gauteng in South Africa. It is not credible to generalise the results of the forthcoming research to South Africa as a whole, as results may differ if samples were drawn from populations in other parts of South Africa.

- The purposive sampling methods that were used may have called the randomness of the samples into question.

- Interviewer error or bias would have affected the results. “In a qualitative study, the interpretation of data will inevitably be influenced by the researches biases and values…” (Leedy & Ormrod, 2005; p.151).

- Inexperience, on the part of the researcher, in conducting interviews may have resulted in the incorrect questions being asked and, ultimately, the data collection process yielding irrelevant or useless information. The same inexperience may have hindered the researcher in gaining trust and rapport with the respondents.

- This research dealt with issues of sexuality. Given the sensitivity of this topic, respondents may have felt uncomfortable in the interview situation and they may have provided dishonest answers to questions being asked.

- Saturation of information may not have been reached within the samples (Merriam, 1998).

3.8 Validity and reliability

“Reliability and validity are conceptualised as trustworthiness, rigor and quality in a qualitative paradigm” (Golafshani, 2003; p.604).

3.8.1 External validity

The concept of external validity refers to the degree in which the findings of the qualitative research, based on specific samples, can be said to represent their respective populations as a whole, and the research findings can hold true in other populations or situations. In the case of qualitative research, external validity is referred to as generalisability (Golafshani, 2003; Merriam, 1995).

Regarding sampling of the three populations:

- Wealth management respondents were from different organisations
- Media strategists were from different organisations
- Although the sample of gay individuals was small, the study did attempt to ensure that interviewed respondents were as diverse in their characteristics and demographic profiles as possible.

This study does not have external validity as the samples are not truly representative of their populations and the research cannot claim to be generalizable.

3.8.2 Internal validity

Internal validity is related to how genuine and realistic the research results are (Merriam, 1995). In qualitative research, the internal validity hinges on whether the researcher has a keen grasp on reality. The internal validity of the research was strengthened through member checks, whereby the researcher's interpretations of collected data were verified with the respondents to ensure consistency and a correct understanding. The researcher's deductions were scrutinised in conjunction with the collected data by peers and, if possible, experts to ensure that they were reasonable (Merriam, 1995).

In addition, the validity was enhanced as data-source triangulation was used as a research method. The researcher examined three different sources of data to increase the confidence in the findings.

3.8.3 Reliability

According to Merriam (1995) the reliability of a study is related to the degree to which the study would yield the same results, were it to be repeated. That is to say, "if the inquiry is replicated, would the findings be the same?" (Merriam, 1995; p.55).

The reliability of this research is questionable, precisely because the research is concerned purely with the study of human behaviour and social contexts which,

according to Merriam (1995) are never static. The likelihood of obtaining the same results should the research be repeated is very slim; the researcher therefore strived for “dependability or consistency” (Guba & Lincoln, 1981; p.288 as quoted in Merriam, 1995; p.56). “The real question for qualitative researchers, they suggest, is not whether the results of one study are the same as the results of a second or third study, by *whether the results of a study are consistent with the data collected*” (Merriam, 1995; p.56).

The researcher ensured that the findings were a true reflection of the data collected through the use of data source triangulation and the aid of peers to ensure the credible interpretation of the data (Merriam, 1995).

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The purpose of this chapter is to present the results obtained from the semi-structured interviews conducted during the research process with sampled respondents from the three populations described in chapter 3. The three samples will be described and relevant details will be given. The results obtained from the careful analysis of the interviews will be discussed in relation to the relevant research question.

4.2 Demographic profile of respondents

4.2.1 Wealth managers

The wealth managers interviewed in the research process were purposefully selected based on their positions as industry leaders and experts. The sample was made up of the following individuals:

- The CEO of one of the leading wealth management firms in South Africa.
- A senior wealth manager at one of the largest wealth management firms in the world.
- Owner of a wealth management firm and business channel celebrity.
- A wealth and asset manager at a South African organisation that specialises in and specifically targets the affluent market in South Africa.

The extensive experience of these prominent wealth management figures adds considerable value to this research. Their overall perspectives combined with their responses to the questions that were posed to them during the interviews are laden with the knowledge that they have gained after many years of experience in the wealth management arena, both in South Africa and internationally. One of the respondents had experience in targeting and

servicing the affluent gay market in the USA whilst working at a Wall Street-based wealth management firm in New York.

In contrast to the original research methodology, no private bankers were interviewed for this research and there were no selection criteria for the wealth managers. The researcher ensured that only innovating market leaders in the wealth management space were approached, and subsequently interviewed, and this ensured that they possessed the necessary qualifications, knowledge and experience to give real and relevant input into this research.

Table 3: Profile of respondents – wealth managers

#	Position	Qualifications
1	Chief Executive Officer	BA (Law), LLB
2	Senior Wealth Strategy Associate	BSc, CRPC®, ADPA®
3	Chief Executive Officer	Master of Science
4	Wealth and Asset Manager	BCom, PDM, MBA

4.2.2 Affluent gay individuals

Respondents from the gay population were selected based on them meeting all of the following criteria:

- Gay
- Male
- Resident in Gauteng, South Africa
- Client of a South African private banking institution

The selection criteria were set out in the original research methodology, and the primary criteria, possession of a private banking account, ensured that all respondents in this sample met the researcher's definition of affluence. Affluence, for the purpose of this research entails an income of R1 million per annum or the possession of over R4 million worth of investable assets. As a result, the responses generated from the interviews with these respondents are deemed to be a good reflection of the buying behaviours of affluent gay males living in Gauteng.

The researcher assured respondents that their participation in this research would be kept completely confidential and that their identities would remain anonymous. This assurance was stressed to all respondents, but particularly in the interviews with gay males, given the potentially prickly consequences of their names and positions being disclosed.

It is, however, important to note that this particular sample consists of:

- 3 entrepreneurs / business owners
- 1 Chartered Accountant at a JSE-listed company
- 1 Senior Partner of one of the “Big 4” consulting firms
- 1 Business Manager at a major South African bank
- 1 Director of an advertising agency
- 1 Manager at an international business consulting firm

The diversity of their positions and the spread in the ages of the respondents are of importance because of the richness it added to this research. This richness resulted from the differing viewpoints and vast accumulated knowledge and experience of the respondents. It is also worth noting that all of the respondents are educated (mostly professional) and it was felt by the researcher that this contributed to them having a good understanding of the research they were participating in and they were also able to articulate their responses in a way that was beneficial to this research. The responses were also duly influenced by the diversity in relationship statuses and general backgrounds of the respondents.

The researcher interviewed fewer respondents from this particular population than was proposed in the original research methodology, the reason for this was that no new or unique responses were being generated and no new valuable insights were being added to the research.

Table 4: Profile of respondents – affluent gay individuals

Respondent #	Age	Occupation
1	43	Entrepreneur
2	46	Chartered Accountant
3	35	Business Unit Manager
4	43	Senior Partner
5	34	Entrepreneur
6	32	Management Consultant
7	34	Media Director
8	36	Entrepreneur

4.2.3 Media strategists

As was the case with the wealth managers, the media strategists that were interviewed were carefully selected by the researcher. Their selection was based on them either having experience with media strategies and campaigns that specifically targeted the affluent market, the fiduciary and legal expertise that may be needed to structure a campaign targeting the affluent gay market, or specific experience with strategies or campaigns that have had their focus on the gay market.

The final respondents were: the owner of a media agency, a fiduciary expert involved with the advertising strategies at a prominent wealth management firm and a creative director at a Johannesburg-based media agency. The owner of the media agency has extensive experience with campaigns aimed at the affluent market as nearly all of her long-term clients operated in that space. The creative director had, at the time of the interview, recently undertaken research into the gay market in South Africa and was preparing a campaign for a client that wished to target the South African gay market.

There were no specific criteria for media strategist to meet in order to qualify for inclusion in this research, but they were selected with a belief that they could make a positive contribution to this research. Their experience and knowledge

gained during their years in the media industry are believed to be of value to the research.

Table 5: Profile of respondents – media strategists

#	Position	Industry / Sector
1	Managing Director	Media agency
2	Strategist	Wealth management firm
3	Media Director	Media agency

4.3 What are the relevant buying behaviours of affluent South African gay males living in Gauteng?

4.3.1 Brand loyal

The most prominent behaviour reflected by the affluent gay males that reside in Gauteng was found to be brand loyalty. Gay individuals spoke of their brand loyalty towards certain products and, in most cases, specific brands. All 8 of the respondents in the sample of gay individuals made reference to their brand loyalty for certain brands and described how that brand loyalty was induced, and what it was that kept them interested and loyal. Although only mentioned by one of the wealth managers, he did state that the market was very loyal, and this was based on his personal experiences in dealing with this market. He noted that gay individuals in this affluent space were a very loyal market when it came to wealth management. He described how 100% of his gay clients moved with him when he switched employers. Of particular relevance to this research was the response from one of the respondents in the sample of media strategists, stating that there were high incidents of brand loyalty to certain brands and very high incidents of brand loyalty towards specific products and brands that "specifically acknowledge and value them in the marketplace". This was one of the findings from the research that their media agency had conducted on the gay market in South Africa.

The following quotes, obtained from with interviews with gay respondents, demonstrate the brand loyal nature of the gay market:

> "I think I would be loyal to a gay-friendly company, it would make the decision to become a regular customer much easier, but only if I was happy with their product or service."

> "If the gay-friendliness was not condescending or based on stereotypes, I would definitely offer a gay-friendly company brand loyalty."

"In this case, the brand loyalty would depend most on the wealth manager understanding my personal needs and making a sincere effort to meet those needs."

"I'm very brand loyal to Jaguar; I've only ever driven a Jaguar. I love the brand messages and I love being associated with the brand. I love that I feel as if the cars were made especially for me."

"Brand meanings and brand attributes inspire brand loyalty for me; brands that come to mind are Apple and BMW."

"Yes, if I was completely happy with their product or service then their gay-friendliness would probably be the factor that keeps me totally loyal."

"I'm very brand loyal to a company called Bikkembergs. I love their brand messages, their clever advertising and how consistent their adverts and messages are. Their adverts really appeal to the gay market and they really appeal to me."

"I'm very brand loyal to a company that is friendly and accepting of the gay market. The first company that springs to mind is Discovery Health."

"There are certain brands that I'm loyal to, and I'll probably buy them regardless of their price."

4.3.2 Brand conscious

The gay respondents noted that they felt that they were more brand conscious than their straight friends or colleagues and one respondent attributed this brand consciousness to his awareness of the image that he projects and his need to project his status. The media strategists noted that gay individuals, by their own admission, are very brand conscious. None of the interviewed wealth managers made reference to the gay market being brand conscious.

4.3.3 Favour gay-friendly companies

Gay individuals spoke about their affiliation to gay-friendly companies and their particular favouring of gay-friendly companies when it comes to rendering services that are of a more personal nature such as legal, financial or medical services. The reason they gave for feeling this way was that they felt that gay-friendly companies were more approachable. Wealth managers and media strategists spoke about the need for wealth managers to offer the gay market a high degree of comfort during their service encounters.

4.3.4 Highly reliant on personal networks

The gay respondents emphasised the fact that they are heavily dependent on their social networks and the gay community for advice and support. They depend on this support at personal and business level. Their social circles look out for each other and, wherever possible, they render services and give business to gay individuals in their immediate or extended circles. One respondent summarised the trend by stating that “they look after each other” and another noted that his purchase decisions are heavily influenced by the gay community that he associates with on a regular basis. Wealth managers noted the strong impact that social networks have on gay individuals while no media strategists made mention of this concept.

4.3.5 Reactions to gay marketing and gay branding

Reaction to gay-themed adverts, branding or campaigns that are directed at the gay market was a question reserved for gay individuals. There was a mixed reaction among the respondents and differing views regarding adverts that were aimed at them.

- 4 respondents stated that a gay campaign would have a positive influence over their purchase decision.
- 1 respondent noted that gay campaigns would not influence his purchase decision at all.

- 2 respondents voiced their dislike of gay-themed adverts and had a negative perception of gay advertising. They added that stereotypical gay advertising actually puts them off a brand.
- 1 respondent spoke of his favourable attitude towards companies and brands that make an effort to target the gay market and structure gay campaigns for their brand.

4.3.6 Early adopters and upscale spenders with high disposable income

Respondents felt that, as gay men, they had higher levels of disposable income than many of their peers, and these higher levels of discretionary income allows them a greater degree of price insensitivity which, in-turn, gives them more freedom to support brands that appeal to them or brands that they aspire to. As such, they often become trend-setters in their social circles. Research undertaken by one of the respondents from the media strategist samples found that gay individuals show early adopter tendencies. Wealth managers made no mention of this concept.

All three samples noted that the gay market, and particularly the affluent end of the gay market, have higher levels of disposable income than traditional, mainstream markets and that this market characteristic has a significant impact on their buying behaviours.

Gay individuals noted that:

> "I think that I consume differently to all my straight friends, and very differently to my family, I think the big reason is that I have fewer responsibilities and more discretionary income."
>
> "I know a lot of rich gay men that spend and consume recklessly, nothing holds them back, and they buy what they want, when they want."
>
> "I am price insensitive, but only to a point."

One wealth manager noted that:

> "This is a different group with different consumer behaviour."
>
> "The affluent market, as a whole, is not frugal when it comes to financial products."

Two of the interviewed media strategists did make mention of this characteristic but gave no further insights or thoughts of value.

4.3.7 Confident consumers with high social status

The gay respondents indicated that individuals at their end of the market are very confident and will openly disclose their sexuality and introduce their partners to others. All four of the wealth managers were of the opinion that these affluent gay individuals were likely to be out of the closet. One wealth manager commented that affluence and professional qualifications contributed to these individuals' confidence to be "out of the closet". Two of the media strategists noted that this affluent portion of the gay community were "a high social status group that is well-informed and articulate". One particular media strategist noted that, in her experience, the affluent gay community are big funders of the arts.

4.3.8 Possess unique needs

Certain gay individuals and wealth managers highlighted the idea that the gay market, and especially the affluent gay market, may have different needs to the mainstream market when it comes to wealth management and other financial services.

Gay individuals noted that:

> "I have never perceived myself as having different needs to the rest of the market but I do understand the need for a comfortable environment when it comes to wealth management."

> "Yes, I think I have different needs. There are a lot of intricacies and legalities surrounding the financial situation of same-sex relationships. A lot of things are obvious for straight couples but I think the needs of gay couples are a grey area."

One wealth management respondent stated that:

> "This market does have specific needs and a lot of companies, including ours, don't have the expertise to meet these needs."

In contrast to the above reactions, there were opposing opinions and feelings among the gay individuals and wealth managers.

One gay respondent noted that:

> "I don't think that my needs are any different to other professional people that earn a good salary and don't have the additional expense of supporting dependants."

One wealth management respondent stated that:

> "I don't see distinct product differences between the gay market and our normal market."

4.3.9 Seek a certain level of comfort with organisations

Respondents from all three of the samples highlighted the idea that gay individuals desire, and seek, a certain level of comfort when procuring personalised services or services where an intimate relationship between the service provider and gay individual is required. One gay respondent commented that even when dining out and vacationing, he seeks restaurants and hotels where he will feel welcomed and accepted. In both cases he often returns to places where he has had positive experiences or will make reservations at venues that have been recommended to him by his gay friends. A common feeling among the gay respondents was that they would only go to a gay doctor. Regarding wealth management, one respondent expressed his need to feel comfortable with his wealth manager and would, therefore, support the gay

wealth manager if there were two, equally skilled, wealth managers vying for his business. Another gay respondent felt that comfort is an essential foundation on which to build a close personal relationship with a wealth manager. This trend is closely tied to companies needing to project a gay-friendly image to the market.

4.3.10 Will boycott homophobic and discriminatory companies and brands

Wealth managers and media strategists made no reference to the potential threat of the gay community boycotting or shunning any company that they perceive to be homophobic or discriminatory towards the gay community.

Certain gay individuals, however, commented as follows:

> "I would never knowingly spend with a homophobic company."
>
> "I would not support any company that offends or discriminates against any group within society."

4.3.11 Actively seek out companies that target the gay market

This question was reserved for respondents from the sample of affluent gay individuals.

Only one respondent form the gay sample stated that he would actively seek out companies that target the gay market, particularly when travelling and selecting accommodation. He added that he often feels uncomfortable at family places but is likely to feel comfortable, accepted and welcome at a venue that has made the effort to target and attract gay people. Another respondent noted that he does not actively seek out companies that market specifically to gays but that if he did encounter such a company during his normal purchasing process, he would probably tend towards that company or brand. A third respondent noted that he could not remember ever being targeted as a gay individual but that, regardless, all his purchases and purchase decisions are need-driven. The balance of the respondents from the gay sample stated that

they made no effort to seek out companies or brands that focus their marketing efforts on the gay market.

4.4 What are the relevant success factors that should be considered by wealth managers and wealth management companies for the successful targeting of the South African gay market?

4.4.1 Focus on specialised knowledge in advertising and market communications

Wealth managers commented on the need to ensure that they communicated their specialised knowledge to the market in all their marketing communications. Gay respondents indicated that they lacked awareness and knowledge of the issues that may affect them as affluent gay individuals as far as wealth management and financial planning goes. These individuals also felt that they are not getting the adequate service or advice that they should be getting as gay individuals with specific needs.

Relevant quotes from the gay respondents include:

> "I do think that there are needs that aren't being met at the moment; as a gay man I think I need advice on estate planning and tax issues."
>
> "I have already switched wealth managers because I felt I wasn't getting proper service or attention."
>
> "I'm really not sure if there are needs that aren't being met."
>
> "There is a huge opportunity for awareness to be generated about the issues that affect gay men and gay partnerships. You could target those that hadn't thought about wealth planning, you could spark an interest in people."

> “At the affluent level you need more than just a gay campaign to draw the market towards you. When it comes to wealth management it’s all about the service and the offering.”

> “A company that is seriously intent on supporting the gay community will go the extra mile by equipping themselves with the specialised knowledge they need and being able to provide specialised knowledge.”

Wealth managers noted the need to punt their specialised knowledge and ensure that their strength was staying up to date with legislation and developments that affect the gay market. It was also noted that fiduciary and trust services would differ for the gay market and that, in general, trust services are important to any couples or partners that are not married.

> “We would need to punt our product knowledge and our good grasp of tax laws etc., we also need to tell the market about our huge referral network for any other professional services that may be required.”

One of the media strategists had had experience with a campaign that had focused on the organisation’s specialised knowledge of trust services. She noted that nearly all the responses and enquiries that were generated from this print media campaign were from affluent individuals, even though the campaign was not specifically targeted at the affluent market. Responses from the other media strategists centred on the need for the organisation to become experts in this space and letting the strategy stem from there. They noted that there may not be a high degree of awareness regarding the specific and differing needs of gay individuals and the applicable legalities, so the organisation should set out to educate the market. They added that “a good idea might be to write an article in a carefully chosen magazine or newspaper”.

> “I don’t think that the South African market fully understands the concept of civil unions and partnerships.”

> “The first step is to be open-minded, to understand the gay market and then develop specific expertise.”

"The strategy should be all about your service. It all comes down to the wealth manager being aware of all the relevant legislation and then educating the market."

4.4.2 Offer a comfortable and welcoming environment to the market

Acknowledging the gay market's need for a comfortable environment and communicating the fact that you offer such an environment to the gay market was mentioned by all respondents in the media strategist and wealth management samples.

> "The biggest thing was the comfort and level of understanding that we gave customers. If the customer isn't 100% honest, they can't get the best wealth management advice."

> "The endeavour would not revolve around different products or services, the approach would be to make them feel welcome in the company."

> "A good angle would be providing a comfortable and accepting and understanding environment. We would need to offer the gay market a lot of sensitivity and confidentiality."

One media strategist noted that "connecting with gay men is dependent on building an emotional connection with them".

Gay individuals made reference to their desire for a comfortable atmosphere, especially in a wealth management context where openness and trust and honesty have a direct impact on the types of products, services and level of advice that the wealth manager offers the gay client.

> "I would definitely stick with Discovery Health because of their policies and because of how they made me feel."

> "I want to feel comfortable with my wealth manager."

> "I think it's important to click with your wealth manager."

4.4.3 Categorise the market along lines of sexuality and follow the guidelines for a niche-marketing strategy

Gay individuals differed in their responses and feelings about being categorised along the lines of sexuality, but the majority claimed that they would not mind being boxed into a category based on their sexuality because it would show that they have been acknowledged by wealth managers as being different and, as such, would probably be able to provide products and services that were relevant to them. In addition, they may be able to offer them tailored advice as gay individuals. One respondent from the sample of wealth managers noted that affluent gay individuals would not mind being boxed into such a category because these individuals want people and organisations to recognise who they are. One respondent noted that he would like to be recognised as having different needs, stating that "yes, target me, but make sure you're putting something special together for me, don't target me and then give me the same generic advice that you'd give to anyone that walked in the door". Two gay respondents noted that they would not feel comfortable being labelled gay and boxed as such. No media strategists made reference to this point.

Wealth managers in the sample had differing views regarding the potential size of this particular segment and the strategies that would be needed to reach it. One wealth manager noted that the affluent gay market in South Africa is not big enough to be the only market that you target and another stated that, based on research their organisation had done, there is a big market in South Africa. He added that there is potentially a lot to gain if you would be the first in South Africa to successfully target this market. Their research findings also indicated that there was not a single wealth management company in South Africa that targets the gay market. Media strategists believed that a full-on campaign would be viable, even though this particular segment of the market is relatively small. Another media strategist commented that the gay market, as a whole, is definitely large, referring to research that was conducted to which they had 3000 respondents.

Given the proposed offering and desired outcomes, media strategists and wealth managers stated that a segmentation strategy would be a viable

strategy. Commenting on segmentation, one wealth manager noted, “Identity politics are very complicated in South Africa, there are those that identify with their demographic profile very strongly but there are also those that are resentful of people trying to pigeonhole them like that.” Another wealth manager noted that one should not bombard the entire potential universe and that one should find ways of addressing your desired target market in a more direct way. He added that the internet would aid a strategy like this. Referring to segmentation strategies, media strategists cautioned against treating the gay market as a monolithic market. One respondent from the gay market sample suggested that, in general, wealth managers should not make use of defined strategies for clients and that generic advice is “crap” and all solutions should be tailor-made.

4.4.4 Emphasis on events and festival marketing

Reaching the affluent end of the gay market by ensuring a brand presence at carefully chosen events and festivals was a popular suggestion from the media strategists.

> “We have been approached by a lot of advertisers with research that shows the best mediums for gay advertising, and festival marketing is the best way.”
>
> “Typical mediums are events.”
>
> “I think you need to think very strategically, make sure that you are on-air on certain days, Mother City Queer Project, gay pride, those sorts of things.”
>
> “What about Starlight Classics at Country Club Johannesburg?”
>
> “You’re marketing to affluent people so you need to pick your mediums very carefully.”
>
> “I think you need to have a strong presence at gay festivals like the Pink Lourie in Knysna and the gay and lesbian film festivals. You need to

generate word-of-mouth advertising and communicate with the gay community at organised functions."

In contrast to the above, one media strategist was of the opinion that one would go through the traditional mediums that you would use to target the affluent market as a whole, giving the examples of financial publications and wealthy lifestyle choice magazines.

One of the wealth management respondents, with experience in targeting the affluent gay market, noted that a proven strategy was to sponsor relevant seminars and support events where you believe it likely that there will be a high concentration of gay people. He gave the examples of art gallery openings and ballets.

No gay individuals make specific reference to events being the best way to reach the gay market but one respondent did note that "noticing a brand at a gay event and noticing that a brand is supporting the gay community would peak an interest in that brand".

4.4.5 Have a dedicated team or individual active in the gay community

Respondents from the wealth manager and the gay individual samples spoke about the idea of organisations having a team or an individual active in the gay community, if they wish to gain the trust and acceptance of the gay community. Gay individuals suggested that this individual be a gay person, or that the team consists of one or more gay individuals. One gay respondent noted that "it won't work unless you're active in the community; you need to have someone out there, actively involving themselves in the community. You need to make the community comfortable with you in order to gain their trust". He added that this is important because the gay community tends to operate on contacts and on trust. Another individual noted that if you associate with, and move within the gay community and you are accepted by the gay community, you will get to know everyone. Other relevant comments from the sample of gay respondents included:

"My behaviour would change if there was a gay guy speaking to me."

"Like-mindedness would lead me to switch to a new wealth manager."

"I would make the switch to a new wealth manager if there was an immediate sense of trust."

One wealth manager stated that there may well be merit in having a team that is solely focused on the gay market in South Africa. The wealth manager with previous experience in targeting the gay market noted that the success of their gay market strategy could be largely attributed to their team's active support of the gay market, and them having a large degree of involvement with the gay community. His team also did a lot of volunteer and charity work and sponsored galas and events on the gay calendar. His team "got to know the community and made sure that their faces were always seen".

Media strategists made no mention of this concept.

4.4.6 Brave and aggressive strategy

Media strategists and wealth managers proposed that wealth managers embarking on a campaign in which their brand or company targets the affluent gay market should ensure that the campaign is an aggressive one. One wealth manager noted that people do not switch wealth managers easily and that there should be worthwhile benefits and compelling reasons for an individual to make a switch. Aggressive communication would, therefore, be needed to inform the affluent gay market of the potential benefits that could be gained if they switched to a wealth manager that could offer them specialised products, services and advice. Media strategists offered the following suggestions regarding an aggressive campaign:

"Your brand should be strong enough for you to be brave in your adverts and in your media selection."

"Make sure that you talk to the market in a language that they want to be communicated in."

Delving deeper into the specific strategies that could be employed, should wealth managers wish to target the affluent gay market, the media strategists made the following suggestions:

> "Keep in mind that this segment of the market is going to consist of a lot of professional and educated people like lawyers and judges and CAs, so use the subtleties of copywriting and gays will pick up on the wink."

A slightly different view was held by one media strategist, who stated that one should always go back to talking to wealthy people as opposed to gay people and ensure that the income factor dominates the sexuality factor. As such, she suggested that one should merely use the typical financial services advertising spaces.

She added that marketing communications should be informative and should clearly state the wealth manager's service offerings and the unique service that they are able to offer gay individuals and partnerships. Messages should not be so subtle that your intended audience misses them.

> "It's about saying that it's okay to segment our target market and being brave enough to accept that there is this market."

> "Pinking things up does not work."

Regarding the need for a brand to be brave in its marketing efforts, one media strategist suggested the following: if a client was not bold enough to start outright with a full-on gay campaign, they could possibly start with a campaign that is aimed at all unmarried and dual-income households.

4.4.7 Consider your mainstream market

Wealth managers expressed some concern about how a gay themed and gay focused campaign would be perceived by their mainstream market, which is very likely to be made up of conservative straight individuals. The wealth managers did note that these concerns would not deter them from conducting a gay campaign but that they would be mindful of the threat and would thus

ensure that the campaign showed no potential of alienating or offending their traditional client base. Media strategists noted that alienating the mainstream market would not be a concern as the campaign would be carefully developed and would be carried out in a tasteful way. One media strategist stated, “I don’t think a gay campaign would offend the conservative market any more than adverts that target the black market.”

One gay respondent noted that he would prefer a company to project itself as being gay-friendly, rather than overtly pro-gay. He expressed concern at the possible negative connotations and associations that may stem from a company projecting a pro-gay image, especially in the wealth management space.

4.4.8 The need for an established and credible brand

The interviewed wealth managers highlighted the need for a credible brand with a good reputation in the industry in order to attract high net worth individuals. One gay respondent noted that he would be prepared to try new wealth managers based on their claims that they could offer him specialised advice but they would have to be a brand or company that he already trusts, “a big name in the industry”, while another gay respondent noted: “I wouldn’t let a micky mouse operation handle this sort of thing.” Media strategists made no mention of the need for an existing reputation and market credibility as requisites for targeting the affluent gay market.

4.4.9 Social networks

Gay individuals and wealth managers highlighted the fact that the gay community have very strong social networks and that these networks could be of value to wealth managers that wish to target the gay market. They noted the potential benefits of using these established networks as a marketing tool and a medium for generating and spreading awareness. One wealth management respondent mentioned that their own gay employees have “a great network of very high net worth individuals” and that a referral network has proven to be the

best way to attract high net worth individuals. He referred to these as “warm referrals” adding that “existing clients are your best marketers”.

4.5 Summary of the results

The proposed buying behaviours and factors that a successful strategy for the gay market is dependent on are presented in Table 6.

Table 6: Summary of responses, Research Question 1 and Research Question 2

Results pertaining to Research Question 1:				
Ranking of importance	Relevant buying behaviour	Number of applicable responses per sample		
		Gay individuals	Wealth managers	Media strategists
1	Brand loyal	8	1	2
2	Reactions to gay-marketing and gay-branding	8	0	0
3	Confident consumers with high social status	3	4	2
4	Seek a certain level of comfort with organisations	4	2	2
5	Possess unique needs	4	3	0
6	Favour gay-friendly companies	5	1	0
7	Brand conscious	4	0	2
8	Early adopters and upscale spenders with high levels of disposable income	3	1	2
9	Actively seek out companies that target the gay market	4	0	0
10	Highly reliant on personal networks	2	1	0
11	Will boycott homophobic and discriminatory companies and brands	2	0	0
Results pertaining to Research Question 2:				
Ranking of importance	Relevant strategic success factor	Number of applicable responses per sample		
		Gay individuals	Wealth managers	Media strategists
1	Focus on specialised knowledge in advertising and market communications	8	4	3
2	Categorise market along the lines of sexuality	7	2	2
3	Offer a comfortable and welcoming environment to the market	4	4	3
4	Have a dedicated team or individual active in the gay community	3	3	0
5	The need for an established and credible brand	2	2	1
6	Consider your mainstream market	1	2	2
7	Emphasis on events and festival marketing	1	1	3
8	Brave and aggressive strategy	0	2	3
9	Social networks	1	2	0

Table 6 indicates the number of respondents from the three samples that supported each particular proposal. The proposals are ranked in importance according to a calculated weighted average score, which was based on the number of responses which were in support of each specific proposal.

It is interesting to note the correlation between the top four buying behaviours and the stop four strategic success factors that were unearthed in the research. By segmenting the market along the lines of sexuality and embarking on a full-on segmentation strategy for the gay market, where marketing communications and advertising are focused on communicating specialised knowledge and are clear on their intent to target the gay market, the strategy will automatically address this confident market segment who have shown to react favourably to gay-marketing and gay-branding.

Similarly, by offering the gay market a comfortable and welcoming environment and through representation by an authentic and dedicated gay individual or team, wealth management organisations immediately address the gay market's need for comfort when service encounters are intimate and personal in nature.

By factoring the top four success factors into the strategy for the gay market, the ultimate prize for wealth management organisations is to secure customers that are loyal to your brand.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this chapter is to answer the research questions that were posed in Chapter 3. The relevant research findings that were presented in Chapter 4 will be compared to the trends that were identified in the literature review. The buying behaviours of the gay market that were identified in the literature review will be compared to the actual research findings of this study.

Similarly, the key success factors for the successful targeting of the gay market, as identified in the literature review, will be compared to the success factors that were identified by this study. The success factors should be considered by wealth managers when developing strategies that target the market of affluent gay males living in Gauteng.

5.2 Buying behaviours of affluent gay males living in Gauteng

5.2.1 Brand loyal

Results obtained from the interviews with affluent gay individuals revealed that brand loyalty was the most prolific buying behaviour, with all respondents from the sample of gay individuals making some reference to brand loyalty.

Gay respondents gave examples of brands that they are loyal to and spoke about the factors that induce loyalty to those brands. Two respondents indicated that their loyalty to a particular brand is inspired by the gay-friendly image of the brand's company and this ties in closely with another of the identified buying behaviours: the tendency for gay consumers to favour gay-friendly companies. Associations with the brand and the perceived brand meanings also seemed to induce brand loyalty among the respondents. Speaking about the car manufacturer Jaguar, one respondent explained that his passion for the brand is evoked by his strong associations with the image that the Jaguar brand projects, he also noted: "I feel as if the cars were made especially for me". Here

again, there is overlap between induced customer brand loyalty and the organisations ability to design and develop a product or service that intimately addresses a consumer need or desire. This concept is reinforced by the response of another gay individual when referring to brand loyalty in the wealth management context, he claimed that his “brand loyalty would depend most on the wealth manger understanding my personal needs and making a sincere effort to meet those needs.”

Other identified overlaps in the buying behaviours were found to occur between brand loyalty and price sensitivity, and brand loyalty and gay targeted advertising. One gay respondent noted that “there are certain brands that I am loyal to, and I’ll probably buy them, regardless of their price”. Referring to the appeal of gay adverts, another respondent made reference to his loyalty and associations to a brand called Bikkembergs. He explained that his loyalty is brought about by the appealing and consistent Bikkembergs adverts which, he noted, are subtle and clever and always manage to deliver the brand message to him as a gay man.

Respondents from the samples of wealth managers and media strategists also made strong reference to the fact that gay male consumers are very brand loyal. These sentiments were either based on personal experience or on findings from research that had been looked at the gay market. Pertinent insight was obtained from one media strategist, who had found there to be high incidents of brand loyalty in the gay market towards brands that “specifically acknowledge and value them in the marketplace”.

Identifying brand loyalty as a significant behaviour among the interviewed gay men is consistent with the findings from the literature review. Although Hughes (2005) and Baxter (2010) merely highlighted the brand loyal nature of gay consumers, Pritchard et al. (1998) explained that organisations who successfully position themselves as being gay-friendly are likely to be rewarded with intense brand loyalty from the gay market. This proposition is consistent with the research findings.

Additional literature which supports the research findings may be found in the research results of the "A.B.N.S.A GAY CONSUMER PROFIE 2008" (Gay Pages, 2008). The findings of this research report that 63% of respondents consider themselves to be brand loyal. It should be noted however, that this particular research had no specific focus on wealth management or financial services, and that this reported brand loyalty ranged across a variety of products rather than services.

The literature supports the findings of the research: brand loyalty is a significant buying behaviour of affluent gay males living in Gauteng.

5.2.2 Brand conscious

Brand consciousness, as a proposed buying behaviour, was only reported by respondents from the samples of gay individuals and media strategists. One gay respondent attributed his brand conscious behaviour to his need to project an image that is supportive of his social status.

Recognition of brand consciousness as a buying behaviour of affluent South African gay males is supported by both the literature and by the reported results of research that examined the South African gay market. This research was undertaken by the media agency of one of the media strategist respondents that was interviewed during the research process. The said research revealed that gay individuals reported themselves to be very brand conscious. Brand consciousness, as a characteristic of the gay market is further supported by Hughes (2005), who maintains that the typical profile of a gay consumer includes brand consciousness as an attribute.

Examining the research results of the "A.B.N.S.A GAY CONSUMER PROFIE 2008" (Gay Pages, 2008) reveals that brand consciousness is once again highlighted as being a characteristic of the gay market. 47% and 69% of the respondents report themselves to be brand conscious and image conscious respectively. In addition, if one examines the most popular car brands with the gay market, one would find that 2 out of the top 3 most popular brands are premium luxury brands, namely Mercedes Benz and BMW.

Given the research findings and the supporting information from the literature review, it can be said that brand consciousness is a buying behaviour of affluent gay males living in Gauteng.

5.2.3 Favour gay-friendly companies

On analysis of the research results, the favouring of gay-friendly companies by gay individuals was identified as a buying behaviour. This conduct was reported by a very small portion of the gay respondents and was not mentioned or referenced by any wealth managers or media strategists. The favouring of gay-friendly companies by gay individuals does have overlap with their need for a comfortable and accepting environment. The two buying behaviours may, as such, be considered in conjunction.

Although the respondents gave very little feedback for this to be considered a primary buying behaviour of the gay market, there was support for the suggestion in the literature. It was suggested that organisations are only considered to be gay friendly by the market if they are perceived to have a genuine desire to identify and fulfil the needs of the gay market. Upon recognition of the aligned values, the ensuing trust that develops between the gay market and the organisation in question becomes the foundation on which an emotional bond is formed. It is this emotional connection that coerces gay individuals to favour gay-friendly organisations and brands (Baxter, 2010; Hsieh and Wu, 2011).

The research highlighted the notion that gay individuals may favour doing business with and show support to gay-friendly companies. Although it was not noted by many respondents in the sample of gay individuals, it should still be considered to be a relevant buying behaviour when looked at in conjunction with the other buying behaviours identified in the research. The most obvious of which is the suggestion that the gay market will boycott any organisation or brand that they consider homophobic or discriminatory towards them.

The suggestion that this is a relevant buying behaviour is supported by the literature.

5.2.4 Highly reliant on personal networks

The importance that gay individuals place on their social networks and, close circles of friends and the gay community as a whole was revealed in the research. This reliance on personal networks is a pertinent buying behaviour and should be considered by organisations when targeting and servicing the gay market. Organisations should ensure that their activities in the gay market are genuine and credible in order to avoid the negative work-of-mouth publicity that will (almost certainly) be sparked off by an offended or displeased gay consumer. One respondent spoke of a recent instance where a friend, wishing to purchase a new car, went without thought or hesitation directly to a gay salesman that he knew. In addition to the direct support that they offer other gay individuals, the respondents also referenced the fact that they seek advice from the community and that their purchase decisions are influenced by the community. An illustration of this behaviour can be found in a quote from one of the respondents who spoke about the gay community: "…they look after each other".

There was considerable evidence in the literature to support the proposition that reliance on personal networks is a relevant buying behaviour of gay consumers. Kates (2000) discovered a trend in the gay market of a preference for shopping in stores that were owned or operated by other gay men. And in more recent research into the gay market, Timmermann (2012) found that gay individuals went as far as referring to their closest friends as their new families.

With support from the literature and a consideration of all responses obtained in the research, it can be accepted that a high reliance on personal networks is a valid buying behaviour of South African gay males.

5.2.5 Reactions to gay marketing and gay branding

The opinions and reactions to gay-themed adverts and gay-themed branding messages varied amongst the respondents in the sample of gay individuals. Despite the lack of an overwhelming trend, the majority of the respondents did report neutral or positive perceptions and reactions to gay advertising. Half of

the respondents indicated that gay ad campaigns would influence their purchase decision in a positive manner. Referring to the neutral responses obtained: one responded claimed that his purchasing decision would not be influenced by a gay themed adverts and similarly, he would show no bias towards gay branded products, while another explained the positive associations that he forms with companies that target the gay market but mentioned that his purchase decisions were not directly affected by the gay themed and targeted adverts. Two respondents opposed the above feelings and expressed their dislike of gay themed adverts, and especially stereotypical gay adverts, which would probably cause them to dissociate themselves from a brand.

Potential risks associated with a marketing campaign are highlighted in the literature. Although the literature made no reference to the potential market backlash, in response to the use of stereotypical gay imagery and associations, it was argued that marketing communications, perceived to be insincere and that aren't built on a sincere understanding of the gay market, may actually be damaging to an organisation or brand. Little success and no return on marketing investment were professed as a less severe outcome of a poorly formulated marketing strategy (Baxter, 2010; Hsieh & Wu, 2011).

With the research results and the threats identified in the literature in mind, Keating and McLoughlin (2005) stress the need for an organisation to research and thoroughly understand the gay market before embarking on a strategy and disseminating any marketing communications. This sentiment is affirmed by Choong (2011) who maintains that and organisation needs to be well-versed in the values, cultures and mind-sets of the gay community if they wish to succeed in pursuing the gay market.

The research results, when looked at in conjunction with the findings from the literature review, support the suggestion that organisations can embrace the positive reaction of the gay market to adverts and branding strategies that are carefully constructed, and firmly founded on a clear understanding of the targeted market segment.

5.2.6 Early adopters and upscale spenders with high disposable income

The research illustrated the early adopter tendencies of the gay market when looking at responses obtained from the samples of media strategists. The respondents from the sample of gay individuals made no direct reference to being early adopters, but were of the opinion that they had higher levels of disposable income than many of their straight friends and peers. According to the literature, the typical gay make consumer is generally thought to be endowed with more discretionary income, he is more affluent, and he does show a tendency to quickly adopt new products and services (Baxter, 2010; Brewis & Jack, 2010). Exploring the early adopter trait, one media strategist had established, through research into the gay market, that the gay individuals"…show early adopter tendencies".

All three samples discussed the disposable income of the gay market and the resulting impact that this has on their spending and consumption habits. This buying behaviour ties in rather closely with the proposition that gay individuals, especially affluent individuals, show a high degree of brand consciousness, as it seems that this niche of the market can afford to be particular about their brand choices. The research highlighted the attractive characteristics of the gay market, however, the response from one gay respondent should be acknowledged: "I am price insensitive, but only to a point." Of particular significance to the research was the comment made by one the interviewed wealth managers: "The affluent market, as a whole, is not frugal when it comes to financial products."

Regarding the gay market as a whole, further support of the upscale spending habits and evidence that suggests higher levels of disposable income can be found in the literature. An analysis of the research results published in the "A.B.N.S.A. GAY CONSUMER PROFILE 2008" showed that the gay market tended to own premium car brands and the international travel habits of the gay market are indicative of consumers possessing high levels of discretionary income. If one were to explore the same research results for reasons that have contributed to gay individuals having so much discretionary income, one would

find that 75% of the respondents reported to be employed in management positions, 34% claimed to have a degree or diploma and 17% an honours degree. The more blatant monthly income results reveal that, at the time of the research, nearly a quarter of the respondents earned in excess of R45000 per month, placing them firmly in the affluent space.

The literature contained a lot of information and results that support the claim that the gay market is one of upscale spending, inclination to take to new products and services, and high disposable income levels. Much of the literature support has not been quoted in this section as it all makes the same, or very similar, claims and arguments to those that have been noted above.

Affluent gay males living in Gauteng can be considered to be early adopter, upscale spenders and in possession of a good deal of disposable income.

5.2.7 Confident consumers with high social status

The recommendation that affluent gay males are confident consumers refers to their willingness to disclose their sexuality and allow their sexuality to influence their buying behaviours and purchase decisions. One gay respondent stated, quite clearly, that gay individuals at the upper-end of the market are very confident, and he introduced the idea that these individuals would openly announce their partners to others.

This confident behaviour was attributed to the high education levels of affluent gay men by one of the interviewed wealth managers. This suggestion is supported by research results in the literature which show that gay individuals are highly educated and highly qualified. The interviewed media strategists made no reference to the willingness of affluent gay males to reveal their sexuality, but they did term individuals in the affluent portion of the gay community as being of “a high social status” that is “well-informed and articulate”.

These views are supported by the literature. Although in a different context, i.e. challenging the roots of the widely help conception that the whole gay market is

affluent, Gudelunas (2011) does claim that it is precisely the wealthy gay individuals, who are confident enough to disclose their sexuality, that much of the research into the gay market is based on. This opinion is consistent with the views of Timmermann (2012) who looked into retirement planning for the gay market. Timmermann (2012) suggested the existence of a trend, in which more and more gay individuals are coming out of the closet and actively seeking advice on wealth management issues.

Besides the references to the affluence of the gay market, there was nothing in the literature to support the proposal that this segment of the gay market is of a high social status. It can however, be accepted that affluent gay males living in Gauteng are confident consumers.

5.2.8 Possess unique needs

The research identified two schools of thought regarding the gay market's needs, and the degree to which those needs differed from the needs of traditional markets.

5.2.8.1 The gay market does have unique needs

The suggestion that the gay market possess unique needs, with regards to issues of wealth management, was made by certain gay individuals and wealth managers interviewed during the research process. Clear support for the suggestion may be found in the following quote from one gay individual: "I probably do have very different needs to straight guys, I've found a lot of tricky little details with the law and stuff and I've had to deal with mine and my partners financial situation a little differently to say, my sister and her husband's."

A respondent from the sample of wealth managers stated, although indirectly, his belief that the gay market had different needs to traditional markets that he is accustomed to servicing. He noted that the wealth management firm that he works for lacks the expertise to address the needs of the gay market and was

also of the opinion that many other wealth management organisations were in the same situation.

There is substantial support in the literature for the suggestion that the gay market has inherently different needs to those of the mainstream market, with many examples and cases being described. In addition, the literature gave examples of companies and entrepreneurs that have made a success of identifying and addressing the unique needs of the gay market. An example of one such entrepreneur, as explained in the literature review, is Ivan Massow, who services the gay market in the UK with specially tailored financial services and products (Galloway, 2007).

5.2.8.2 Same needs as any other individual or couple

Exactly half of the respondents in the sample of gay individuals stated that they saw no difference in their needs, compared to the needs of any other heterosexual male of similar economic circumstances. This could be attributed to their lack of awareness of the reasons why their needs may be unique, as this was found to be the case with one of the wealth management respondents; he stated that he saw no distinct product differences between the gay market and their current, inclusive market, he added: “It doesn’t matter if you’re gay or straight or what colour you are, if you’re looking for investment products, you’re going to be after the ones that perform the best.” This comment points to a lack of understanding of the gay market in a wealth management sense. The gay market does not have unique needs in terms of the products they will consume; their distinct needs stem from their requirement for specialised knowledge and an understanding of their inherent differences, and how these can be addressed in a wealth management context.

The review of the literature found no evidence that opposed the suggestion that the gay market does have unique needs that need to be addressed with specialised knowledge, products or services.

5.2.9 Seek a certain level of comfort with organisations

Respondents from all three samples recognised the need for wealth managers (and other providers of personalised and intimate services) to offer the gay market a comfortable and accepting environment in all their service encounters, no matter the context. The suggestion that many gay men will only see a gay doctor was quoted as an example by respondents from the wealth manager and gay individual samples whilst discussing this theory. Gay individuals gave other examples of situations and contexts where they require, and in some cases actively seek, an accepting environment, among which were restaurants and hotels.

The literature makes reference to the need for organisations to provide a considerate, confidential and professional environment when providing the gay market with financial services. Armstrong (2011) and Timmermann (2012) argue that the development and provision of such an environment needs to be based on a genuine acceptance of the gay community and that a culture of acceptance and desire to support the gay community should be instilled in the organisation, to ensure that all dealings with the gay market are sincere and possess the necessary levels of sensitivity and understanding.

In support of this proposed buying behaviour, one of the wealth managers interviewed during the research process spoke of his experience in providing wealth management services to affluent gay individuals. He noted that the organisations commitment to offering a comfortable and accepting environment to the affluent gay market is deemed to be a major contributing factor to the success of the endeavour.

5.2.10 Will boycott homophobic and discriminatory companies and brands

Wealth managers and media strategists interviewed during the research process were not aware of the potential threat of the gay market boycotting a company or brand that comes across as being homophobic, or that discriminates based on sexuality. Gay respondents did however, profess that

they would certainly shy away from any organisation that they perceive to be homophobic. One respondent took it one step further and explained: “I’m sensitive to any discrimination so I wouldn’t support a company that offends any group, not only gays.”

This buying behaviour can be linked with the gay market’s desire for an accepting and understanding environment as well as the gay market’s tendency to favour gay-friendly companies. There is also a close tie-in with the heavy reliance on social networks depicted by the gay market, as word of any untoward actions by an organisation will quickly spread across that gay community.

There was no support for this buyer behaviour in the literature.

5.2.11 Actively seek out companies that target the gay market

The final proposed buyer behaviour, based solely on the responses by the gay individuals that were interviewed, is the tendency of gay individuals to proactively seek out organisations and brands that have made an effort to target the gay market. This buying behaviour is closely related to the favouring of gay-friendly companies and could also be associated with the gay markets reaction to gay-themed marketing communications. Although the majority of gay respondents stated that they do not actively seek out companies or brands that target them, it is proposed that it be considered a buying behaviour of affluent gay males in South Africa because of the close link between this and other behaviours. The response by one gay respondent also contributes to the suggestion that this is a noteworthy buying behaviour: “I don’t actively seek them out, but if I do encounter them at some point in the purchase process, I would probably tend towards them.”

There was no significant evidence in the literature to support the suggestion that this be considered a relevant buying behaviour, but if one looks at the research results as a whole, and considers the responses from certain gay individuals, there is ground for it to be accepted as such.

5.3 Success factors to be considered by wealth managers when targeting the South African gay market

5.3.1 Focus on specialised knowledge in advertising and market communications

When targeting the gay market in South Africa, as a private wealth manager, the need to stress the possession of applicable and specialised knowledge in all marketing communications, was identified as the primary success factor. The research found ample support for this success factor to be ranked as number one, from all three of the interviewed samples.

The research highlighted a trend of unfamiliarity amongst the gay individuals concerning the issues that my affect them in a wealth management context. Two following quotes from two of the gay respondents highlight this trend: “I’m not really sure if there are needs that aren’t being met”; “I don’t think there are needs that aren’t being met at the moment”.

There were however, gay individuals that were aware of their distinctive needs and had actively made decisions and taken actions to make sure that their requirements were met. One respondent indicated that he had recently changed to a new wealth manager because he felt that his wealth management needs were not being met.

Further support for this success factor came from other respondents from the gay sample. In addition to acknowledging their special needs, the comments they made regarding strategy, may be considered to be advice for wealth managers wishing to target the gay market. The first of which, talks about generating awareness in the gay community and educating gay individuals and couples about wealth management issues that affect them, “you could target those that hadn’t thought about wealth planning, you could spark an interest in people”. In support of the need to appeal to the gay market in your marketing communications, literature, pertaining to the luxury market, points out that one can only successfully appeal to such a market through first, gaining a thorough understanding of the unique needs and expectations of this market and then,

secondly, using this knowledge as a tool for netting the attention of your targeted customers (Hader, 2008). This is consistent with suggestions for the financial services industry, where the literature stressed the need to deliver more appropriate advertising, which can only be achieved if marketers have an intimate knowledge of their target audience (Carrigan & Szmigin, 1999).

Gemes et al. (2008) takes it a step further by claiming that the comprehensive understanding of the target market and the specialised knowledge acquired in response, as well as the marketing and advertising thereon, needs to be used by financial services organisations as a differentiator, in order to cut through the competition and grab the attention of the affluent market. This view is compliments the views of Buford (2000) who, with reference to the gay market in particular, notes that any form of communication intended to speak to the gay market should be sculpted with the purposeful intention of appealing to a gay mind-set.

Looking back at the research results, one gay respondent noted that individuals at the affluent end of the gay market will not be influenced by gay-themed adverts or any other adverts that attempt to appeal to them based solely on their sexuality. Instead, what would appeal to them in a wealth management sense is the service, knowledge and associated offerings that an organisation could offer them. This view is closely mirrored by the sentiments of one of the wealth manager added that they, as a wealth management organisation, could also potentially benefit from telling the market about their huge referral network that allows them to access any other professional services that the market may be in need of. He went on to talk about trust services and the importance of trust services for unmarried partners in general.

Regarding advertising and media campaigns that aim to inform the market about an organisation's specialised knowledge and unique service offerings, one of the interviewed media strategists spoke about her experience with a campaign at her previous employer in the financial services environment. This campaign was a print media campaign, aimed at the gay market, which simply spoke about the organisation's unique hold on trust services. She explained that all the responses to the campaign were by affluent individuals, despite the fact

that the campaign was in no way designed or structured to reach the affluent end of the market specifically.

The three interviewed media strategists also provided recommendations and advice that they felt should be considered by any wealth manager wishing to embark on a strategy of targeting the affluent gay market. The key of which, when considered together with the literature are as follows:

- The first step is to accept that this market exists
- Wealth managers should be open-minded and should aim to develop a deep understanding of the gay market's characteristics and needs
- Wealth managers should become experts on all legislation that has an impact on gay individuals and gay partnerships
- The strategy should stem from the organisation's distinct expertise and the resultant service that it can provide the gay market
- A good idea would be to set out to educate the gay market and generate awareness about the issues and legalities that affect them
- A good point of departure for such a strategy would be to write an article in a carefully chosen magazine or newspaper

In contradiction to the research findings, Yu and Ting (2011) noted in the literature that wealth management firms should not rely on marketing campaigns to attract new clients, but that they should use their specialised knowledge and services to attract existing customers to make use of more of their services. Although this view may hold true for traditional markets, if one looks at the research findings as a whole, wealth managers wishing to target the gay market should develop and pursue direct and purposeful strategies to do so.

5.3.2 Offer a comfortable and welcoming environment to the market

The validity of the proposal that wealth managers should offer the gay market a comfortable and welcoming environment was strengthened from many fronts. Firstly, both the literature and the research results obtained from questions

regarding strategy highlighted this key success factor and secondly the identification of the need for a comfortable and accepting environment, as a key buying behaviour of affluent South African gay men, further highlights the need for wealth managers to ensure that this trend is held as a key consideration when developing a strategy for the gay market.

Key to this research was the input obtained from one of the wealth management respondents who had experience in targeting and providing the affluent gay market with wealth management services in the USA. He stressed that their offering was based on providing gay clients with “comfort and a level of understanding” and explained the importance of this offering as follows: “If the customer isn’t 100% honest, they can’t get the best wealth management advice”. Responses from all the wealth managers were concurrent, and could be summarised thus:

Communicate the comfortable, accepting and understanding environment that you are offering the gay market, as wealth managers, and stress that your service to the gay market will revolve around expert advice that is sensitive to their unique needs. In such an environment, affluent gay individuals may be more inclined to be 100% honest with the wealth manager and, in return, can receive the best possible advice.

Although not with particular reference to wealth management, one media strategist remarket that organisations should attempt to build an emotional connection with gay men in order to successfully engage with them. This suggestion strengthens the validity of the argument that the provision of a comfortable atmosphere is a key success factor to be considered when targeting the gay market in the wealth management environment.

Findings in the literature are in agreement with the research findings. Research with focus on the affluent market as a whole was conducted by (Walters, 2007), and it was found that there is a strong correlation between an individual’s wealth and their demand for personal interaction with their wealth manager. As such, (Walters, 2007)recommends that organisations make every effort to pair clients with a complimentary wealth manager in order to facilitate the development of

an intimate relationship between the two parties. The importance that clients attach to such a relationship was found to be a necessity for clients, and an important consideration when selecting a wealth manager (Yu & Ting, 2011). This view was consistent with the proposals of Armstrong (2011) and Timmermann (2012) who found that the affluent end of the gay market had actually expressed an overt desire for expert services to be provided by credible wealth managers in an accepting and professional environment. In addition to the above considerations, the matter of ethics was also highlighted in the literature by Salmones et al. (2009), who propose that organisations operating in the financial services industry develop specific processes to ensure that dealings with customers are ethically sound. Although ethics were not encompassed in the research findings, it should be considered by wealth managers as an important factor when developing strategies for the gay market in South Africa.

5.3.3 Categorise the market along the lines of sexuality and follow the guidelines for a niche-marketing strategy

This key success factor is closely aligned with the proposal that wealth managers should embark on clearly defined segmentation strategies when attempting to target the gay market. It is however, only a starting point for a segmentation strategy. The research revealed that wealth managers could use sexuality as an outright means of segmenting the market, instead of having to focus on other inherent traits of affluent gay consumers, out of fear of offending the gay market.

There was consistency in two of the researched samples: the responses received from media strategists gave no support for this proposed success factor and all relevant responses from the interviewed wealth managers were in support. One wealth manager suggested that affluent gay individuals actually want to be recognised for who they are and, as such, would have no problem being labelled as gay, and targeted as such.

The respondents in the sample of gay individuals gave mixed views on being pigeonholed and subsequently targeted based purely on the fact that they are

gay. Despite the varying opinions, the majority of responses indicated that affluent gay men would not feel uncomfortable having the gay label attached to them. Of particular relevance to this research, one gay individual was of the opinion that wealth managers who had gone through the effort to identify, acknowledge and classify the gay market would, in all likelihood, have developed specialised products or moulded unique services to meet the needs and desires of the gay market. A helpful piece of advice, for wealth managers, was put forward by another gay respondent, he stated: “yes, target me, but make sure you're putting something special together for me, don’t target me and then give me the same generic advice that you’d give to anyone that walked in the door”. This comment ties in closely with other findings from this research. Firstly, that there is a need for wealth managers to ensure that they have an intimate knowledge of the gay market and all its intricacies before they attempt to tailor-make products and services to suit the market. Secondly, both the literature and the research has shown that the gay market is well educated, highly networked and of a high social status, meaning that they won’t be easily fooled by empty marketing promises and scanty offerings from wealth managers.

Although two gay individuals did voice their displeasure at the prospect of being classified by their sexuality, the research, and relevant literature, did yield sufficient support for this to be considered a key success factor, and crucial starting point for wealth managers embarking on a segmentation strategy targeting affluent gay individuals in South Africa. Looking back at the literature, Hughes (2005) argues that the cultural and consumption characteristics of the gay market are distinct from other market groups and should thus be focused on by marketers and used to adapt applicable marketing communications. This suggestion however, is only possible once the important first step has been made of categorising the market according to sexuality.

5.3.4 Emphasis on events and festival marketing

The literature that was reviewed in the context of this study made no suggestions or recommendations regarding the most suitable means of

advertising to, and communicating with, the affluent gay market. The lack of literature and prior research was especially true for the topic of marketing relating to wealth management.

In spite of the lack of literature, the research found ample support from the interviewed wealth managers and media strategists for the proposed key success factor. Specifically, wealth managers should favour appropriate events and festivals when selecting mediums and channels through which to reach the affluent gay market.

Pertinent insights and suggestions were received from the wealth management respondent that had prior experience in dealing with the affluent gay market in the USA. He noted that the organisation made no use of above-the-line advertising, but instead depended on the sponsorship and support of events where there would typically be a high proportion of gay people. He gave the examples of art gallery and ballet openings and explained that at such events, the organisation ensured that their brand was visible. In addition to this passive brand presence, the organisation made every effort to ensure that they were represented, in person, by an individual from the organisation.

The individuals in the sample of media strategists were the biggest advocates for using appropriate festivals and events as communication mediums for reaching the affluent gay market. Further discussions, with one individual in particular, revealed that this strong sentiment was enforced by the results of research undertaken by advertisers who supply services to her media company. The results showed that adverts aimed at the gay market were most successfully conveyed in a festival marketing context. Two of the media strategists explicitly highlighted the festivals and events that would best be suited for wealth management adverts and communications. These included:

- Gay Pride festivals in Johannesburg and Cape Town
- Starlight Classics at Country Club Johannesburg
- Gay and Lesbian Film Festivals
- The Pink Lourie Mardi Gras in Knysna

One respondent cautioned wealth managers to pick their advertising mediums carefully when dealing with any affluent niche, while another held a differing view, stating that wealth managers should advertise to the affluent gay market using the same mediums they would commonly use for adverts that target the affluent market in its entirety.

Although the research results obtained from the interviews with the sample of affluent gay individuals gave no backing for this proposed success factor, one individual did make an interesting remark regarding event marketing. He stated that an interest in a brand would definitely be triggered were he to notice that brand supporting the gay community at a gay event.

5.3.5 Have a dedicated team or individual active in the gay community

Input towards this key success factor was found in the responses obtained from interviews with gay individuals and wealth managers. There is considerable overlap between this particular proposal and many of the other proposed success factors, for example: the need for wealth managers to consider the significance of social networks to the gay community; the importance of event marketing as a medium for gay-targeted adverts; and the necessity of providing wealth management services for the gay market in a comfortable and trustworthy environment.

This success factor talks a lot about the wealth manager needing to build familiarity and trust with the gay community, and the importance thereof is captured in the comment made by one of the gay respondents. He felt that the success of a wealth management strategy, catering to the gay market, would be dependent on the organisation gaining the trust and acceptance of the gay community. He added that the required level of trust may be established if the wealth management organisation is both active in the gay community and in genuine support of it and its causes. An individual or team that moves within the gay community will eventually become familiar to everyone, and if they are accepted by the community, they should come to know everyone. Another gay respondent made the comment that his behaviour and attitude towards the

wealth manager would change if the wealth manager was a gay man. Considering this comment and the following comments made by other gay respondents: “like-mindedness would lead me to switch to a new wealth manager” and “I would make the switch to a new wealth manager if there was immediate sense of trust”, there may be considerable benefit to the wealth management organisation if, in addition to supporting the gay community and associating with it on all levels, they appoint a wealth manager from the community. This individual may already be well-known in affluent gay circles and hopefully trusted by them as well.

Further support and advice was given by the wealth manager who, as mentioned above, was able to speak from experience and discuss tried-and-tested success factors for targeting the affluent gay market with wealth management services. Building on his discussions regarding brand presence at relevant events, he reported that he and his team engaged themselves in a good deal of volunteer and charity work. Their genuine involvement with the gay community meant that they were present at most of the galas and events on New York’s gay calendar, and in this way, they ensured that their faces were always seen. The acceptance and trust of the gay community automatically followed.

The literature review did not highlight or support this key success factor.

5.3.6 Brave and aggressive strategy

Referring to the targeting of the affluent gay market in South Africa, by wealth managers, the need for a brave and aggressive strategy is a proposition unique to this research.

As is the case with other proposed success factors in this research, the need for a brave and aggressive strategy corresponds closely with the need for wealth managers to focus on their specialised knowledge in their marketing communications.

Only the interviewed wealth managers and media strategists highlighted issues and made proposals relating to this success factor. Media strategists however, were the more vocal of the two samples, sharing the most insight and offering many relevant suggestions. The most pertinent of which could justify this key success factor all on its own; one of the media strategists professed that marketing communications, directed at the affluent gay market, should not be so subtle that your audience misses the message. She continued, maintaining that all adverts should be informative and should clearly state the following: the unique grasp that the wealth manager has on the needs and desires of the gay market and the unique services they can offer affluent gay individuals and same-sex partnerships.

The need for brave marketing efforts was expanded on by two of the media strategists, and the following relatable suggestions and words of advice were noted:

- The wealth management brand should be strong enough to allow for a brave selection of media and brave advert content
- The wealth managers should be brave enough to openly target this segment given that they have been brave enough to accept that this segment exists
- It is imperative that marketers talk to their target audience in an appropriate and desired manner
- One should keep in mind that this segment of the gay market is going to feature many educated and professional people. It is possible, therefore, to include some subtle adverts in the campaign. These adverts can be designed to “wink” at the gay market with confidence that your target audience will pick up on the “winks”

The third media strategist meanwhile, held a different view on the appropriate media and marketing messages for such a strategy. She maintained that the income factor should completely dominate the sexuality factor when developing the strategy and one should use typical financial services advertising spaces and typical advertising messages.

The need for an aggressive strategy was supported by two of the wealth management respondents. One of these respondents explained that people do not do not easily switch wealth managers. An aggressive marketing campaign would therefore be necessary to educate the market and inform them of the compelling reasons why they should engage the services of your particular organisation.

The literature did allude to this key success factor.

5.3.7 Consider your mainstream market

From an organisation's point-of-view, an obvious fear when first considering a strategy aimed at the gay market is the potentially negative reaction, or even backlash, from your current market towards gay-themed branding and gay-themed adverts.

Although not a popular response, respondents from all three interviewed samples made some mention of this consideration. One wealth manager acknowledged that he was mindful of the possibility that his current market, which in his opinion is particularly conservative, may be offended by his organisation portraying an overtly pro-gay stance and conducting a gay-targeted media campaign. He added that this potential threat would not deter him from engaging with the gay market, but rather, that it would remain front-of-mind when designing and implementing a strategy for the gay market. This sentiment aligns well with the opinion of one particular gay respondent, who stated his preference for organisations that project a subtly gay-friendly image, as opposed to those organisations that come across as blatantly pro-gay. Specific to the wealth management industry, he felt that stereotypical gay advertising would be distasteful and inappropriate, and may well receive negative responses from both the traditional and gay markets.

Whilst discussing wealth management strategies for the affluent gay market in South Africa, the responses received from two of the media strategists, indicated that they were aware of the need to consider the potential reactions of one's mainstream market. They suggested that the risk of offending any groups

could be mitigated by ensuring that all gay-themed adverts and messages are carefully designed, refined and acceptable to all audiences. One of these media strategists made the clever observation that a gay campaign should not offend conservative individuals or groups, any more than campaigns that target the black market in South Africa.

The literature did caution marketers against getting caught up in the hype of targeting the gay market and as a consequence, run the risk of shunning the mainstream market with inappropriate communications (Choong, 2011). There were however, more positive views identified in the literature, for example, the suggestion that society is becoming increasingly more tolerant of homosexuality, and that the increasing interest in the gay market, as a target market, stems from society's increasing acceptance of gays (Branchik, 2002; Hughes, 2005).

5.3.8 The need for an established and credible brand

The wealth managers interviewed during the research process argued that high-net-worth individuals, regardless of their sexuality, will only do business with reputable brands in a wealth management context. This observation proved to hold true, if one considers the comments made by a number of the affluent gay individuals that were interviewed for this research. They maintained that they would only allow credible and recognised organisations that they trusted, to manage their financial affairs or look after any one of their wealth management needs. One gay respondent indicated his willingness to switch to a new wealth manager on the basis that they could offer him specialised service and advice but, on condition that the wealth management organisation is one that he trusts, and is a big name in the industry.

These research findings may be the deciding factor for wealth managers toying with the idea of developing a strategy aimed at the gay market in South Africa. Successful targeting and engagement with the gay market requires the wealth management brand to be highly regarded and respected, and one with a track-record of good performance. This key success factor does seem logical,

considering that, at the base of it, the intended market its sill made up of affluent and intelligent individuals.

The lack of literature on this proposed success factor suggests that this finding is unique to this research.

5.3.9 Social networks

The importance of personal networks to gay individuals is again highlighted as an essential consideration when engaging with the gay market. The value of these close networks to gay people, and the tendencies of the gay community to support each other, wherever possible, was discussed in section 4.3.10. As a key success factor and essential element of a wealth management strategy, valuable input for this proposal was obtained during the interviews with respondents from the sample of wealth managers.

It was suggested that wealth managers make use of these closely-linked social networks as channels for generating and spreading awareness of the unique services that they could offer the gay market. The CEO of the highly successful wealth management firm in South Africa noted that the most effective method for attracting any high-net-worth individuals is through referral networks. The respondent explained that he referred to these as “warm referrals” and, explained that experience had taught him that an organisation’s best marketers are their existing clients.

Although no supporting literature could be found, the above comments certainly strengthen the argument for using personal networks to attract affluent gay clients, and this concept should be considered as a key success factor for strategies targeting the gay market in the South African wealth management environment.

5.4 Conclusion

From the above discussion, it can be seen that the majority of the proposed buying behaviours of affluent gay men in South Africa, that are relevant in a

wealth management context, were supported by the literature. The following buying behaviours, however, are unique findings of this research:

- Affluent gay men desire a certain level of comfort with organisations, particularly when a disclosure of personal and intimate information is required in the service exchange. One particular gay respondent mentioned Discovery Health as an example of a South African company that made him and his partner feel comfortable, welcome and accepted during their service interactions.
- The gay market will shun an organisation or brand that they perceive to be homophobic or discriminatory.
- During their purchasing process, gay men will actively look for companies or brands that target the gay market. Bikkembergs was given as an example of a brand that targets the gay market with gay-themed advertising and marketing. One of the interviewed gay individuals spoke about how the adverts appealed to him and how he immediately gravitated towards the brand as a result.

Regarding the strategic success factors that have been proposed based on the research findings, the majority of the success factors that wealth managers should consider when targeting the gay market in South Africa, are unique findings of this research. They are as follows:

- Wealth managers should focus their marketing and communication efforts on carefully selected festivals and events such as Gay Pride festivals, art gallery openings, ballets, and gay and lesbian film festivals.
- Trust, familiarity and acceptance of the wealth management brand may be enforced through having a representative team or individual active in the gay community, supporting the community with authentic intentions, rather than just for business reasons.
- To ensure that the message is not lost or misunderstood, the wealth management organisation should be brave enough to develop an aggressive marketing strategy. The wealth manager needs to be clear about who their target audience is, clear about what they can offer the

gay market, and clear about the factors that set them apart from other wealth managers.

- Ideally, a strategy for South Africa's gay market should only be considered by an established and reputable wealth management brand.
- The wealth management strategy should both embrace, and be weary of the strength and importance of personal networks to the gay community.

The balance of the key success factors that were identified through the research, are proposed with relevant support from the literature.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The sub-problems and subsequent research questions guided the research process, which set out to identify the relevant buying behaviours of affluent gay men living in Gauteng, and the critical success factors that wealth management organisations should consider when designing a strategy that intends targeting the gay market in South Africa. The conclusion of this research will consider the identified buying behaviours in conjunction with the proposed success factors with the aim of providing recommendations to wealth management organisations regarding the strategy for targeting the gay market in South Africa.

Suggestions for future research will make up the final section of this chapter. These suggestions are based on the delimitations of this study, as identified in Chapter 1, and will include interesting questions that presented themselves during the literature review and the analysis of the research results. These questions remained unanswered, as they fell outside the scope of the research.

6.2 Conclusions of the study

The current study was conducted with the intention of answering the following research questions:

1. What are the relevant buying behaviours of affluent South African gay men living in Gauteng?

2. What are the relevant success factors that should be considered by wealth management organisations for the successful targeting of the South African gay market?

The proposed answers to these questions are based on the responses that were received during interviews with respondents from the three aforementioned samples. Ideally, consensus from all three samples was sought in order for the respective buying behaviours and key success factors to be suggested. There were, however, instances where a proposal was made based on a compelling response or argument from only one of the samples. It was the intention for the proposals to be supported by findings from the literature review, but given the unexplored nature of the affluent gay market in South Africa, and especially in a wealth management context, many of the research findings and subsequent proposals are fresh and unique to this research, with the consequence being little or no support from the literature.

Up to this point, the buying behaviours of the affluent gay market in South Africa and the significant factors to be considered when targeting this particular segment have been dealt with and discussed independently. Having already justified their inclusion as proposed answers to the research questions in Chapter 5, the research will be concluded with a brief discussion of the strategic success factors that were identified and the degree to which they encompass and address the buying behaviours of the gay market.

6.2.1 Marketing should be focused on informing the gay market about the in-depth knowledge that the wealth manager has on issues affecting this market

Gay men identified themselves as having unique wealth management needs. This acknowledgement should be embraced by wealth management organisations and should dictate the content and intentions of all adverts and marketing communications directed at the gay market.

This proposed success factor also speaks to the ways in which gay individuals react to gay-focused marketing, especially gay-themed and orientated advertising. The research found mixed reactions among the interviewed gay men, but the majority stated that they react positively to these types of adverts. There is a high probability, therefore, that wealth managers will receive positive

reactions to gay-themed adverts that attempt to educate this particular market with informative messages.

6.2.2 Develop a comfortable and accepting environment for the gay market and inform them of this offering

The second most essential success factor, if one goes according to the number of respondents that raised the issue within each sample, is the need to offer an authentic, honest and warm environment to the gay market. As a relevant buying behaviour, the gay market indicated their desire for such a comfortable and welcoming atmosphere, especially when there is a need for them to share intimate personal information in return for the most appropriate service and advice.

6.2.3 Segmenting the market according to sexuality is the ideal starting point for a wealth management strategy aimed at the gay market in South Africa

This may, at first, seem an obvious statement. However, considering that individuals in the affluent gay market were found to be confident consumers, who themselves seek out companies that target the gay market, wealth management organisations can segment the market along the lines of sexuality without having to worry about offending the gay market. That is to say, the strategy need not segment the market based on the more subtle characteristics of the gay market. This concept also speaks to the recommendation that the strategy be a brave and aggressive one.

6.2.4 Do not limit your market mediums to relevant events and festivals, but do ensure that these receive preference

This particular success factor addresses, by default, a number of the significant buying behaviours found to be prevalent among affluent, South African gay males.

By maintaining an active or passive brand presence at important festivals and events on the gay calendar, or at neutral events that attract a large gay following, wealth management organisations can voice their acknowledgement, acceptance and support of the gay community. Authentic support of the gay community will be recognised by the intelligent and savvy gay consumer, and in this manner, wealth management organisations can begin to foster positive brand associations in the minds of these consumers.

Selection of appropriate festivals or events, most beneficial to the strategy, requires intelligent thought and thorough research, perhaps seeking the input from affluent gay individuals themselves. During this process it may be important to consider the upscale spending habits and high-end social status of the market segment in question. With these consumer characteristics in mind, strategists can eliminate, from the list of possibilities, those events and festivals that are unlikely to attract the desired audience and where the reach will be limited.

6.2.5 Support the gay community and ensure that your wealth management organisation is actively involved with the community

There is much overlap between this proposed success factor and other aspects that wealth management organisations should consider when developing a strategy for the gay market. It is here that the organisation will benefit greatly from being represented by a gay individual or a team consisting of one or more gay individuals. In this way, the wealth manager can embrace the distinct buying behaviours of the gay market.

Having the affluent gay circles notice the same faces at relevant occasions, and in support of causes that are important to the gay community, the wealth manager can communicate its authentic acceptance and dedication to the gay community. In this way, it is hoped that the individual or team will gain the approval of the community enabling them to entrench themselves into the close circles and personal networks on which the gay community are so reliant. Generating favourable brand associations, brand affiliation and, ultimately,

brand loyalty in the minds of affluent gay South Africans, towards the represented wealth management organisation, are the likely (and desired) outcomes of this dedicated support.

6.2.6 Develop a sufficiently brave and aggressive strategy to ensure that you get your messages across to the affluent gay market segment

Certain gay men, media strategists and wealth managers were of the opinion that many gay individuals and partnerships are unaware of their inherent wealth management needs and the legislation that affects them as a direct result of their sexuality.

Successful targeting of the affluent gay market depends very much on the wealth management organisation's ability to educate this market about the above factors and to make it very clear that they, as credible and successful wealth managers, have the necessary knowledge and skills to enable them to meet these unique needs, and to navigate their gay clients through a complex and ever-changing legal landscape.

The idea is to avoid being seen as just another wealth management service for the market in general. Develop a brave strategy that clearly takes aim at the affluent gay market. Give gay individuals and partnerships a real "ahaaa, I've never thought of that" moment, and tell these same people that you are the best wealth managers for the job.

6.2.7 Make sure that you do not alienate or offend your current markets with inappropriate advertising or marketing messages

The wealth managers interviewed for the purpose of this research were purposefully selected because of the reputation and magnitude of the organisations that they worked for, owned or led. It was found that these organisations do not currently engage in above-the-line advertising, but owing to the nature of their existing client base and their desired customers, they

depend on word-of-mouth advertising and referrals. Although it has been suggested, throughout this research, that wealth managers who wish to engage with the affluent gay market make use of these exact means of advertising, the fact that any gay market-orientated strategy in the wealth management space would be the first in South Africa, may mean that a slightly different approach is needed.

Initially, the pioneering wealth management organisation needs aggressive and informative advertising to announce their arrival to the gay market. With the identified buying behaviours and characteristics of the gay market in mind, applicable adverts should be tasteful and well positioned. The use of stereotypical gay advertising themes or adverts that portray an overly pro-gay stance, are not recommended in the wealth management world.

6.2.8 Assess whether your wealth management organisation has sufficient standing in the industry for a gay-focused strategy to be viable

Although the affluent gay market may actively seek out gay-friendly organisations that make the effort to target and appeal to them, one should bear in mind that these are still brand conscious consumers with needs-driven consumption habits. Interviewed gay males indicated that they would not switch to a new wealth manager based purely on the fact that it now recognised and supported the gay market. They require the solace and satisfaction of knowing that a trusted and successful organisation is looking after their wealth management needs.

6.2.9 Use the close personal networks at play within the gay community to your advantage

The repetition of this consideration in the discussion of the research findings should signify its importance and highlight the fact that it deserves considerable attention from wealth management organisations when designing a strategy aimed at the gay market in South Africa.

In terms of identified buying behaviours, the gay respondents noted that they turn to their personal networks for advice and, wherever possible, will support other gay individuals when procuring products or services. It is here that wealth management organisations have a potentially huge referral network for new customers. However, should the gay market feel that an organisation's intentions are insincere and based purely on economic gain; the downside for any organisation targeting the gay market is the rapid rate at which such information will spread throughout the gay community.

6.3 Recommendations

This research has identified the relevant buying behaviours of affluent gay males living in Gauteng and the relevant success factors that should be considered by wealth management organisations when targeting the South African gay market. Based on these findings, the following recommendations on marketing strategies for wealth management organisations targeting South Africa's gay market are proposed:

- The literature proposed that same-sex couples displayed a nagging feeling that they faced unique and complex issues in a wealth management sense. The research found a similar sentiment being shared be certain gay respondents and by wealth management respondents. In many cases, gay individuals were distinctly unaware of their unique needs and uninformed about the potential difficulties that they may encounter later on in life, if they did not plan things correctly. This situation gives wealth management organisations, who are willing to consider the gay market as a viable niche, a considerable opportunity to educate the gay market about these needs and planning opportunities.
- Wealth management organisations need to gather as much data as possible on the gay market in South Africa, and develop a deep knowledge and thorough understanding of the needs, sensitivities, preferences and motivations of the gay market. In addition, they need to work at becoming experts at how do address these from a product, service and legal perspective. The literature, together with the research

results, highlighted the following needs and issues on which, wealth management organisations could mould their unique service offering to the gay market:

  - Child custody, right to alimony and child support
  - Emergency medical authority
  - Advice on potential income tax benefits to be had
  - Domestic partnership agreements
  - Rights to partners pensions
  - Living wills
  - Trust services and wills
  - Non-spouse beneficiaries

- If one considers the items in the above list, the comment by one particular wealth manager rings true: that they gay market will not require wealth management or any other financial service products that are any different to the products required by the heterosexual/mainstream market. The differentiating factors and the elements of the strategy for the gay market that need to be most emphasised by the conducting wealth manager are:
  - The offering of an authentic and warm service environment where affluent gay individuals can engage with the wealth manager and talk about who they are without feeling judged.
  - In such an environment, gay individuals can receive the appropriate services and advice without feeling the need to put up a façade.
  - Communicating the wealth manager's true appreciation of the cultural and lifestyle differences of the gay market. In doing so, it is hoped that the gay market will recognise the wealth manager's genuine intent to engage with them.
- It is recommended that wealth management organisations begin their targeting efforts with aggressive event sponsorship campaign. The events that should be focused on should be carefully selected in order to ensure that the correct associations are made, and the wealth

management brand is correctly perceived in the minds of the gay community as being sophisticated and involved.

- Although focus should remain on events and festivals as marketing mediums, wealth management organisations might also wish to consider placing informative adverts with tailored messages in traditional mediums that one might use for reaching the affluent market. Although the research found that wealth managers in South Africa do not typically engage in above-the-line advertising, it may be necessary at the onset of such a unique and pioneering strategy, just to the "the ball rolling". It may however, be a mistake, on the wealth manager's part, to assume that the gay market will be reached by using mainstream campaigns. In response, it is recommended that wealth management organisations include in their strategy, some degree of engagement with this niche through carefully selected, gay-specific media.
- It is recommended that wealth management organisations that do choose to engage in above-the-line advertising take the necessary steps to avoid being perceived as engaging in cheap PR, by advertising in gay publications. In addition, advertising should be developed and conducted with intelligence and style in order to avoid offending the mainstream market.
- All marketing communications and advertising should be based on market intelligence; they shouldn't be "stabs in the dark". The literature and research found that gay individuals generally respond well to adverts and branding that address them for who they are and appeal to their mind-set, but importantly, they gay market will look beyond the marketing for evidence that the brand or organisation is in genuine support of the gay community and has a genuine desire to understand their inherent needs and meet those needs with tailor-made service offerings.
- Expanding on the above point regarding the support of the gay community, it is recommended that wealth management organisations conduct the necessary due diligence to build a relationship with the gay community. The wealth management organisation's sudden embrace and acknowledgement of South Africa's gay market must not come

across as being motivated purely by economic gain. The wealth manager must deliver on their gay-friendly promises and their focus on the gay market needs to be accompanied by earnest support and respect for the gay community.

- It is recommended that the wealth management organisation segment the gay market and focus their strategy on the affluent niche. With adequate and proper information, messages can be tailored to speak directly to this affluent niche. This focused targeting also keeps the costs of the strategy to a minimum and the developed massages are better able to resonate with the target audience. Although the following suggestion may seem contradictory, in light of the above recommendations to keep advertising tasteful and non-offensive to the mainstream markets, wealth managers may wish to consider that brave adverts (a research finding) with be recognised and will generate more of a buzz within the gay community. It is felt that this buzz will take advantage of the closely intertwined networks at play within the gay community, and may be a useful tool to generate awareness at the onset of the first strategy aimed at the gay market in South Africa.
- Another identified avenue in terms of strategy, and one that could possibly form an offshoot on the primary strategy for the gay market, would be to start planting the seed with the younger generation of gay individuals. This younger generation are less likely to have been exposed to abuse and discrimination because of their sexuality. Wealth managers could begin speaking to those individuals that are newly qualified and at the early stages of their careers, and encourage these individuals to being making positive associations with your brand. Although they may not necessarily be at the level of affluence required, when they do reach the desired affluence and they begin the search for a wealth management organisation to look after their needs, it is hoped that they will automatically gravitate towards your brand.
- It is recommended that a gay market strategy remain an option for established and credible wealth management organisations that are possibly in the mature phase of their business life-cycle.

- The final recommendation stems from comments made by the interviewed gay individuals and a few suggestions made by the wealth manager that had experience in dealing with the gay market in the wealth management industry. The ideal would be to have a gay individual, or team made up of one more gay individuals, represent the wealth management organisation in dealing with the gay market. reasons for such a suggestion include the following:
    - Affluent gay individuals may experience a greater level of comfort and confidence when speaking to another gay person.
    - A gay person is automatically able to associate with gay clients and is, by default, sensitive to their situation and better able to promote a gay-friendly environment.
- In closing, I offer this final thought: WHY NOT TARGET SOUTH AFRICA'S GAY MARKET?

6.4 Suggestions for further research

The unexplored nature of the gay market in South Africa, combined with the narrow focus of this research, has left many areas for future research available. In addition, much of the literature reviewed during the research process has its focus on the gay markets in countries outside of South Africa. As such, many issues were brought to the fore and many questions were raised. These can be addressed by future research in a South African context. Suggested areas for future research include:

- The scope of this research could be widened to include affluent gay males across South Africa.
- One could conduct a similar study looking at South Africa's gay market as a whole, which includes gay females.
- The study could be extended to include an analysis of other service industries.
- Greater significance and a more thorough appreciation of the characteristics of the gay market could be sought through a direct comparison with the heterosexual market in a specific context.

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APPENDIX A

Guiding questions for interviews with gay individuals

1. Name (if willing to disclose)
2. Age
3. Highest qualification
4. Occupation
5. Place of primary residence
6. Relationship status
7. Term of relationship
8. Partners education
9. Partners occupation
10. What does a gay-friendly company constitute to you?
11. Are you currently engaged with a wealth manager of any sort?
12. Would you, as a gay man, want to be targeted by wealth managers?
13. Would you be willing to switch brands/companies to one that reached out to the gay market?
14. Do you think there is anything unique or special that a wealth manager can offer you as a gay man?
15. Are there needs that you feel aren't being met?
16. Is there something distinct you feel wealth managers could offer the gay market?
17. Do you feel your needs are different to those of the mainstream (straight) market?
18. As a gay man, what would lead you to switch to a new wealth manager?
19. Do you feel you would offer a gay-friendly brand/company brand loyalty?
20. Would you feel comfortable with wealth managers categorising you along the lines of your sexuality?
21. Do you think, as a gay man, you possess any unique buying behaviour in general, compared to your perception/understanding of the average straight man?

22. Do you actively seek out brands or companies that market directly to gays or that you perceive to be gay-friendly?
23. Do you boycott homophobic companies?
24. Would you class a gay-neutral company with a gay-friendly company?
25. Would you prefer to buy a product from a gay-friendly company even though you could find a better or cheaper product at a homophobic company?
26. What induces brand loyalty for you?

Guiding questions for wealth manager interviews

1. Name (if willing to disclose)
2. Age
3. Occupation
4. Company
5. Position
6. Qualifications
7. Do you have a separate strategy for the gay market?
8. What do you know about the pink/ gay market?
9. Do you feel that there are merits to targeting gay individuals differently?
10. Do you think there could be drawbacks?
11. Do you feel that gay men may consume differently to their straight counterparts?
12. Do you feel the gay market may have different needs?
13. Have you considered the gay market as a viable niche?
14. Would you consider a strategy aimed at targeting gay individuals?
15. If you do...how do you do it?
16. If not...why not?

Guiding questions for interviews with media strategists

1. Are you involved with any campaigns targeting the gay market?
2. What are the typical markets for gay themed adverts (financial, travel etc.)?

3. Have you conducted research into the gay market in South Africa?
4. Tell me about it
5. What do you believe the characteristics of the gay market are?
6. Do you believe or do you have evidence of the straight market being alienated by gay-themed advertising?
7. What are the typical mediums for gay advertising?
8. Do you think there is justification for the costs associated with a separate campaign to target the gay market?
9. Have you encountered or ever worked with any financial services companies that have targeted the gay market?
10. Is South Africa ready for mainstream gay advertising?
11. How do you make gay advertising personal and relevant?