

LGBTQ+ and the future of CX

DISQO's 2022 LGBTQ+ ad study
with Do the WeRQ



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What LGBTQ+ experience says about the future of CX

Not long ago, a generation raised on TV, print, radio, and out-of-home advertising as their dominant connections to brands started understanding that product, retail, and customer service interactions were all a part of the same brand experience. Marketers who acted on that shift in perspective integrated experiences and led the way in their categories.

A generation later, people who grew up immersed in digital experiences began having two-way brand conversations, and brands and agencies created separate units around these opportunities. That was until the industry understood that there is no difference between the physical and digital parts of customer experience. And again, marketers who integrated led disruption... and led their categories.

Now, we're experiencing a new cohort who grew up with redefined ideas of brand purpose, and they are looking for authenticity. Their language revolves around movements, community, assembly, and impact. Younger people express that brands' political spending is as much a part of who they are as their stated promises and values.

Brands integrating purpose will lead the way next

LGBTQ+ people and their allies are important in this. Based on U.S. Census Bureau data, the Human Rights Campaign Foundation (HRC) estimates that at least 20 million U.S. adults could be LGBTQ+. This equates to nearly 8% of the adult population and is almost double previous estimates of the community's size.



In the U.S., LGBTQ+ is the fastest growing minority segment with an estimated \$1.4 trillion in annual spending; they are a mass market still treated as a niche.

LGBTQ+ are an audience to watch for response to brand purpose.

Brand stewards know this. It's demonstrated by the massive wave of rainbow-hued logos and corporate turnout at Pride parades each year.

The marketing industry has long discussed that addressing the LGBTQ+ audience with relevant, authentic, and effective messaging is imperative for brand growth. For this reason, DISQO again partnered with Do The WeRQ, a nonprofit organization fostering connections, experiences, and cultural transformation driving LGBTQ+ inclusion in media, advertising, and creativity. DISQO lent our CX intelligence platform to help create an understanding of the experiences different types of people have with LGBTQ+ content. More than 9,000 people (n = 9360) shared about their experiences with LGBTQ+ advertising between June 10, and June 23, 2022.

It is an interesting year to study these experiences, with news about sixteen states pushing so-called "don't say gay" legislation that would restrict classroom discussions of LGBTQ+ issues.

Enactment of such legislation in Florida has also sparked a national dialogue about how corporate allies sometimes also make contributions to politicians promoting discriminatory legislation. And, the Supreme Court's decision to overturn *Roe v. Wade* ignited conjecture that gay marriage might next be reconsidered by the Court.

Against this backdrop, Do The WeRQ and DISQO created intelligence that CMOs, Chief Customer Officers (CCOs), and Chief Experience Officers (CXOs) can use to understand the beliefs customers hold about the roles that

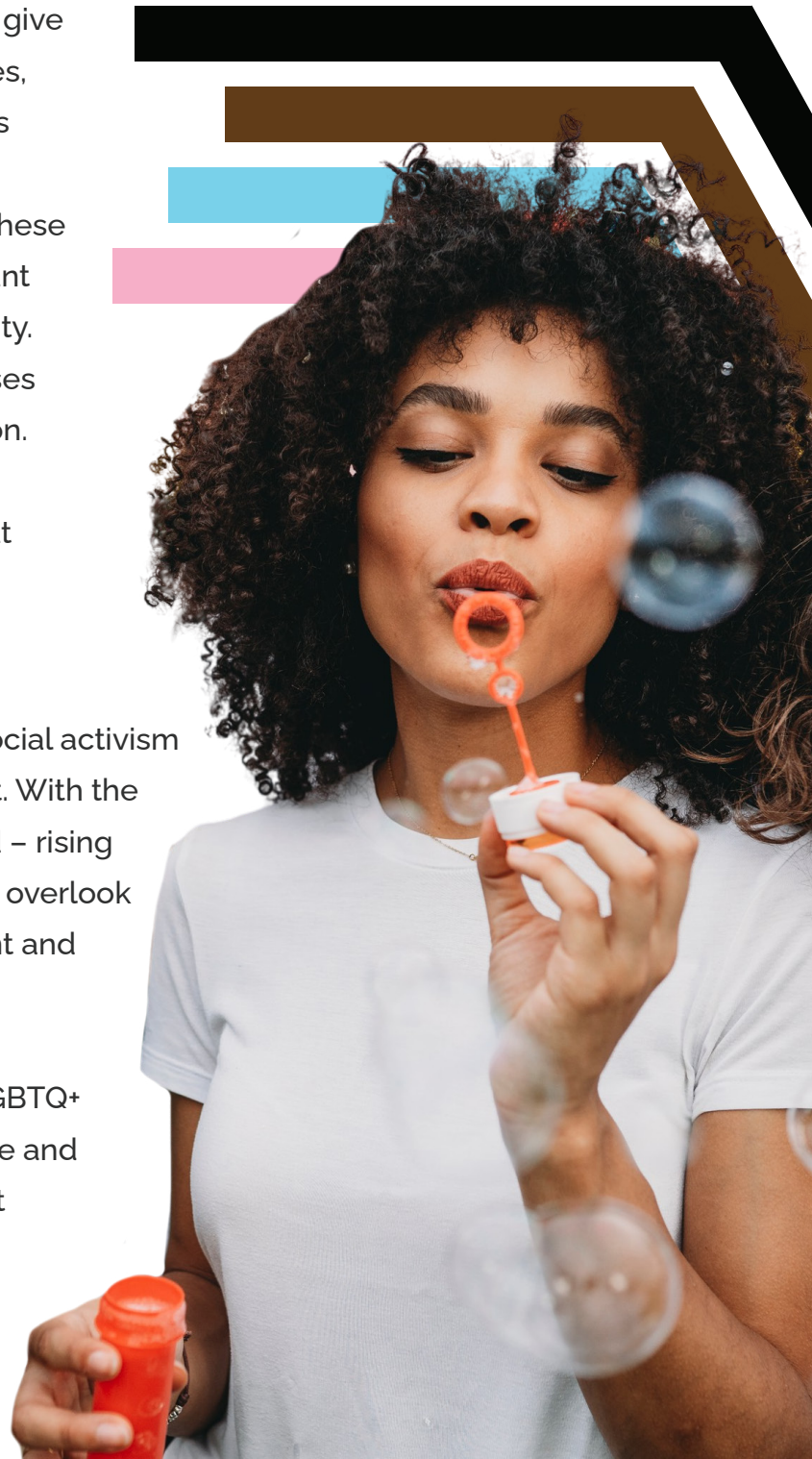


brands and corporations can or should play in social issues, particularly as related to LGBTQ+ equality and inclusion. We looked at how customers factor brand purpose and values issues into their CX journey decisions and how far they might be willing to go to reward or punish brands based on whether brands align with their values. Our findings underscored the need to better connect DE&I and brand purpose with holistic CX.

Importantly, we also learned that brands must give strategic focus to the youngest adult audiences, those 18-24 years old, Millennials and Gen Zers who have grown up very differently from prior generations. It's already well established that these generations have higher expectations; they want brands to operate with purpose and authenticity. We learned they're wise to the power businesses wield in advancing LGBTQ+ equity and inclusion. Millennials and Gen Zers also recognize the differences between what brands say and what corporations do and factor these differences when choosing to engage with a brand.

This takeaway underlines the importance of social activism in acquiring and retaining this essential market. With the massive economic influence they already hold – rising into the 2030s – marketers would be remiss to overlook how this segment experiences LGBTQ+ content and brand commitments.

Altogether, our 2022 examination of CX with LGBTQ+ advertising spans dimensions of brand purpose and intersectionality; our learnings underscore that creating inclusive customer experiences is imperative to future brand growth.

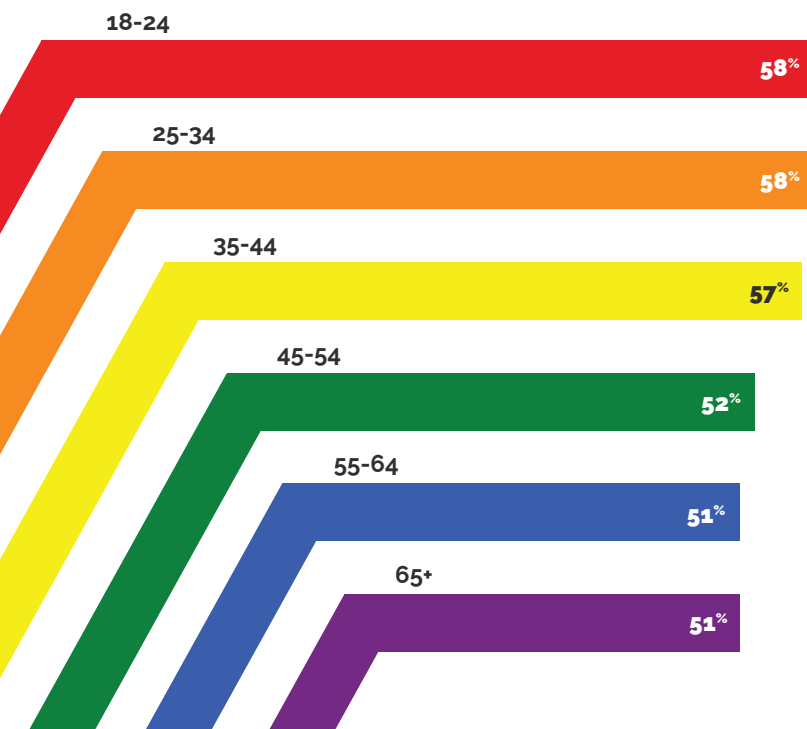


Recall, impact, and receptivity to LGBTQ+ content

Overall, high recall levels are a sign of progress, but disparities between demographic cohorts suggest an LGBTQ+ advertising “echo chamber.”

This year, less than 7% of people said that they did not recall seeing any LGBTQ+ advertising at all, over any span of time. This compares to nearly 20% who said this in last year’s study. Ostensibly, this is a mark of progress. However, when looked at by age, we can see that recalled exposure to LGBTQ+ ads steadily declined with each age grouping.

Recall seeing LGBTQ+ ads in the last 6 months or less



Still, more than 80% of people 65+ recalled seeing LGBTQ+ ads within the last 6 months. In general, about 37% of people said that they recalled seeing LGBTQ+ ads outside of content made specifically for the community, while 47% said that they recalled the ads within LGBTQ+ content specifically. However, people identifying as LGBTQ+ were more likely to recall seeing ads in content made for them (57%) but less likely to recall seeing them in mainstream content (33%). This suggests a few things:

1. Advertisers continue to be successful in targeting their ads
2. LGBTQ+ people may be more attentive to who is advertising in content created for them

3. Advertisers haven't mainstreamed LGBTQ+ representation.

In an encouraging sign relative to the diversity of LGBTQ+ people in advertising, 27% recalled seeing “LGBTQ+ people of color;” and 20% of people recalled seeing “transgender/non-binary people.”

This was higher than the recall of ads with “gay/queer men” (20%) and “lesbian/queer women” (19%). This suggests that the industry is rounding a corner in reflecting the intersectionality of the LGBTQ+ community,

1 in 5 said there should be less LGBTQ+ ads created.

In earlier days over-indexed on depicting white gay or lesbian couples. Almost 26% said there should be the same amount, but that the diversity of who was being represented should be increased.

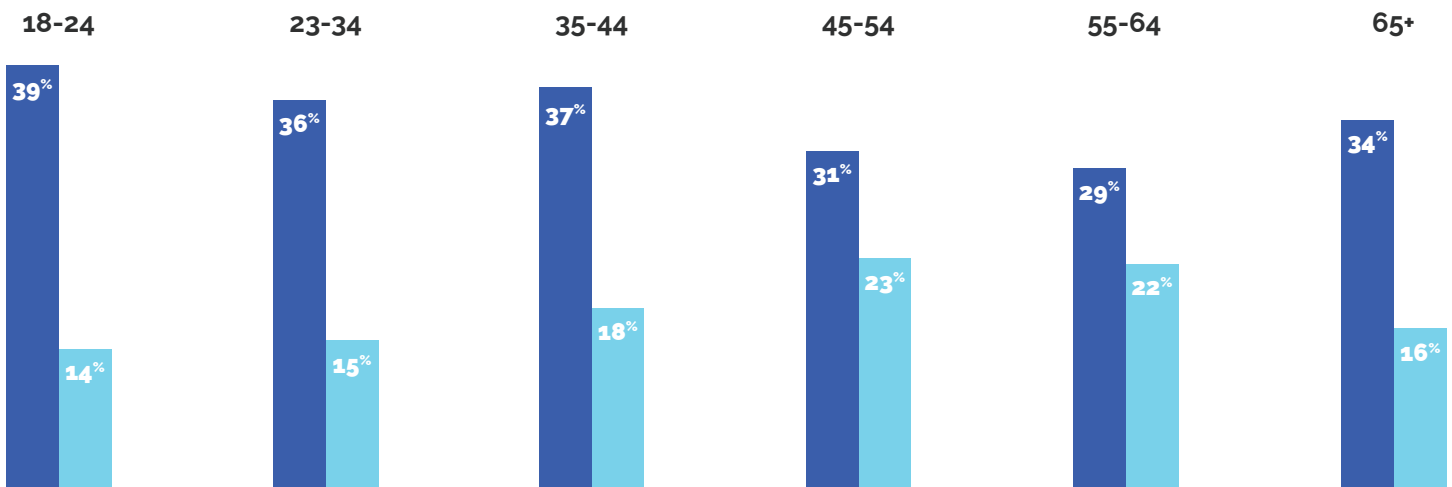
Together, 48% of respondents said there should be the same or less LGBTQ+ advertising. And when asked another way, whether they thought that advertising is sufficiently inclusive, more than 46% of respondents agreed or strongly agreed that it was.

Considering age, older generations were less likely to say that more LGBTQ+ content should be created and far more likely to say that there should be less.



Should more or less LGBTQ+ ads be made?

● More ● Less



Again this year, we saw that Caucasian people more often said that there should be less LGBTQ+ content – more than one-fifth (23%). People identifying as Middle Eastern more often said there should be more LGBTQ+ content (62%) and were the only racial background with a single-digit percent rate (6%) saying there should be less LGBTQ+ content. More than 82% of people identifying as Hispanic said there should be the same or more LGBTQ+ content.

Twenty-five percent (25%) of people from the South said there should be less LGBTQ+ content; people from the Midwest closely followed at 23%. As might be expected, fewer people from the Northeast (16%) and the West (19%) said the same. More than one-third of people in the West and the Northeast said that there should be more LGBTQ+ content.

The perceived authenticity of LGBTQ+ advertising was also explored.

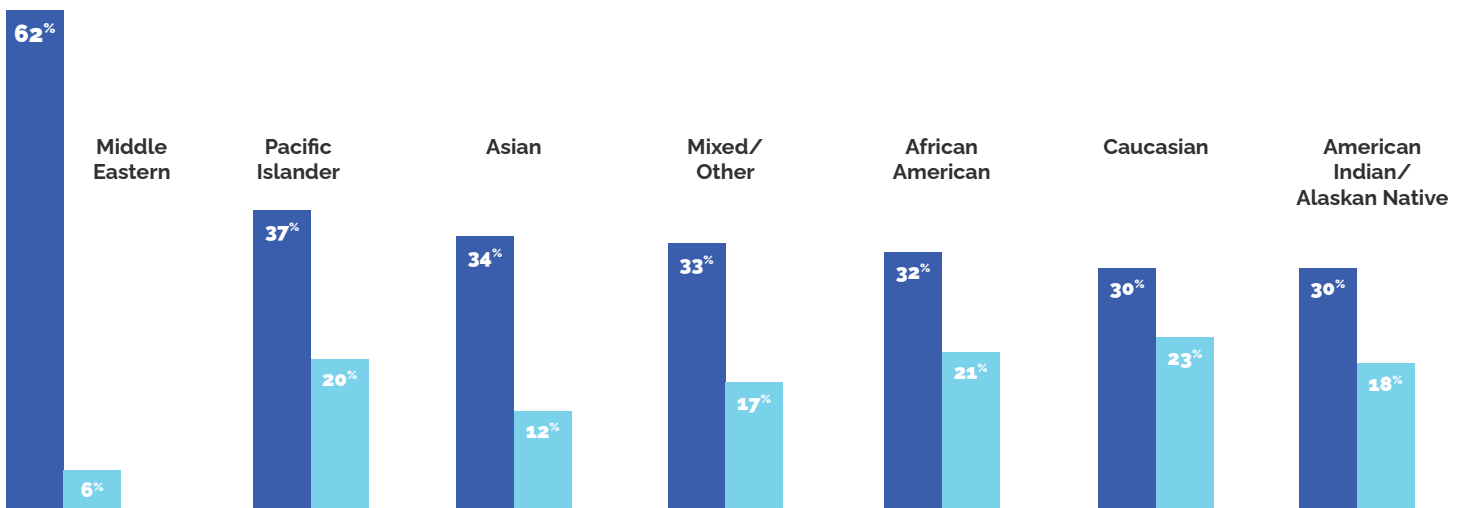
When asked if they agreed with the statement, “Advertisements about LGBTQ+ people feel authentic,” only a little more than half of the respondents (52%) said that they did. Nearly 18% “strongly agreed” and 35% “agreed.” Nearly 17% of respondents “disagreed” or “strongly disagreed” that this was the case.

There were more dissenters about the authenticity of LGBTQ+ ads from non-LGBTQ+ respondents than from those who said they were part of the community. 64% of people identifying as LGBTQ+ agreed that ads depicting their community felt authentic, while more than 12% disagreed or strongly disagreed, and 24% were “neutral.”

Less than half of non-LGBTQ+ people felt ads depicting the community felt authentic.

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Brand purpose and activism

People understand that companies are influential in social and political arenas, and younger cohorts, particularly, believe they should use their power.

Much has been written about corporate involvement in Pride celebrations; members of the community and marketers alike are asking about the significance of it all. "Rainbow washing" is an established concept, and LGBTQ+ people are increasingly looking for tangible actions demonstrating true allyship. We wanted to aid industry understanding of where people are when it comes to their expectations of a brand's responsibility and influence over LGBTQ+ and other DE&I issues. We also wanted to know what they might do based on those expectations being met.

More than 72% believe brands have influence over LGBTQ+ rights.



More than 1 in 4 said "they have a lot of influence" and 46% said "they have some influence." An even greater percentage (81%) of those identifying as LGBTQ+ said that brands have some or a lot of influence.

Nearly half of respondents said that brands had been important to ushering LGBTQ+ progress, with 16% saying they had been "essential" and 33% saying they had been "very important." Among people identifying as LGBTQ+, more than 1 in 4 said that brands had been "essential" to their progress; 41% said they had been "very important."

When asked whether companies or brands should get involved in social issues such as DE&I, racial equality, gender equality, and social economics, 74% said that they should. Forty-seven percent (47%) of respondents said brands should be involved without qualification, while 27% said they should... but only if it is directly related to their businesses. Less than 20% of respondents said that brands should not get involved in social issues.

The general majority do expect that brands will take action. Again, there are generational differences. For all age groups below 44 years old, at least 52% of respondents said brands should be involved, without qualification. Forty-nine percent of people between 45 and 54 said brands should take these stands. Then, there is a 10-point drop with people 55-64, only 39% of whom said brands should get involved. Only 34% of those older than 65 said the same. LGBTQ+ identifying people said brands should be involved more frequently than non-LGBTQ+, with a 22-point spread of 64% versus 42%.

Beyond whether brands should get involved, we also wanted to know how people factor brands' social positions in their customer journey decisions, and what actions they were willing to take – if any – if they found a brand to be misaligned with their values.

Asked if they ever think about a company's social and political activities in connection with purchase decisions, 85% said that they did: 20% said "always," 44% said "sometimes," and 21% said "rarely." Less than 15% of respondents said that they "never" think about these things when making purchase decisions.

More than half of people say they decided not to make a purchase because they disagreed with a brand's position on issues

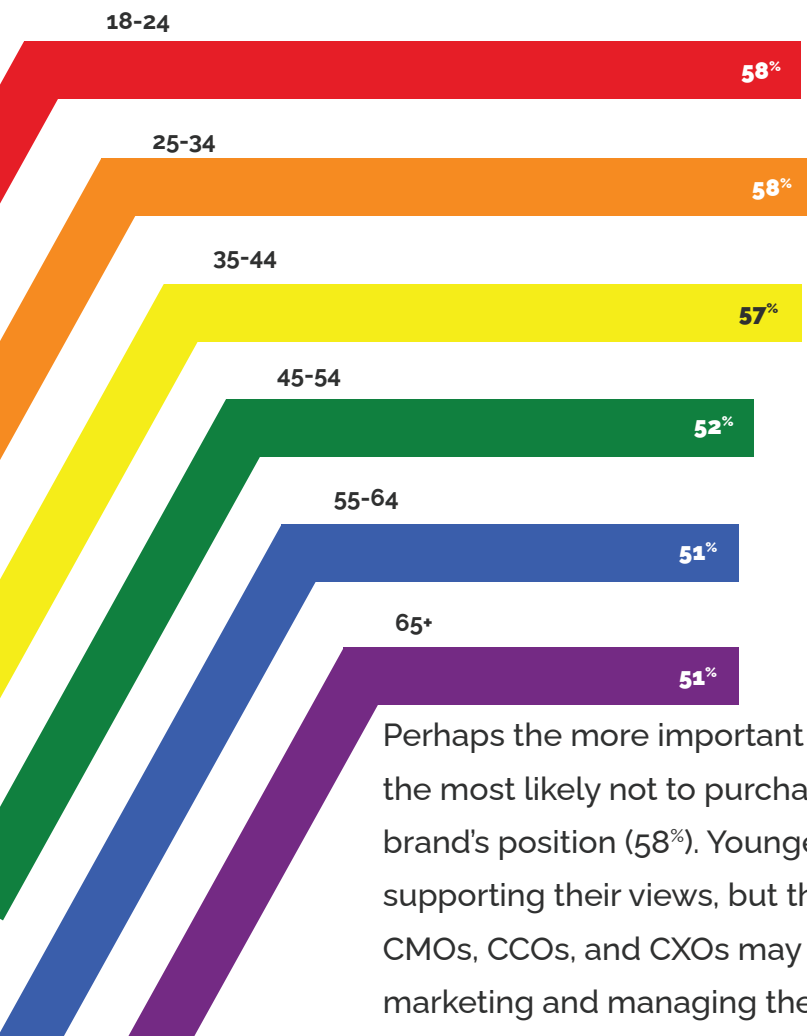
There was also a 19-point spread between LGBTQ+ who said that they "always" considered these factors (35%) and the 16% of non-LGBTQ+ who said the same. People in the West said this slightly more often (58%) versus other regions which hovered around 54%. Generational differences were again revealed with people below 44 years of age being more likely to have taken action with their wallets: 18-24 (58%), 25-34 (58%), 35-44 (57%).



22% of respondents under 24 years old said that they “always” think about where a brand or company stands when making purchase decisions. For people 25-34, it was 24% and for people 35-44, it was 25%. For each successive generation, the percentage declines, with only 12% of people 65+ saying they have these considerations. As more of Generation Z come into adulthood and economic influence, marketers should carefully study whether the greater flexibility afforded by their higher working income will empower them to think more frequently about brand purpose in the actions they take across their customer journeys.

It is a profound finding that at least half of people, regardless of generation, have decided not to buy a product because they disagreed with where a company stood on issues. For LGBTQ+ identifying people, this is even more telling with 66% saying that they have refrained from buying something, versus 51% of non-LGBTQ+ who said the same.

Recall seeing LGBTQ+ ads in the last 6 months or less



To further examine their commitment to voting on brands with their own money, we also asked respondents if they'd ever paid more for a product or service, or otherwise gone out of their way to buy a brand because of their support for issues they cared about; 48% of people said that they had. Younger adults more often said that they had done this, 35-44 (57%), 25-34 (56%), and 18-24 (50%).

At first glance, the findings seem to suggest that support for brands taking stands on issues may have peaked, but there may be more to the story.

Perhaps the more important point is that the youngest cohort (18-24) were the most likely not to purchase a product when they disagreed with brand's position (58%). Younger people may be less likely to reward supporting their views, but they are more likely to punish those who don't. CMOs, CCOs, and CXOs may do well to consider the potential costs of marketing and managing their CX inclusively and holistically.

Can we shorten this copy so it fits on one page?

Confidence about rights and safety

Our findings give context for how safe LGBTQ+ people feel being authentic in the world and sends signals to brands about creating psychological safety.

As mentioned, the LGBTQ+ community is in political crosshairs, more so in 2022 than in recent years. However, when asked about their confidence that their rights are equally protected by federal or state laws, more than 60% of LGBTQ+ respondents said that they were “somewhat confident” or “very confident.” Surprisingly, 36% said they were “slightly more confident” and 29% said they have “about the same confidence” when considering changes to their feelings over the last five years. Just less than one-fourth (24%) said that they were “somewhat less confident.”

However, people (in general) between the ages of 18 and 24 more often said that they were “somewhat” or “very nervous” about the protection of their rights. They also less frequently said that they felt “very safe” physically and psychologically being their authentic selves in public.

Needs for safety will have an increasing bearing on brand work on social issues



The future impact of Generation Z

Future market leadership will be predicated on heightened investments in purpose across the entirety of the enterprise so that CX is holistically inclusive.

According to the U.S. Census, there are 67 million Gen Zers. Compared to prior generations, they're more racially diverse and numerous sources have observed that they're more likely to identify as LGBTQ+. While DISQO's generational breaks do not perfectly align to Gen Z, Millennial, Gen X, and Boomer schema, 30% of the youngest respondents in our audience (between 18 and 24) said that they identify as LGBTQ+, more than any other age cohort. This is high relative to other estimates for how many Gen Z people will identify as LGBTQ+ in adulthood, but nevertheless adds further support for the growing importance of this audience to marketers.

Gen Zers wield huge economic influence already – independently and through their families. By 2030, their earnings will reach \$33 trillion, more than one-fourth of global income, and overtaking Millennials in spending power.

Earlier this year, the Association of National Advertisers (ANA) published results from their LGBTQ+ Marketing Inclusion Survey. The ANA performed their research in recognition that the LGBTQ+ audience held spending power of about \$1 trillion. They wrote that this figure underscores the need to better understand the community.

Shockingly, the ANA found that 60% of their audience did not actively market to the LGBTQ+ community via targeted LGBTQ+ media for any brands if they disagreed with a brand's position on issues important to them.

60% of brands don't market to LGBTQ+

This is a worrying finding based on how Gen Z relates to LGBTQ+ (see infographic on next page).



People Ages

18-24

30% Shop brands that support issues they cared about

33% Are nervous about their rights

39% Want more LGBTQ+ content

53% Say brands should get involved in social issues

58% Have NOT bought a brand because they disagree

67% Have family or a close friend who is LGBTQ+

70% Believe it's important that content is made inclusively

72% Consider a brands' social and political activity when buying

76% Believe brands influence LGBTQ+ rights

Marketers must ask, “How do I ensure my integrity by aligning what my company does with my brand's purpose and values?”

Do the WeRQ's focus has increasingly centered on how brands account for all of their actions touching the LGBTQ+ audience. In Adland, even today, many expertise silos exist because decision-makers want the benefits of specialization: social media over here, TV over there, events here... but increasingly the focus is on integrated CX. After all, consumers see all of their experiences with your brand as just one thing. It's their experience.

The LGBTQ+ community's cultural and economic influence is underestimated. And accordingly, many marketers still don't fully act upon the opportunity, as the ANA revealed in

their own study. Per the ANA, 60% of brands do not actively market to the LGBTQ+ community. You can only imagine that the percentage of those who do market and who have also integrated their marketing and community allyship across the whole of their business to be minuscule.

This is not sustainable because the era of dissociation is over. Customers see the disconnect between words and actions.

The imperative for CMOs, CCOs and CXOs is to ensure brand integrity for purpose-driven CX. Next-gen consumers have made it clear that they'll settle for nothing less. How can you integrate for greater authenticity?

However, this last finding somewhat contradicts and feels worrisome - with more people saying that advertising was already sufficiently inclusive of LGBTQ+ people this year versus last year (46% versus 42%).

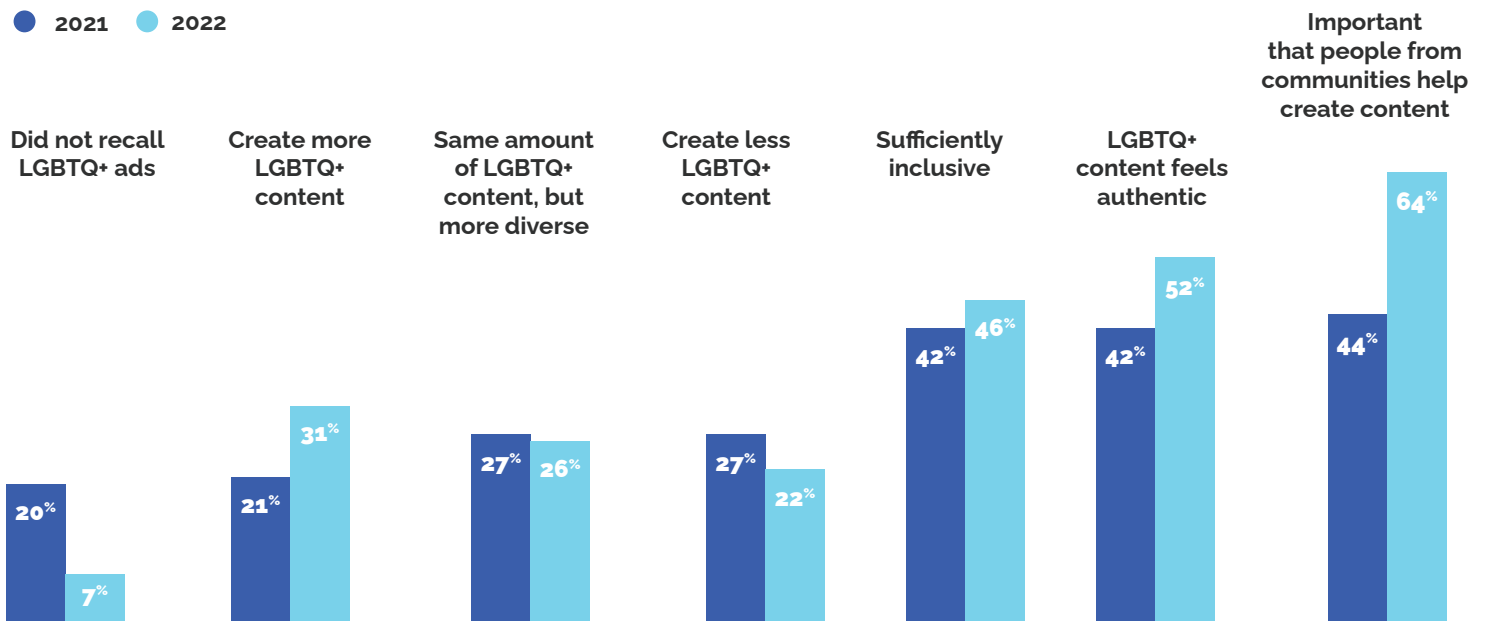
Overall, this year's findings marked encouraging signs of progress with the general population, but we saw that there continues to be significant divides among how people experience LGBTQ+ advertising depending on their age, region, and ethnic backgrounds.

There's a richness of insights to be explored across these dimensions that were just too much for a single paper, but it's clear... there is still work to do in the way our agencies and clients approach the LGBTQ+ community.

Speaking on behalf of OPEN Pride and Omnicom, we're excited to continue to partner with DISQO and Do The WeRQ to help lead the way for change.

With the insights uncovered over the first two years of interrogation of experiences with LGBTQ+ content, it is clear that there is a mix of progress and more work to be done. To that end, we plan to use the data to suggest initiatives around talent, strategy, creativity, media, and the entire client interaction and relationship, specifically related to DE&I and LGBTQ+ inclusion.

Our mission in this area is far from over, but we are excited to be on this essential journey with DISQO, Do The WeRQ, and the entire industry.



Integrating brand purpose across corporate CX is imperative



GRAHAM NOLAN
Co-Chair, Storytelling
and Partnerships



KATE WOLFF
Co-Chair,
Programming and Ops



It's no coincidence that "integrity" sounds like "integration." Nor is it coincidental that brand integrity across the whole of your customer experience may be the key to your company's future. Integrity simply means you do what you say you'll do. A person with integrity has their entire character intact. Given that companies have personified their brands for life in social media and their two-way communications with customers, it's essential they also have consistent character. This requires "integration," a term used more broadly to connect people, societal, and business rhetoric.

With CX intelligence courtesy of DISQO, we learned this year that integration will define tomorrow's brand leaders.

Why? Because younger generations demand more integrity and will act on their demands. With CX intelligence courtesy of DISQO, we learned this year that integration will define tomorrow's brand leaders. Why? Because younger generations demand more integrity and will act on their demands.

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Please Do The WeRQ

INTEGRATE MESSAGE AND MEDIUM

This year, fewer people said that they hadn't seen any LGBTQ+ advertising versus last year (7% versus 20%), however, June is saturated and the targeting of content to LGBTQ+ audiences in this month and within their own content has made media planning itself a new form of rainbow washing.

INTEGRATE COMMUNITY AND SOCIETY

Seventy-two percent (72%) of respondents believe brands are paramount to ushering LGBTQ+ rights progress. In this unprecedented time when 250+ pieces of anti-LGBTQ+ legislation have been filed, brand stewards should work within their organizations to integrate brand promises with corporate social influence. Brand stories should be backed by real service.

INTEGRATE VOICES WITH MESSAGES

Sixty-four percent (64%) of people identifying as LGBTQ+ agreed that ads depicting their community felt authentic. Less than half (49%) of non-LGBTQ+ identifying people agreed. As we reinvent marketing and create Web3, we need to explore this disparity. In the future, how customer experience be shaped by the inclusion of queer ideas and talent?

We're not ready for the scale of change that's coming. What we're seeing clearly is that the line where cultural margins have existed is moving. The sequestered are becoming the mainstream, and the next generation of consumers are going to wield their wallets to demand inclusion.



Our ongoing commitment to shepherding brands through constant change



DAVID AZULAY
Executive Vice President
OmnicomGroup



DEVIN O'LOUGHLIN
Global Chief DE&I
& Comms Officer
RAPP

Through their use of DISQO's CX intelligence platform, Do The WeRQ has created important benchmarks and a data-driven vehicle for brands to consider their marketing investments and more.

As leaders for Omnicom's LGBTQ+ ERG, OPEN Pride, we were intrigued by the insights they shared with the industry last year. So, we were delighted to be asked to help shape this year's effort to ensure that the questions being asked would lead to insights we could use to make suggestions to the many clients with whom Omnicom works. After all, agencies are held accountable for helping our brand clients to see around corners and anticipate what's coming next.

With this responsibility for understanding trends, we wanted to reflect on the year-over-year changes in customer experience with LGBTQ+ brand content and to best identify where we can guide our teams and clients to increase inclusivity.

One of the most remarkable findings is that far fewer members of DISQO's audience this year said that they did not recall seeing LGBTQ+ ads (7%) versus last year (20%). There was also a 10-point jump in people saying that LGBTQ+ advertising feels authentic (52% in 2022 versus 42% last year). And, there was a 10-point increase in people saying that more LGBTQ+ content should be created (31% this year versus 21% last).

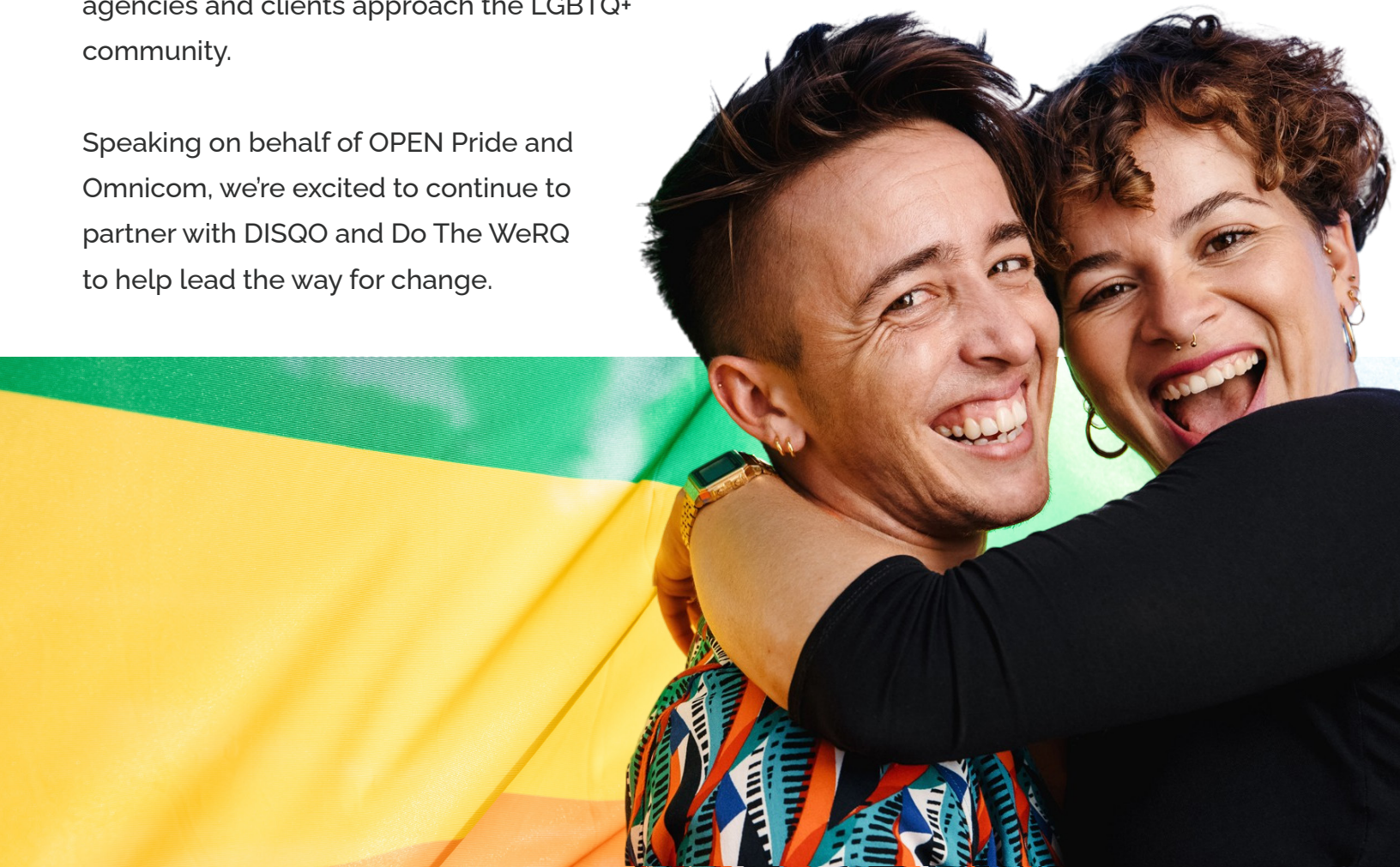
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DISQO, the CX intelligence platform

DISQO's CX Intelligence platform helps brands understand the full customer journey:

EVERY customer

EVERY interaction

EVERY outcome

Fueled by our 100% opted-in audience, our platform empowers marketers to make data-driven decisions with speed.

**Interested in
Learning more?**

LET'S TALK!

hello@disqo.com