

RESEARCH ARTICLE

## Business Strategies for a New Marketing Target

Albano Alessandro, Borzillo Federica, Schirone Dario A\*

University of Bari "Aldo Moro", Piazza Umberto I, Bari, Italy.

\*Corresponding author: [darioschirone@libero.it](mailto:darioschirone@libero.it)

### Abstract

In the last few years, in Italy various companies have started to consider homosexual people as an important commercial target. IKEA group, in 2010 launched a spot in which there was a couple of gay men making shopping. What have been the effects of this special market strategy among gay people? To find an answer we made a survey of 200 homosexual from Apulia (a region of South Italy). We have adopted the "snow ball" methodology, the best practice to catch the so called "rare populations". Our analysis shows that incomes and the possibility to choose IKEA are linked by a linear negative function: as income increases, the propensity to buy IKEA products decreases. More deeply, making a quantitative analysis, the most interesting results confirm that the purchase does not depend exclusively on the cost price of products, but also by the good quality/price ratio, and by the capability in offering trendy items. So, this business strategy does not seem to have the effect so much hoped: gays prefer to buy at IKEA for reasons not related to its attention towards issues regarding the respect for "diversity". The aim of this work is to corroborate the "geographical" differences in the way gay people accept IKEA strategies. So, we will make the same analysis (measure of dependence; linear or multinomial regression, crossing tables) with a sample of 200 homosexuals coming from Tuscany (a region of North Italy) to underline the differences about the impact that these strategies have had among Italian gay people.

**Keywords:** *Business, Daeversity, Marketing sectorial.*

### The European "Gay" Legislation (S)

All European Union citizens, according to the various Official European Treaties, have equal rights whatever are their origins, nationalities, social conditions, religions, political stances and sexual orientations. So that, why all European countries do not have an unique form of protection of such rights still? This question comes from an informal observation of daily reality: the growing number of "unmarried" and the absence of equal rights between homosexuals and heterosexuals have directly made possible the existence of a law that is not unique within the EU countries. So, there is an "homosexual" legislation that differs from country to country.

With a Resolution enacted in 1994 [1] European Community approved the equal rights of gays and lesbians. The European Parliament, in its 16 March 2000 Recommendation on respect for human rights of European citizens, asked Member States to "ensure that single-parent families, unmarried couples and same-sex couples, should have equality of rights compared to traditional couples and families. In particular, in the field of tax law, pecuniary and social

rights"[2]. Then, in 2003 Resolution (4th September 2003), not only it reinforced what was already stated in the previous Recommendations, but also required Member States to implement the rights to marriage and adopting children by homosexual persons. Recognizing the de facto relationships only in certain countries, implies contrasts with the free movement of individuals, citizens, within the same Union [3]. In fact, what happens to a de facto couple legally recognized in one state but residing in another one where it isn't? Moreover, what happens to some legal issues related to the adoption or inheritance?

To these questions there isn't a single answer because the law on this subject is rather "polychrome". We can observe 3 different kinds of attitude toward this topic looking at the different behavior that some EU countries have had in the last few years.

- Countries like France: whose Government, for example, recognized the "registered partnerships" through the so called PACS ("civil pacts of solidarity."). With this jurisdiction, it guaranteed certain rights and

- obligations to every kind of partnership: same-sex and heterosexual couples.
- Countries like Spain, Holland and Belgium: the Governments of these countries not only legally recognized unmarried couples of any sex, but also have allowed same-sex couples to get married. They have also launched a lot of campaigns promoting the absolute equality between homosexual and heterosexual individuals.
- Other countries have chosen to implement civil unions with the unregistered cohabitation. Moreover, certain rights could be acquired after a period of cohabitation. It applies almost exclusively to heterosexual unmarried couples.

In this framework, Italy seems to be firm. In fact it does not have a law for civil unions yet, although its Governments receive continuous pressures from the European Union institutions dealing with equal opportunities. However, Italy has an additional obstacle: the contrary opinion of the Catholic Church to the legal recognition of unmarried couples.

However, some regions' governments (such as Tuscany, have attempted to overcome this obstacle by approving some statutes that would create a legislation on civil unions-even among homosexuals -inspired by the European Charter of Fundamental Rights whose Article 9 states that, among the fundamental rights of every person-regardless of sexual orientation -should be also considered the "right to marry and to found a family". In 2006, the Municipality of La Spezia was the first Italian City Hall who decided to institute "the record on gay civil unions". The members of gay couples who decide to register themselves have the opportunity - in case of death -to leave to their own partner the survivorship pension, even if among them there was no marriage bond. Back to Italian Government, in February 2007 has been put forward a new bill - called "d.i.c.o." (Rights and obligations of persons permanently living together)-that provides for the legal recognition of the de facto unions. Unfortunately, the Italian Parliament rejected it. In September 2008 it was proposed another text in order to recognise heterosexual and homosexual couples. This one was called DiDoRe (reciprocity of rights and duties of cohabitants) but while we're writing, the proposal has not been presented to Parliament, yet.

So, the Italian government does not seem to give much urgency to this issue. In contrast, some

multinational companies are promoting interesting initiatives in favour of gay couples. Are we facing a new era in which important social decisions are taken by the private sector instead of the public?

### Ikea's Sectorial Strategies

IKEA, the most important Swedish multinational has always paid particular attention to issues such as respect and protection of the family. In fact, in 1984 it launched the promotional campaign "IKEA Family" with the aim of retaining the target "family". Despite being very attentive to the model of traditional family, IKEA has a very long history of an advertising system facing, including, quoting or referring the issue of homosexuality. Advertising, newspaper articles, sponsorships gay-themed events, clearly show the attention of the multinational towards the "gay" world.

In 1994, IKEA was the first company in the U.S. to broadcast a commercial which featured a gay couple. The ad created a stir around the world. It showed a male couple buying a kitchen table, two middle-aged men who tell how they have chosen and purchased their dining table. All took place in a calm and relaxed way. It was a spot far away from any kind of stereotype. During the years when the commercial was broadcast on television, the company's sales considerably increased. Since then, the gay world is considered by IKEA as a "tool" to capture tastes and trends in order to conquer new market shares.

So, IKEA's attention towards the gay world has grown rapidly for two different reasons. First, because the stereotype of gay men is often synonymous with "fashion" and "good taste"; gays have been recently defined as "trend setters" of the economy as individuals capable of directing consumption, influence the choices of others and start new trends, indeed. Secondly, because through the promotion of freedom of "being themselves", highlighting the differences between individuals in your workplace, you can maximize the ability of expression and creativity with top results in terms of efficiency. In fact, in socio-economical literature there are lot of contributions on the so called "Diversity Management" [4-6].

We have to consider, moreover, that it is a target that more and more attractive. It was observed [7,8] that homosexuals have a spending power greater than that of the traditional family, and then, with a higher propensity to buy. So, the gay world, which for other companies represents a

"danger" in terms of the brand's respectability, authority and image, for the IKEA Group becomes a business strategy.

### Why is Gay Marketing so Important?

After a long period of invisibility, ignored by the mass market, the approximately 5 million of Italian homosexuals - estimated by the Eurispes Institute in 2004-in the last few years, have increasingly been taken into account by the productive pull sectors of the economy: from fashion, cars, hi-tech up to the tourism. Despite this, there are various attitudes coming from politics, society and private companies towards homosexuality and gay world in general.

On the political side, all Italian Governments have always been reluctant to legislate in the field of civil rights and respect for minorities. In fact, in recent years, Italy seemed to be close to other European Union countries only from a geographical point of view. In many EU countries such as Holland, Belgium, France, Spain and United Kingdom, there have been several legislative measures that have granted rights to gays, recognizing "de facto couples" as subjects of law. Fortunately, the attitude of Italian people towards the gay world is very different from that of the Governments that have occurred over the past 20 years.

Moreover, on the social side, we can observe a greater open-mindedness in the North of Italy, traditionally characterized by the presence of industrialized regions that, with regard of southern ones, have been used to have more commercial and social relations with other foreign and more opened realities. Going deeper, we should find, in the "demographic history" of these two areas, another reason of this difference. The southern Italian regions lived their second demographic transition processes [9-11] in a slower way than the northern ones. Furthermore we talk about territories whose economy remained focused on agriculture for a long time and where the family concept was "patriarchal" until the first half of '80s. So that, in Italy, especially for young people, being homosexual was more problematic in the South than in the North. Finally, on the commercial side, significant are the efforts of some companies, to target their marketing strategies to gay people, an increasingly large slice of population. So, for these companies, the gay men stereotype has become the "litmus test" to understand and capture the tastes and trends of the entire business community. For this reason, homosexuals are called the "trend setters" of the economy as

individuals capable of directing consumption, influence the commercial choices of others and start new trends. "Marketers can be expected to become more sophisticated and begin portraying gay and lesbian people as plausible experts in a wider range of topics than just fashion and home decorating" [8] We should also consider that it is an increasingly attractive target because it has a purchasing power and a propensity to buy higher than those of so called "traditional families".

### Our Analysis: Background, Data and Methods

Previous researches conducted on the consumption choices of the people belonging to the "gay world" have confirmed the growing importance of this population sector for marketing strategies [12-13]. If the 1970's were about hedonism, the 80's about activism, and the 90's about visibility, the early 2000 years are all about equal participation. So, the implications of that social shift are immense for marketers seeking gay "mindshare". Most of the papers available on this topic come from U.S.A. In particular it has been estimated that in 2002 the gay purchasing power was about 400 billion of dollars [7]. The analysis focused also on the Italian gay people underlining the difficulty of them of being represented by the companies and society in general. According to the results of a sample survey realized by gay.it (2005), the main gay web site, almost the 49% of the Italian homosexual men and women saw in that companies' attitudes, something of homophobic and smearing towards gay people. Only the 9% of the sample believes that these efforts go in the right way towards the "accepting gay" cause. According to E. Napolitano (2002), Italian gay people form a sort of "sub-cultural-stratum" of the market and companies must consider them in order to preserve the differences of offered products and services. But in our country very few companies (Deutsche Bank, IKEA, etc.) have captured these economic trends coming from the other side of the ocean. So, it would be interesting analyze the effects that the marketing strategies of one of them have had on the Italian gay world.

The aim of our work is to evaluate the impact of "gay friendly" marketing strategies adopted by IKEA in Italy on the purchasing behavior of a group of Italian homosexuals coming from Apulia, a Region in the South of Italy.

Among the many corporations who adopted gay-friendly marketing strategies, we decided to structure our investigation by considering the IKEA Group. This company has always been very

careful to particular issues such as the environment, child labor, respect for and protection of traditional and non-conventional families. In 2011, at the opening of a new shopping center into a southern Italy town (Catania, in Sicily), IKEA launched an advertisement in which the protagonists were two gay men who made shopping. Despite the political controversy started from it, IKEA achieved, in a strong "familist" country such as Italy, to introduce for the first time, into the daily vocabulary of people, the term "family" in the plural form (families).

This paper starts from the results of a survey conducted by us in Apulia and addressed to a sample of 200 homosexual. We have adopted the "snow ball" methodology, the best practice to catch the so called "rare populations". The object of analysis being strictly personal and confidential did not allow the use of traditional sampling techniques. In some cases these methodological problems can be resolved using special survey methods, some of which are the result of mainly empirical considerations and still rooted in the characteristics of the communities being investigated. Since, in this case, we are analyzing a "rare" population whose absolute numbers are unknown, it was considered appropriate to use the snowball sampling technique termed the "names k and n stages". This method is based on the assumption that it is necessary that the members of the population being questioned know each other or others within the same population, possessing the same characteristics on the basis of which the survey is being conducted.

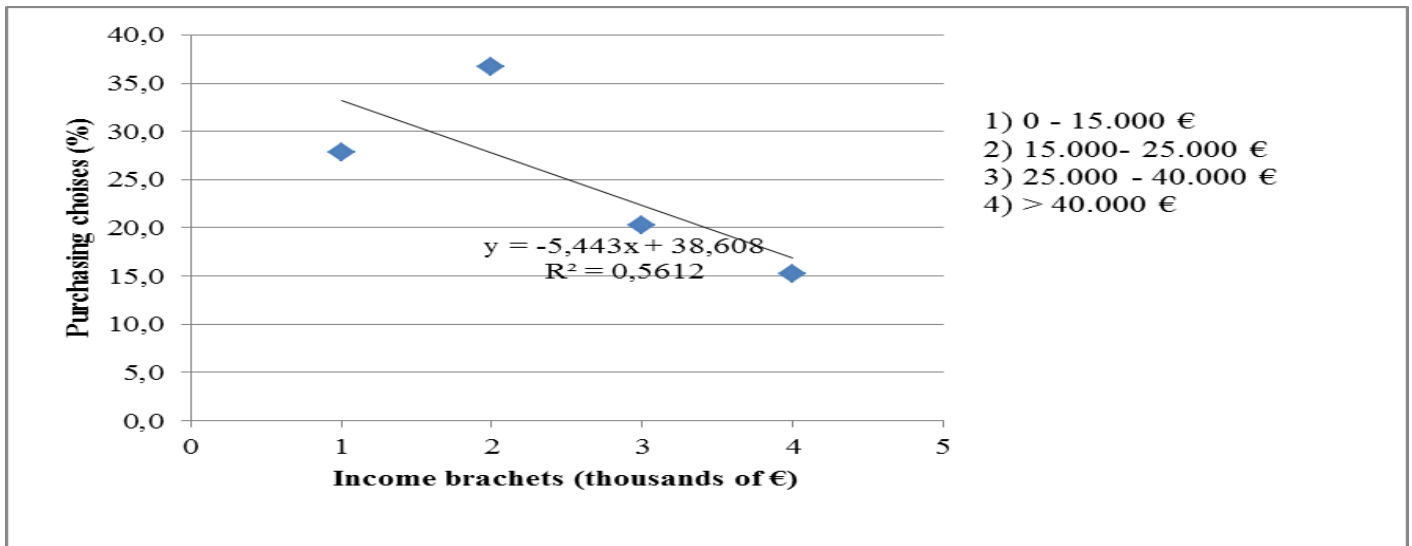
The first difficulty which emerged was linked to the establishment of contacts with the population sample to be studied. It is not easy to identify the sample when studying a population with characteristics that they do not necessarily want announced. Therefore, preliminary contacts are to be considered essential inasmuch as they constitute the initial phase of the relational chains. These were undertaken in a climate of confidence and cooperation with subjects that take on important roles with the sample, including the chief executives of major local organizations, responsible for family mediation centres, etc. These subjects, to whom was administered an anonymous questionnaire form our initial sample (zero stage), this being the first step.

Each individual belonging to this initial sample is required to indicate, where possible, K number of other individuals belonging to the studied

population (in our case, homosexual workers) related to them by any type of acquaintance. This is the second step. In turn, these "new" subjects are asked to indicate a further k number of persons to whom they are related. This procedure is repeated n times until the n-th step is realized. In the case of the present survey this was achieved when the qualitatively important number of questionnaires reached 200 respondents. The use of this technique proved efficient for the study of the homosexual population. In fact, it is much easier to gain the trust of the respondents when they are presented by a friend. It should be mentioned that in dealing with very personal issues, the snowball technique, with its anonymous approach, allows for the much easier creation of relational chains, may well lead to more sincere and direct answers, and, in general, to a reduction in the respondents' embarrassment, especially in the case of homosexuals. Given that the use of the snowball method is self-propelling and able to "feed" itself autonomously once undertaken, careful checks during the set-up phases for the intermediate stages become fundamental.

### Main Investigative Result

The 31% of our sample are women, and the remaining 69% are men. The modal age group is between 26 and 35, which contains 37.8% of respondents. In addition, more than 50% of the sample is concentrated within the middle-income classes, ranging from 15 to 40 thousand Euros. Our analysis shows that incomes and the possibility to choose IKEA as the most preferred firm to buy furniture and furnishings are linked by a linear negative function: as income increases, the propensity to buy products from this company decreases. The graph below represents the relationship between income brackets and the potential purchasing decisions of respondents. Our objective is to measure the degree of dependence between two variables: the income will be the independent variable (X) while as dependent variable (Y) we will have the purchasing decisions. The relation between these two variables is negative. In fact, the regression coefficient b is equal to - 5.4: as income increases, our respondents make different choices from IKEA. However, the coefficient of determination R<sup>2</sup> seems to have a slightly acceptable value on the basis of the provisions of the literature. Anyway, in this case, we can assume that it expresses an appropriate value as the universe of the total population considered is much far less than 1000 units (R<sup>2</sup> = 0.5612). So that, making a quantitative analysis, the most interesting results confirm that the purchase does not depend exclusively on the cost price of products, but also by the good quality / price ratio, and especially by the capability of IKEA in offering trendy items.



Source: elaboration on our own survey.

**Fig.1: Relation between purchasing choices and income brackets**

Respondents were asked what were the effects on their purchase choices of marketing and communication strategies promoted by IKEA in the last 12 months. The above results lead us to perform a further quantitative analysis that goes beyond the simple monetary study. We created four matrices (please, see below) in order to try to highlight the importance of the variable “income” in purchasing decisions. Income has been correlated with other four variables: the cheapness, the “trendy profile” of the company, the quality/price ratio and the willing of the company towards the gay world. Matrix (a) confirms the linear regression’s results: as income increases, the propensity to purchase IKEA products flies down. In fact, the lowest income class, to which belong those respondents who gain between 0 and 15,000 per year, is associated with 15% of the responses, 14% for the class of income between 15,000 and 25,000 euros, 7% for that

between 25,000 and 40,000 euros, and then only 5% for the class of income in excess of 40,000 euros per year. Matrix (b) shows the same result (10%) for the lowest income class as for the highest: regardless of income, therefore, homosexuals are buying at IKEA because it is trendy. According to the results reported into Matrix, (c), regardless again of income class to which they belong, homosexuals from Apulia purchase at IKEA for the good quality/price ratio. Data recorded in the column of "yes", in fact, are always higher than those in the column of "no." Finally, the last matrix (d) is quite interesting. In fact, although we referred to a gay population, it is clear that regardless of income class to which they belong, there are very few people who buy from IKEA because they identify it as a gay-friendly company.

**Table 1: Relation between income brackets and preferences of respondents**

(a)

Do you buy from IKEA because of its low prices?				Total
		No	Yes	
<b>Annual Income (thousand of €)</b>	0-15	15,0	15,0	30,0
	15-25	23,0	14,0	37,0
	25-40	11,0	7,0	18,0
	>40	10,0	5,0	15,0
<b>Total</b>		59,0	41,0	100,0

(b)

Do you buy from IKEA because it is a trendy company?				Total
		No	Yes	
<b>Annual Income (thousand of €)</b>	0-15	20,0	10,0	30,0
	15-25	21,0	16,0	37,0
	25-40	5,0	13,0	18,0
	>40	5,0	10,0	15,0
<b>Total</b>		51,0	49,0	100,0

(c)

Do you buy from IKEA because of the good quality/price ratio?				Total
		No	Yes	
<b>Annual Income (thousand of €)</b>	0-15	13,0	17,0	30,0
	15-25	9,0	28,0	37,0
	25-40	4,0	14,0	18,0
	>40	1,0	14,0	15,0
<b>Total</b>		27,0	73,0	100,0

(d)

Do you buy from IKEA because it is a gay friendly company?				Total
		No	Yes	
<b>Annual Income (thousand of €)</b>	0-15	24,0	6,0	30,0
	15-25	29,0	8,0	37,0
	25-40	11,0	7,0	18,0
	>40	9,0	6,0	15,0
<b>Total</b>		73,0	27,0	100,0

Source: elaboration on our own survey

According to us, these results are surprising. The IKEA ad hoc strategies that identify gay people as their target audience do not seem to have the so much hoped effect: homosexuals from Apulia prefer buying at the company for reasons not entirely related to its attention on issues relating to compliance "diversity". Furthermore, the approach to this issue, by people belonging to our sample, seems to suffer of the belonging of them to more or less elevated income brackets.

## Conclusions

Business strategies that identify homosexuals as a target do not seem to have the effect so much hoped: the gays from Apulia prefer to buy at IKEA because of reasons not entirely related to its attention towards issues regarding the respect for "sexual minorities". Moreover, we think that there are some geographical differences—reflecting the different ways homosexuality is perceived among the various areas in Italy - accepting these strategies among the 20 Italian Regions, in particular between the Northern and the Southern ones. So, the results we obtained with this preliminary analysis don't satisfy us. For this reason, we think we have to go deeper in our

study introducing a further step: we will make the same analysis with a sample of 200 homosexuals coming from Tuscany, a Region in the North of Italy. We will apply the same techniques on the "northern sample" in order to underline the different impacts IKEA marketing strategies have had on the various groups of Italian gay people. Anyway, the discussions thus far conducted allow us to conclude that homosexuality is not only an object of interest to sociologists, psychologists and religious. It is a very interesting topic for population scientist as well as for economists. In fact, for marketing experts it came to be a real business strategy but, in some territories (such as Apulia but, in general, the South of Italy), it still seems to need, on the one hand, to be perfected, and, on the other one, to be perceived by its own target. High rates of development, innovation and economic competitiveness - observable in some "evolved" contexts as California, Denmark, Netherlands and Sweden - may suggest new strategies even available in our local situation? If so, thanks to them, our territory would be able to attract creativity, ideas and innovation that make it eligible to win an increasingly "global" competition?

## References

1. Official journal", 1994, C 61/40 Res. No. A3-0028/94, 8th February 1994
2. European Parliament (C5-0058/1999 - 1999/2064(COS) )
3. See contents of Schengen Agreements.
4. Flood R, Romm NR (1996) Diversity Management. Theory in Action, in Flood R, Romm NR (eds.), Critical Systems Thinking: Current Research and Practice, Plenum Press, New York.
5. Gilbert JA, Stead BA, Ivancevich JM (1999) Diversity management: A new organizational paradigm, J. Business Ethics, 21(1):61-76.
6. Ivancevich JM, Gilbert JA (2000) Diversity management. time for a new approach, Public Personnel Management, 29(1).
7. Enzo Mario Napolitano, Il marketing interculturale. Le identità diventano valore, Milano : Franco Angeli, 2002 -176 p.
8. Buford H (2005) The Gay Market Goes Mainstream, The Gay and Lesbian Review, n. 3; Essay: January-February, 2005; pp. 22-24.
9. Van de Kaa, D.J. (1987). Europe's Second Demographic Transition. Population Bulletin 42(1): 1-59.
10. Lesthaeghe R (1991) The second demographic transition in western countries : An interpretation, Interuniversity Programme in Demography, Working Paper, n. 4, Bruxelles.
11. Cliquet RL (1991) The Second Demographic Transition: Fact or Fiction ?, "Population Studies", n. 23, Council of Europe, Strasbourg.
12. Haslop C, Hill H, Schmidt RA (1998) The gay lifestyle - spaces for a subculture of consumption, Marketing Intelligence & Planning, 16(5):318-326.
13. Sender K (2004) Business, not Politics: the Making of the Gay Market, Columbia University Press, New York.