



PROUDLY SETTING TRENDS

THE 2015 LGBT CONSUMER REPORT

nielsen
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AN UNCOMMON SENSE
OF THE CONSUMER™

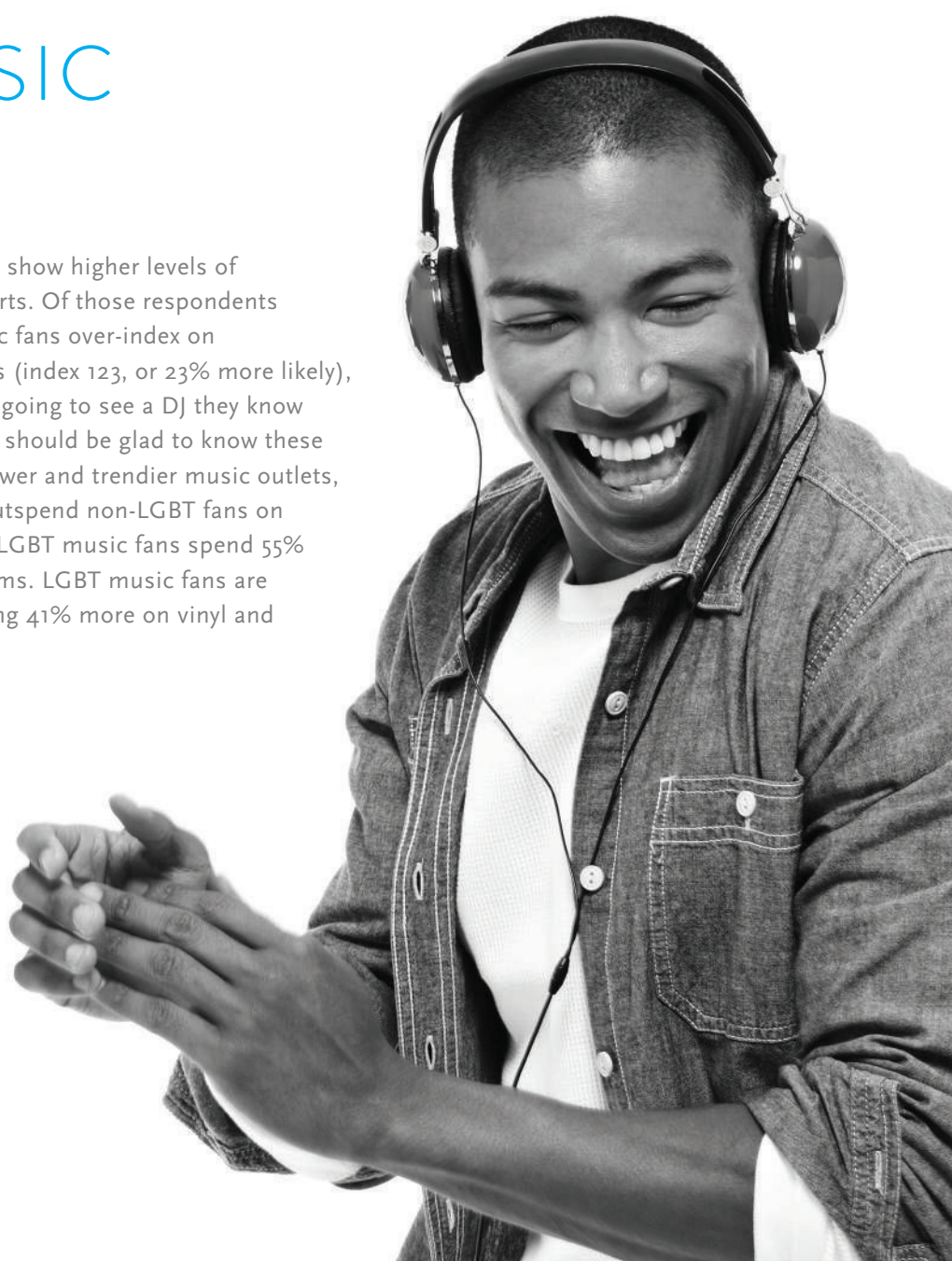


INTRO

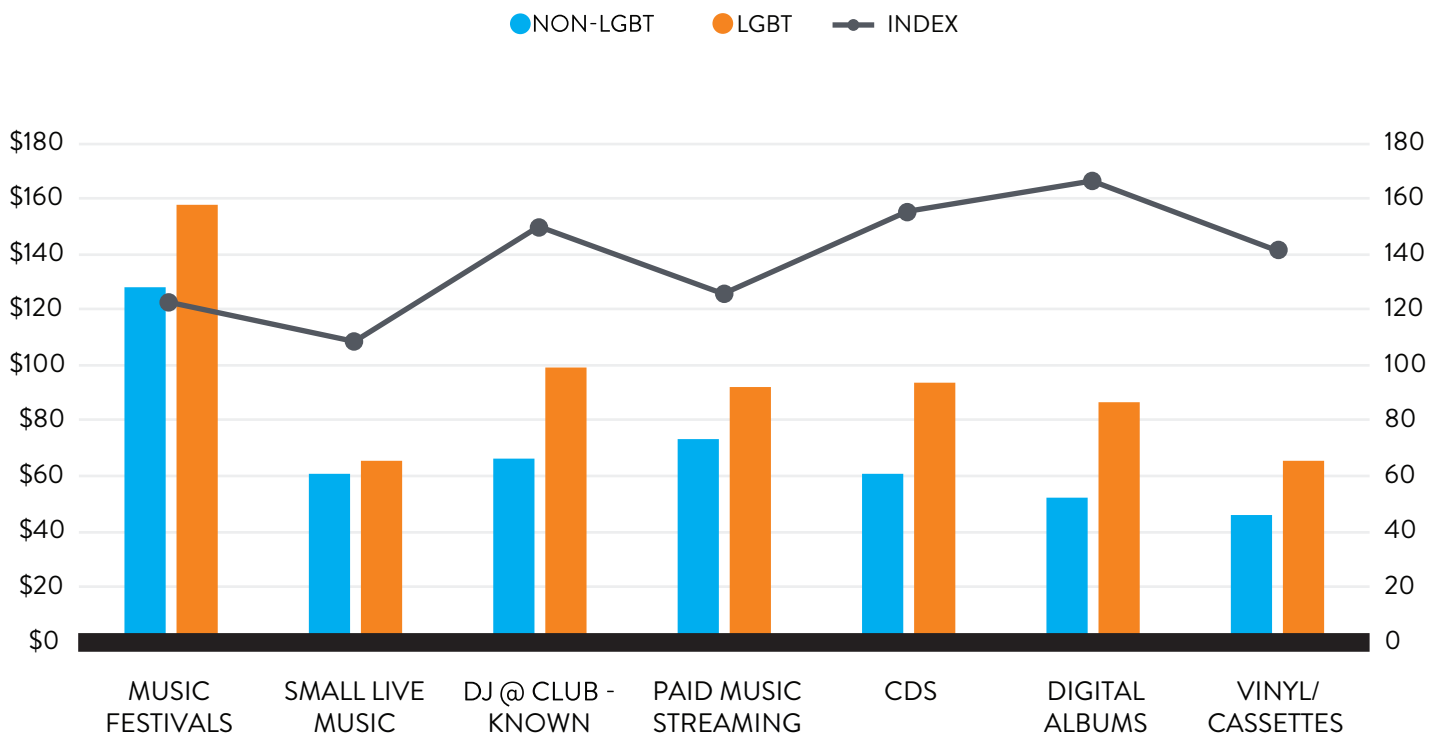
In honor of this summer's pride celebrations, this year Nielsen is spilling all the tea and taking this opportunity to show just how big an impact lesbian, gay, bisexual and transgender (LGBT) consumers have on multiple industries. Across music, sports, TV and brand sponsorships, LGBT consumers are showing they are attractive for future marketing appeal. They are trendsetters, tech-enthusiasts and show unique levels of engagement across various consumption areas.

LET THE MUSIC PLAY!

Across all music channels, LGBT music fans show higher levels of engagement than their non-LGBT counterparts. Of those respondents from Nielsen's Music 360 study, LGBT music fans over-index on spending on tickets to attend music festivals (index 123, or 23% more likely), subscribing to streaming services (126) and going to see a DJ they know perform (150). And while the music industry should be glad to know these consumers are willing to spend on these newer and trendier music outlets, it's important to note that LGBT fans also outspend non-LGBT fans on various types of music sell-through as well. LGBT music fans spend 55% more on CDs and 66% more on digital albums. LGBT music fans are also making "old school" cool again spending 41% more on vinyl and cassettes.



ANNUAL SPEND ON MUSIC ACTIVITIES



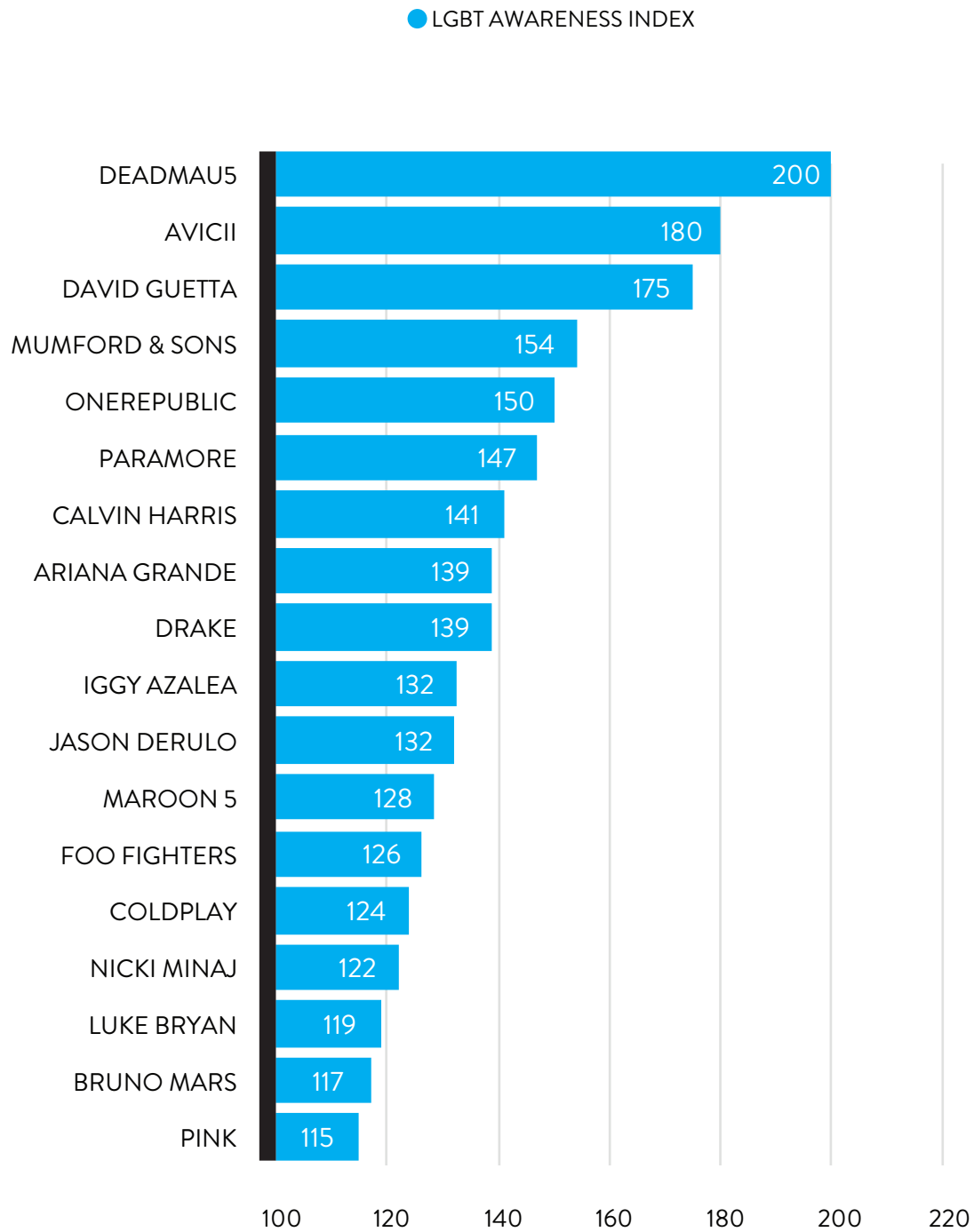
Read as: Non-LGBT consumers spent about \$130 on music festivals, while LGBT consumers spent 20% more (index of 120) at \$160.

Source: Nielsen Music 360, 2014; Average self-reported spend among respondents who identified as LGBT vs those who identified as non-LGBT.

LGBT music fans' unique listening habits could be why so many consider themselves tastemakers – according to those surveyed, 25% said their friends think of them as trendsetters when it comes to music (compared to only 17% of non-LGBT respondents). They are also 30% more likely to discuss music with their friends, making them a valuable word-of-mouth community for artists and labels alike.

When it comes to which artists are gaining the most traction with LGBT fans, electronic dance music (EDM) is a beat ahead of the competition. Among the artists LGBT fans were more likely to be aware of, EDM artists and DJs ranked towards the top: Deadmau5 (index of 200), Avicii (180), David Guetta (175) and Calvin Harris (141). But, LGBT fans tended to be ahead of the curve on all the artists we asked about; there wasn't a single artist surveyed from our list that LGBT fans were less likely to know than their non-LGBT counterparts.

ARTIST AWARENESS INDEX



Read as: LGBT consumers are 100% more aware of Deadmau5 and 80% more aware of Avicii than their non-LGBT counterparts.

Source: Nielsen Music 360, 2014

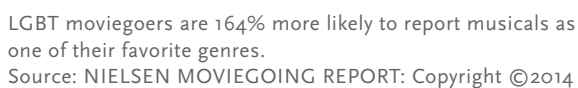
LEADING THE BOX OFFICE

While LGBT moviegoers go to theaters roughly the same number of times as non-LGBT moviegoers (7.9 vs. 8.2 trips a year), they continue their trendsetter behavior in almost all aspects of the box office experience. They are 17% more likely than non-LGBT moviegoers to see movies on opening weekend “often” or “very often” and were 24% more likely to have the same response when asked how frequently they see films on opening day. Which makes sense, considering that when asked why they see movies in theaters as opposed to waiting until it was available elsewhere, LGBT moviegoers were 26% more likely to say it’s because they “want to be one of the first people to see it” and 60% more likely to say it’s because they “don’t want someone to spoil it” for them.

While they may be afraid of spoilers, LGBT moviegoers are not afraid of scary movies; 43% of LGBT moviegoers said horror movies were one of their favorite types of movies to see in theaters (compared to only 29% of non-LGBT moviegoers). Among the other genres LGBT moviegoers were more likely to list as their favorites were musicals (164% more likely than non-LGBT moviegoers), independent movies (102%), movies based on young adult fiction novels (48%) and documentaries (35%).

Social media also has a feature role in the LGBT moviegoers’ theater experience. They were 59% more likely to say they’d become aware of a movie from a social media post from a friend or family member and 42% more likely to say that once they’re at the theater they’d watch their phones for text, email or social media posts. Marketers hoping to tap into these trends will also find it encouraging that 68% of LGBT moviegoers post to social media sites about movies, compared to only 58% of non-LGBT moviegoers; 29% of LGBT moviegoers on Facebook said they have “liked” a movie’s page, and 44% of those on Twitter use the social network to follow a celebrity or public figure (indices of 129 and 120, respectively).







OUR CHARACTERS, OUR STORIES

With over 72% of TV viewers watching shows that had a lead, supporting or recurring LGBT character, the impact was also represented on the small screen. It stands to reason that so many people were exposed to LGBT story lines this year, with three of the top 10 broadcast shows featuring leading or supporting LGBT characters and the two top cable shows featuring recurring LGBT characters. When looking at Live +7 ratings, FOX's *Empire* was the highest rated show with a leading LGBT character this season – with an average 17.3 million impressions each week watching actor Jussie Smollett play Jamal Lyon, an openly gay musician and heir to the Lyon recording throne.

On the broadcast networks, the top comedies were more likely to feature LGBT storylines than the top dramas were this season. Only two of the top 10 broadcast dramas featured a lead, supporting or recurring LGBT character, compared to half of the top 10 broadcast comedies. ABC's "*Modern Family*"'s average 14.6 million impressions helped it lead the pack of broadcast comedies with LGBT characters and made the show's characters, Mitchel and Cameron (played by actors Jessie Tyler Ferguson and Eric Stonestreet) the most-watched married gay couple on TV with over 61.8 million viewers tuning in at some point over the season.

- SERIES WITH LEADING AND/OR SUPPORTING LGBT CHARACTER
- SERIES WITH RECURRING LGBT CHARACTER

TOP 10 BROADCAST COMEDIES

	NETWORK	SERIES
2	ABC	MODERN FAMILY
4	CBS	TWO AND A HALF MEN
5	CBS	MOM
6	CBS	MIKE & MOLLY
9	ABC	MIDDLE, THE

Nielsen NNTV. 9/22/14-4/19/15. All broadcast, Genre = Situation Comedy, Comedy Variety. Broadcast prime. Excludes specials, repeats, breakouts, pgms <5 min, pgms <4 telecasts. Ranked on projected views (P2+) in thousands.

TOP 10 CABLE SERIES

	NETWORK	SERIES
1	AMC	WALKING DEAD
2	FX	SONS OF ANARCHY
5	TURNER NETWORK TELEVISION	MAJOR CRIMES

Dates: 09/29/2014 - 04/19/2015

Source: Nielsen NNTV. 9/29/14-4/19/15. All cable. Genre = Situation Comedy, Comedy Variety, General Drama. Cable prime. Excludes specials, repeats, breakouts, pgms <5 min, pgms <4 telecasts. Ranked on P2+ delivery (000)s.

TOP 10 BROADCAST DRAMAS

	NETWORK	SERIES
3	FOX	EMPIRE
7	ABC	HOW TO GET AWAY W/ MURDER

Dates: 09/22/2014 - 04/19/2015

Source: Nielsen NNTV. 9/22/14-4/19/15. All broadcast, Genre = General Drama. Broadcast prime. Excludes specials, repeats, breakouts, pgms <5 min, pgms <4 telecasts. Ranked on P2+ delivery (000)s.

BECOMING ROLE MODELS

While LGBT characters are making waves across broadcast and cable, openly LGBT celebrities are continuing to push the envelope and drive acceptance. Michael Sam became the first openly gay man to be drafted into the NFL in 2014; Sam Smith was the first openly gay artist to win Best Pop Vocal Album at the 2015 GRAMMYS; and fresh off her success on *Orange Is the New Black*, Laverne Cox appeared as a transgender tattoo artist in the Lily Tomlin film *Grandma* which premiered at the 2015 Sundance Film Festival and went on to show at the 2015 Tribeca Film Festival.

One thing all three of them have in common is how their fans feel about them. Using Nielsen's N-score to identify fans' perceptions about each of these celebrities showed that all three have above average ratings for both "influential" and "role model" compared to their respective industry peers. Over a third of respondents who were aware of Laverne Cox considered her a role model, which is 64% more than the average actress. Meanwhile, 38% of respondents who were aware of Michael Sam thought he was influential, 46% more than the average athlete.

But these LGBT stars are relatively new to the pop culture scene, unlike veteran Ellen DeGeneres who came out publicly in 1997 during the fourth season of her TV sitcom, "Ellen". Her current talk show is in its 12th season and the show has had longevity likely due to her favorable public perception. Compared to the average talk show host, Degeneres' awareness rating is 61% higher and her likeability rating is 35% higher. She was over twice as likely to be considered both a trendsetter and funny, and she was 88% more likely to be considered social media savvy and 90% more likely to be considered a role model. All of these characteristics are factors in the success of her show, but also explain why brands like American Express, CoverGirl and J.C. Penny have signed her as a spokeswoman.

ELLEN DEGENERES N-SCORE PROFILE

NSCORE CHARACTERISTIC	INDEX (to avg Talk Show Host)
Awareness	161
Likeability	135
Offensive	64
Dependable	128
Influential	140
Role Model	190
Social Media Savvy	188
Stylish	139
Successful	127
Trendsetter	246
Funny	238
Good Looking	135

Source: Nielsen N-Score, 11/11/2014

BOOKS, BEVERAGES, AND BARKS!

LGBT households continue to be valuable consumers, spending an average of \$4,135 at retail stores in 2014, which is 7% more than their non-LGBT counterparts. This was driven primarily by the fact that LGBT households make 10% more trips to the store in a year.

Certain specialty retail channels also stand out among LGBT consumers. Bookstores topped the list of retail channels that LGBT consumers were more likely to shop, as they were 72% more likely to have purchased something from a bookstore. Not only were they more likely to have shopped at bookstores, but those who did made twice as many trips to book stores as non-LGBT consumers. Among the other specialty channels more heavily shopped by LGBT consumers were beverage stores (155), convenience stores (135), pet stores (132) and electronics stores (128).

These specialty retail trends are also reflected in LGBT households' category spending. Alcoholic beverage categories were among the categories where LGBT households spend significantly more than non-LGBT households – including wine (48% more), liquor (35%) and beer (27%). Pet categories also ranked high, with LGBT households spending on average \$126 in 2014 on pet care products and \$255 on pet food, 36% and 20% more than non-LGBT households, respectively.

Online retail also continues to have strong traction with LGBT households, who spend 35% more on online purchases than non-LGBT households. They spend even more than non-LGBT online-shopping households across several common online categories: total snacks (by 122%), household cleaners (73%), coffee (69%) and medication (67%).

RETAIL CHANNEL HH PENETRATION INDEX AMONG LGBT HHS

Book Stores	172
Beverage Stores	155
Convenience Stores	135
Pet Stores	132
Electronics Stores	128
Health Food Stores	119
Online Shopping	115
Drug Stores	107
Home Improvement	106
Grocery	101
Warehouse/Club	97
Mass Merch	97
Dollar Stores	87
Department Stores	82
Military Channel	79
Toy Stores	60

Read As: LGBT households spend 72% more at book stores than non-LGBT households.

Source: Nielsen Homescan; LGBT Households defined as those where at least one member identifies as Gay, Lesbian, Bisexual, or Transgender Indexed to Non-LGBT Households

LGBT ANNUAL SPEND INDEX (TO NON-LGBT HHS)

WINE



INDEX 148

COMPUTER AND ELECTRONIC
PRODUCTS

INDEX 143

PET CARE



INDEX 136

LIQUOR



INDEX 135

SHAVING NEEDS



INDEX 132

MENS TOILETRIES



INDEX 132

CANDLES/
INCENSE

INDEX 131

FRESHENERS/
DEODORIZERS

INDEX 127

BEER



INDEX 127

COFFEE



INDEX 119

Source: Nielsen Homescan, 52wks ending 12/27/14

THEY'RE YOUR BIGGEST FANS!

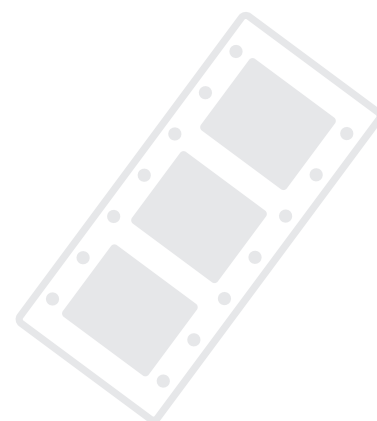
Since LGBT shoppers are a valuable consumer group, brands should want to find smart and meaningful ways to connect with them. One way to do that is through entertainment partnerships. As mentioned prior, LGBT fans are much more engaged with various types of entertainment like Horror movies or EDM music, and those insights can be leveraged by brands to reach these consumers. In fact, LGBT fans across books, movies, music, video games, and sports all spend at least 5% more each year at retail than the average consumer. And LGBT books, movies, and music fans spend at least 6% more than the average fan of each of those entertainment types.

TOP INDEXING CATEGORIES FOR LGBT INDEPENDENT MOVIE FANS	SPEND INDEX
Liquor	147
Mens Toiletries	143
Fresheners/Deodorizers	141
Wine	141
Nuts	138
Shaving Needs	138
Cough & Cold Remedies	137
Coffee	131
Salad Dressing-Refrigerated	130
Carbonated Beverages	119

Source: Nielsen FanLinks, 52wks ending 12/27/14

Taking a closer look at LGBT film fanatics is a prime example of how valuable these fans are. Avid LGBT movie fans' annual retail spend is 10% higher than that of the average U.S. household (and 5% higher than that of the average LGBT household).

Similarly, LGBT indie movie fans could be of particular value to brands across the liquor, carbonated beverage, and ice cream categories, where these fans spend more than the average consumer by 47%, 19%, and 15% respectively.



AVERAGE RETAILER SPEND AMONG HOUSEHOLDS WHERE THE LGBT HEAD OF HOUSEHOLD IS A FAN OF HORROR MOVIES IS EVEN HIGHER - 12% ABOVE THE U.S. AVERAGE. THEY ALSO SPEND 13% MORE ON FROZEN PIZZAS, CONVENIENT FOR A SCARY DINNER AND A MOVIE NIGHT AT HOME!

HAVING PRIDE

Between seeing the latest movie musical opening weekend and recommending their favorite music festival to their friends, LGBT consumers are setting trends with their entertainment consumption. And when they've sent off that final tweet or post, they're using the web to set retail purchasing trends too. Their stories are becoming more prevalent on TV, and the community's faces are becoming the faces of brands. As such an engaged and valuable community, LGBT consumers present companies across entertainment, retail, and consumer goods with a real opportunity to create meaningful connections with a vibrant consumer base. And if they're lucky, these companies might gain a little pride in the process too!



CONTRIBUTORS

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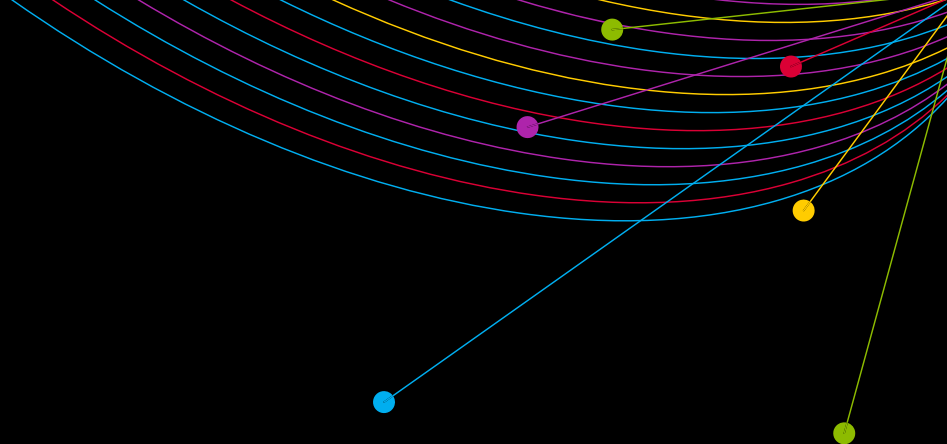
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ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

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