

Other
THE OTHER FOUNDATION

PLUS.
THE LGBTI+ BUSINESS NETWORK

the **pink** rand

a base for corporate engagement



the pink rand

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This report was commissioned by the Other Foundation in order to support emerging work by LGBTI workplace groups, as well as the formation of a LGBTI business network. The aim is to further knowledge development in the LGBTI sector, as well as to build new conceptual frameworks. This report is largely exclusive of transgender and intersex people. Indeed, some of the research cited relates mainly to gay men than any other grouping in the sector— highlighting the critical need to expand work and research to be more widely inclusive.

This report was prepared for the Other Foundation and PLUS. The LGBTI+ Business Network, by Nascence Advisory.

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executive summary

The pink Rand is a term which has gained momentum among marketers since the nineties. However, the concept has since grown to not just represent the spending power of the LGBTI community, but their influence across social circles and constructs as both a social grouping and economic segment.

It has been recognized that in efforts to advance the rights and freedoms of LGBTI people in business and the workplace, developing knowledge and in-depth insight into the social and economic posture of the LGBTI constituency is critical. This is important when we realise that the economic influence and financial power of LGBTI people can and should be used as part of a conceptual framework employed in engagements with a variety of stakeholders of interest.

As corporations look to grow their bottom line and improve their reputations as citizens in order to attract the best available talent into their businesses, it becomes increasingly important to engage the LGBTI market. **This paper looks into the pink Rand as a means to engage corporate South Africa in the drive to foster more diversity with respect to the LGBTI community.** Thus, estimating the size of the pink Rand is critical in building the case for more advances in getting the private sector to move faster in opening space for the LGBTI community, and creating a safe space in cities and workspaces.

In South Africa, there is still very limited reliable research in the field of the pink Rand, although there is some growth. In this report, we estimate the pink Rand using both international estimates, local research, and economic indicators. We also review studies which have been done before to create a fuller picture.

In this report, we find that in South Africa, the value of the pink Rand is between R53 billion and R204 billion. Putting this in context, according to a PwC report, the big four banks in South Africa recorded profits amounting to R72,3 billion in 2015. This is a clear display of the force of the pink Rand in South Africa.

Even given this context, we contend that the above estimate is conservative if we look at international and peer country estimates. According to research quoted by the business publication Bloomberg, the combined buying power of lesbian, gay, bisexual and transgender adults in the United States amounted to \$917 billion in 2015, "rivaling the disposable income of other American minority groups". This number is based on an estimate suggesting that as many as 7 percent of adults identify as LGBT in the United States. In Brazil, the pink Dollar is estimated at \$133 billion, and is double this in China, estimated at \$300 billion. Globally, the pink Dollar is estimated at a dramatic \$3 trillion!

Previous work done in this regard has focused not on a combined or aggregated value of the pink Rand, but on education levels, work dynamics, income levels, preferences, purchasing patterns and motivations, lifestyle choices, media interaction and even personal relationship dynamics. The work reviewed here, although varied, suggests that the LGBTI community in South Africa tends to be highly educated, earn incomes of above R30,000 a month, and while financially discerning, have a large propensity to spend – especially on luxury goods. These general characteristics apply to over a third of this segment, which is a much higher proportion than other economic groupings.

This report also considers other areas of influence which corporates ought to consider in looking at the LGBTI community. These include creating diverse and safe work environments in order to attract the best talent in the human resource space. Further, corporates must consider the influence of LGBTI allies. In this sense, the LGBTI community has ties to their friends, families, and other allies whose spending and other decisions they influence.

The LGBTI community in South Africa tends to be highly educated, earn incomes of above R30,000 a month, and while financially discerning, have a large propensity to spend – especially on luxury goods.

The value of the pink Rand is between R53 billion and R204 billion.



estimating the south african pink rand

There is still little research on the financial or buying power of the LGBTI community in South Africa. In this section, we use two methods to estimate the pink Rand in South Africa. Firstly, we size up South Africa against its peers. Secondly, we use local data and indicators to arrive at a local number.

The International Estimate

Measuring South Africa against its peers

Firstly, we use international and peer comparisons to arrive at an estimate for the South Africa context. We have used the United States given the advanced and aspirational nature of that country. We have then also balanced this with peer emerging countries like Brazil and China. We use publically quoted figures of buying power, as well as Gross Domestic Product (GDP) as a measuring guide as tabled below.

	Brazil	China	USA	Average
GDP(US\$ mn)	1775	10870	17950	
Buying Power	133	300	917	
As % of GDP	7,5	2,7	5,1	5,1



First we look into what the buying power of the group is to the GDP of each country. Using the average proportion of GDP of the above countries, we estimate the South African pink Rand. Using South Africa's GDP of US\$ 315 billion and then imposing the calculated peer buying power average as a percentage of GDP of 5%, we arrive at US\$15,75 billion, or ZAR 204,75 billion.

The Homegrown Estimate

What South Africa's local data tells us

For the second estimate, we use research estimating the number of people who identify as gay, lesbian and bisexual, or non-straight or not heterosexual.

The Other Foundation commissioned the HSRC's Democracy Governance and Service Delivery (DGSD) research programme to conduct research on sexual orientation and gender identity (SOGI). This study was part of the twelfth round of the South African Social Attitudes Survey (SASAS) in the last quarter of 2015. We have used results from this survey, as well as data and economic indicators from Statistics South Africa to estimate the value of the pink Rand in South Africa.

Here we use the percentage of SASAS respondents who identified themselves as gay, lesbian, bisexual or not-heterosexual (i.e. people who are "out"). This number was 0,7% of the surveyed group. We then multiplied this number against public data on Retail Trade Sales, which measures the sum of all retail goods sold in a period. We also measure this against Private Consumer Spending in South Africa's national accounts. The table below shows the estimates.

SASAS non-straight	Retail Sales	Consumer spending
0,7%	R763 billion	R1862 million

Using only retail trade sales, which amounted to R763 billion in 2015, multiplied by the SASAS 0,7% we arrive at an estimate of R53 billion.

On the other hand, Private consumption in South Africa amounted to R1862 million. If 0,7% of adult South Africans consider themselves as gay, lesbian or bisexual, we can estimate that the buying power of this sector is ZAR130 billion

Given the international and local research, we thus estimate the pink Rand to range from ZAR 53 billion to ZAR204 billion



courting allies

Marketers and business strategists have realized that people's spending decisions depend on a number of factors, one of which is the influences of others. Influencers are those people who have persuasive power in how people spend their money. For example, wives are known to have influence on their husband's spending patterns. Children have a similar effect on their parents. So, friends and associates have influence on the spending decisions of each other. If this is true, the effect of LGBTI people on the spending patterns of their friends and allies cannot be underestimated.

In the SASAS research cited, 56% of respondents said they knew someone who is gay or lesbian. Of these, they said they considered 45% of the gay and lesbian people they knew to be their friends. Significantly, 58% of respondents who said the gay and lesbian people they knew are their friends belonged to the high LSM (Living Standard Measure). This suggests that LGBTI people have influence on a significant chunk of consumers at the high LSM, and their decisions on how they bank, spend or even vacation. This means that corporations should be serious about how their businesses are perceived by, and interact with, LGBTI people and their friends and allies.

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findings on the SASAS and their allies

56%

of respondents knew someone who was gay or lesbian. Of these respondents 27% knew at least one person, while 15% knew more than 6 people who were lesbian or gay

51%

of respondents who said that gay and lesbian people should be "allowed" to be part of their culture and traditions were categorized as being in the middle to high LSM grouping.

54%

of LGBTI allies are from urban areas

the people question



In an increasingly competitive world, corporations compete as much for customers as they do for employees. In order to attract the best people, corporations have to be open and inclusive. Further, there has been growing anxiety about and focus on the personal integrity of staff, posing major risks to corporations. Open and accepting corporate work spaces can go a long way in attracting the best talent and managing risk.

In 2016, the Harvard Business Review argued that “LGBTI-inclusive companies attract and retain top talent.” Indeed, it is really no surprise that LGBTI employees want to work for a company that allows them to bring their authentic selves to work, but the appeal of LGBTI inclusivity goes far beyond LGBTI employees”. The article further asserted that the vast majority of allies i.e., non-LGBTI individuals who support and advocate for LGBTI individuals in the wider community — prefer to work for inclusive companies. In this regard, the research showed that an overwhelming 72% of respondents who are LGBTI allies say that, all else being equal, they are more likely to accept a job at a company that is supportive of LGBTI employees than one that is not supportive.

Inclusive policies for LGBTI people sends a friendliness cue that resonates with other employees, even when they are not active allies. The SASAS survey cited in this report echoes this sentiment. 39,3% of respondents to the survey said a person who is gay or lesbian should be “allowed” to be part of their culture and traditions. This therefore suggests an insistence on inclusive cultures. An article published as part of the 2017 World Economic Forum Meeting argued that, “not only are inclusive workplaces more attractive to potential talent, but they also ensure that current employees stay committed and engaged”.

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2017 World Economic Forum Meeting argued that, “not only are inclusive workplaces more attractive to potential talent, but they also ensure that current employees stay committed and engaged.

a review of previous research in south africa

The following studies were undertaken by different organisations at different times. While there are glaring limitations and shortcomings, they provide a good base from which to compare and contrast in building more robust work.

In the work reviewed here, although varied, a consistent theme is that the “out” LGBTI community in South Africa tends to be highly educated, earn incomes of above R30,000 a month, and while financially discerning, have a large propensity to spend – especially on luxury goods. These general characteristics apply to over a third of this segment, which is a much higher proportion than other economic groupings.

	LBM Gay Consumer Profile 2012	LGBTI Census 2011	The A.B.N.S.A Gay Consumer Profile 2008
	Survey conducted to capture gay and lesbian consumer habits, preferences, purchasing patterns and motivations. 73% of respondents were male.	Survey is to gather data that can be used to better understand LGBTI people. Looked at spending patterns, lifestyle choices, media interaction and personal choices and relationship status of over 1000 respondents. 83% of respondents were male.	Study profiling gay consumer habits, preferences, purchasing patterns and motivations. 15,000 printed questionnaires “sent out”. Also emailed forms and an online survey. 95% of respondents were male.
Education Level	51% Have a tertiary qualification 34% Have a postgraduate degree	50% Matric and university degree	3% Not finished high school 34% Have a degree 25% Have postgraduate degree
Employment	3% Unemployment rate	5% Unemployment rate	
Occupation	3% Business Owners 5% Senior Managers	10% Senior management 12% General management 20% Professionals 13% Business owners	47% Self employed 75% Managers
Monthly Income	36% Above R30,000 41% R10,000 – R30,000	37% R11,000 – R29,000 20% Above R30,000	37% R11,000 – R29,000 20% Above R30,000
Disposable Income	7% Under R5000 50% R5,000 – R20,000 12% above R20,000		
Other Preferences	76% focus on quality 16% focus on price 74% spend on luxury goods 34% admit to spending more than they should		



conclusions

Given the growth in organizing of groups, NGOs and other activists, there is growing opportunity to use more creative research and analytical methods.

While there is a growing body of work on the subject of the LGBTI economic or buying power and influence, there remain serious limitations. Given structural invisibility and denial of freedom of expression, researchers have a difficult time collecting independent and reliable data about LGBTI people.

It has been recognized that in efforts to advance the rights and freedoms of LGBTI people. However, given the growth in organizing of groups, NGOs and other activists, there is growing opportunity to use more creative research and analytical methods. These would help in order to estimate more reliable values of buying power, the number and value of LGBTI owned business, and the presence and influence of LGBTI people in business.

A longer term, and in-depth study is needed to get more accurate data. This may have to include a convening of a diverse group of actors and allies in the LGBTI field.



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