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TARGET: NEW MOVERS

Relocation: An Essential Economic Stimulus

Analysis of new mover spending identifies “recession-proof” category of consumers

Overview

Moving to a new home – whether for work, family or simply more space – is one of the great catalysts of consumer spending. In good economic times and bad, the average new resident spends approximately \$7,300¹ on everything from window treatments to take-out meals in the three months following a move. While this category of consumers represents a rare bright spot of opportunity for retailers, there is a catch: fewer people are moving and even fewer are buying houses.

According to Epsilon's *Target New Movers*[™] database, which tracks the detailed residential mobility patterns of American home, apartment, condominium and co-op buyers and renters, monthly moves were down 20% in November 2008 versus the same period in 2007. The annual number of new movers is down from its historical average of approximately 18 million movers to approximately 14 million in 2008.

This research brief examines the micro trends in new mover consumer spending along with the macro trends in residential relocation in the U.S. to gain a deeper understanding of which categories of retailers have the most to gain by targeting new movers and what kind of impacts an increase in moving activity might have on the retail category.

Method

Move frequency and merchandise buying behavior data for this research brief were aggregated using the Epsilon *Target New Movers*[™] database to identify monthly relocation trends among 38 million American home, apartment, condominium and co-op buyers and renters between January 2007 and November 2008, the most recent month for which comprehensive data was available.

The Epsilon move frequency data was plotted against benchmark new home sales data from the National Association of Home Builders and existing home

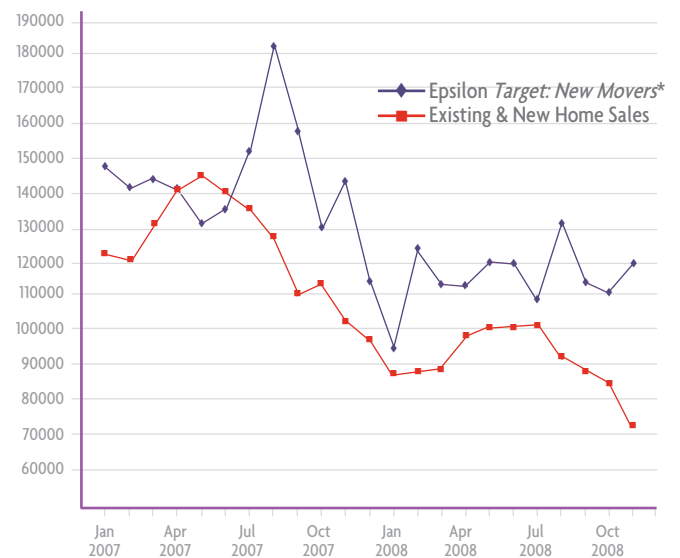
sales data from the National Association of Realtors. Merchandise buying behavior among the *Target New Movers*[™] database were benchmarked against Epsilon's database of consumer purchase behavior. Merchandise categories were aggregated into 7 SuperCategories²: Apparel and Accessories, Children's, Gifts, Home Décor and Furnishings, Men's Products, Other, and Senior.

Findings and Observations

The Macro Trends: 20% Fewer Movers in 2008, More Renters than Buyers

The number of new movers nationwide was down approximately 20 percent year-over-year in November 2008, suggesting that one of the key underlying drivers of consumer spending is slowing at a significant pace. However, as the chart below indicates, although there were fewer movers at the end of 2008, the trend has leveled off since the dramatic lows seen in January 2008.

Movers vs. Home Sales



*Epsilon Target New Movers[™] also contain renters

It is also interesting to note in the chart above that the Epsilon *Target New Movers*[™] data, which captures renters in addition to homebuyers, depicts a much more active population of movers than the benchmark existing

¹ In July 2007, Epsilon and GfK surveyed 800 US consumers who had moved in the previous 18 months. Contacts were identified from the Epsilon *Target New Movers*[™] file which tracks 400,000 new movers each week and 1.8 million movers on a monthly basis.

² SuperCategories are derived from 1,600 retailers who are assigned one of 78 consumer or 13 business categories. These categories are then aggregated up to 7 consumer and 1 business categories, for reporting purposes.

and new home sales data points. This disparity suggests that growing numbers of families are relocating into rental properties as opposed to buying. It will be critical to watch this relationship over the next several months to gauge the inflection point in this trend.

What Do New Movers Buy?

Whether people move across town or cross-country, the purchase behavior analysis of new movers has found that the newly relocated spend an average of \$7,300 at retail in the three months following their move. As a category, movers are big spenders on everything from home décor and household goods to dining and domestic services to electronics and appliances.

On average, during the year of their move, new mover households spend 52% more than non-movers on home décor and furnishings. In the subsequent year following their move, new mover households slow their spending, but still allocate 16% more to home décor and furnishings than their non-moving counterparts.

The table below illustrates a category-by-category breakdown of new mover purchases versus non-mover purchases in the year of and year following the move:

SuperCategory	New Movers		Non-Movers		New vs. Non-Movers	
	Starting Yr	Subs. Yr	Starting Yr	Subs. Yr	Starting Yr	Subs. Yr
Apparel & Accessories	27%	38%	35%	39%	-24%	-3%
Children's	4%	4%	3%	4%	3%	20%
Gifts	6%	9%	8%	8%	-16%	3%
Home Decor & Furnishings	33%	24%	22%	21%	52%	16%
Men's Products	20%	16%	20%	17%	3%	-7%
Other	6%	5%	7%	6%	-5%	-13%
Senior	4%	4%	5%	5%	-34%	-22%

Clearly, businesses in the home décor and furnishings category stand to be most significantly impacted by changes in moving activity, but tangential categories – such as children's – seem to also be impacted by a move.

Mover Profiles

Demographic profiles of new movers also shed light on the potential retail-level impacts of significant changes in nationwide relocation activity. Based on our analysis, the primary purchase decision maker in a new mover household is a 45-year-old, married female with a

household income of \$69,000. When compared with a database of non-movers, new movers are notably younger, more likely to be single and more likely to earn between \$40,000 - \$99,000 annually.

The tables below breakdown the key demographics among mover and non-mover households:

Demographic Variable	HH%		Index of New to Non-Mover
	New	Non	
Age of First Individual			
25 & Younger	4.16%	2.85%	146
26-29	9.68%	4.28%	226
30-33	11.49%	5.63%	204
34-37	11.35%	7.10%	160
38-41	10.39%	8.16%	127
42-45	9.58%	9.33%	103
46-49	8.68%	10.22%	85
50-53	7.83%	10.02%	78
54-57	6.64%	9.23%	72
58-61	5.87%	8.54%	69
62-69	7.26%	11.36%	64
70 & Older	7.06%	13.28%	53
Avg Age of First Individual	44.6	50.9	88
Home Value			
Less than \$50,000	4.03%	4.84%	83
\$50,000 - \$99,999	30.30%	30.64%	99
\$100,000 - \$149,000	28.72%	26.95%	107
\$150,000 - \$199,999	17.00%	16.81%	101
\$200,000 - \$249,999	7.87%	8.12%	97
\$250,000 - \$299,999	4.51%	4.62%	98
\$300,000+	7.56%	8.02%	94
Gender			
Female	59.5%	60.4%	99
Male	40.5%	39.6%	102
Marital Status			
Married	86.5%	90.3%	96
Single	13.5%	9.7%	138
Presence of Children			
	34.6%	35.0%	99
Number of Children (if present)			
1	66.8%	67.0%	100
2	21.9%	22.0%	100
3+	11.2%	11.0%	102
HH Income			
Less than \$30,000	8.2%	10.2%	80
\$30,000 - \$39,999	10.4%	10.6%	98
\$40,000 - \$49,000	14.9%	13.9%	107
\$50,000 - \$74,999	30.6%	28.5%	107
\$75,000 - \$99,999	19.4%	18.4%	105
\$100,000 - \$124,999	10.3%	10.6%	97
\$125,000+	6.2%	7.8%	80
Avg HH Income	\$69,024	\$69,061	100
Occupation			
Administrative/Managerial	14.7%	14.4%	102
Clerical/White Collar	4.5%	4.9%	91
Craftsman/Blue Collar	11.8%	13.4%	89
Home Maker	18.8%	19.4%	97
Military	3.7%	3.2%	116
Professional/Technical	19.7%	19.9%	99
Retired	7.0%	8.7%	81
Sales/Service	10.2%	8.7%	117
Self Employed	3.3%	3.4%	97
Student	6.3%	4.1%	152
Dog Owner	8.6%	9.3%	92
Cat Owner	6.3%	6.7%	95
Computer Owner	21.4%	32.4%	102

Green indicates that the New Mover file is significantly *less* penetrated into the variable than the Non Mover file
 Yellow indicates that the New Mover file is significantly *more* penetrated into the variable than the Non Mover file



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Conclusions

Relocation trends will be a critical economic variable to monitor throughout 2009 because they are simultaneously an echo of macroeconomic efficiency and a bellwether for retail activity. Just as the credit crisis froze consumer lending and caused a sharp dip in residential relocation, a changing tide in the job market could usher in a sharp increase in moving among upwardly mobile job seekers in the months to come. Throughout this cycle it will be important for marketers and senior management to pay close attention to renters in addition to more traditionally-tracked homebuyers and target their outreach accordingly.

Further research on the Epsilon *Target New Movers*™ database will focus on state-by-state, DMA-level move rates to offer insights into pertinent regional trends.

Find Out More

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