The New Mover: A Well-Packaged Market Opportunity With a Time Stamp

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Say what you will about iPads, "Mad Men" fashions and Buzz Lightyear dolls. These days, one of a marketer's most bankable opportunities is actually interested in bubble wrap and window dressing.

We call them the New Movers, a growing number of Americans relocating for work, sun or family, creating along the way a marked uptick in household spending. These New Movers not only increase their purchases in key product categories, but their behavior is highly predictable, consistently rising and then ebbing among certain goods. Likewise, the budgets allocated to these different product areas, from curtains to tools, tend to follow a traceable pattern.

This activity can translate to billions of dollars in spending. But to capture the New Mover, marketers must act fast. Those newly dressed windows will not be open for long.

Big Spenders, for a Limited Time

New Movers spend an average of $9,400 per household, according to industry research. That represents an almost 29 percent increase from 2007, when Epsilon Targeting's own analysis showed movers spent $7,300. This indicates New Movers may be recession resistant and buying items many marketers can easily promote with targeted messaging. For instance, while much of that $9,400 budget is assigned to packing materials and moving vans, roughly $1,200 is spent on home décor items such as linens and furnishings.

But all that spending begins to drop off just three months after the move. The need for ongoing services, meanwhile – from banks to supermarkets to dry cleaners – emerges, creating a strategic parallel opportunity for marketers. And purchases of personal items, such as apparel and gifts, which up to now have been sacrificed, return incrementally in the months after the move.

Some marketers may be concerned that housing starts will continue to decline following the expiration of the Federal Housing Tax Credit. Housing starts declined by 10 percent from April to May, to an adjusted annual rate of 593,000 units, the lowest level since December, according to the Commerce Department. But we do not believe this is a reason to hold off on New Mover market planning. Jobs drive housing, and economists are predicting that a gradual increase in employment through the second half of 2010 will in fact have a positive affect on home sales. Also, those May figures are actually up 7.8 percent from the same month last year, and do not reflect those folks who have already purchased a home and are now preparing to move. These New Movers will proceed with their planned spending, ensuring a continued opportunity for marketers.

So marketers should be poised. Timing is critical for engaging the New Mover in each product category as it becomes more or less relevant during different phases of the move.

Know the Where, When and What

To capture this profitable but transient New Mover market, we offer five critical findings:

1. **The biggest winners and losers**: The top-10 states for growth this decade are Florida, Georgia, South Carolina, North Carolina, Virginia, Tennessee, Texas, Arizona, Nevada and Washington. Losing population in 75 percent of the 38 quarters researched are New York, New Jersey, Massachusetts, Connecticut, Ohio, Illinois, Michigan, Minnesota, Iowa, Kansas, Nebraska, North Dakota and California. These moving patterns can help marketers make key decisions about which geographic regions to invest, how to optimize their inventories and ways to tweak their messages for new arrivals.

2. **Moving vans should be tracked:** Most of the $1,200 in non-moving purchases – 28 percent – is spent in the same quarter the New Mover relocates. The ensuing decline in spending means early detection of a move is critical, especially among marketers of home décor, furniture, appliances and electronics. Spending rates per household drop each quarter after.

3. **Curtains, yes; shoes no:** Most of that first-quarter spending – 33 percent – is earmarked for home décor. This spending levels off at 20 percent after two quarters. Purchases in the apparel, gift, business-to-business and senior categories declines early in the move and resumes six months after the move.

4. **Welcome out-of-towners:** Many movers are coming from different regions, meaning they might not be prepared for the climate and household needs of their new residence. (For example, 13 percent of Mountain residents are likely to leave their region, often heading to the Pacific.) Likewise, these New Movers will probably be looking for a new bank, supermarket and even nearby pizza parlor for their day-to-day needs. This spending is not necessarily a part of their "New Move" budget, but it does translate to significant long-term business for marketers that successfully engage the New Mover early.

5. **Keep children and pets on autopilot:** Spending on children, pets, media and charity are largely unaffected by a move. Marketers in all of these categories should pursue business as usual, but with a keen eye toward capturing those incoming movers from Northeastern and Midwestern states.

Put Out the Welcome Mat

So in a nutshell (or, shall we say, packing peanut) marketing firms that combine these findings with their own trigger marketing have the potential to capture a significant share of this lucrative segment. Mix in statistics from reliable external sources, and marketers can establish a long-term relationship with this fleet-footed consumer group by keeping pace with its needs and activities long after the boxes are unpacked.

By accurately predicting New Mover behavior, marketers can then engage this critical market with targeted messages about their approaching needs. They can refine product selections to meet expected demands, while reducing overstocks in those merchandise categories where such spending will decline.

And with direct mailers that will follow New Movers to their latest addresses, marketers can continue to deliver relevant offers at the time of greatest need. And they can accomplish this at the greatest point of opportunity: the front door.