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DM Employment Picture Reaches New Lows: Survey

Jan 27, 2009 6:59 PM, By Richard H. Levey

Nearly half of all direct marketing companies have a hiring freeze, up from just over one third last quarter, according to a new survey. Another 20% are planning to reduce staff, up from 17% last quarter, while only 21% will add staff, down from 31%. These numbers represent all-time lows in a tracking survey. Two-thirds of those reporting hiring freezes didn't know when the freezes would be lifted.

The 21% marks the low point of seven quarters of consecutive declines in the percentage of direct marketers planning to add staff, said Jerry Bernhart, principal of Bernhart Associates Executive Search, LLC. In second quarter 2007, this figure stood at 66%.

If there is any silver lining to these numbers, it is that they are better than those for the general business community. According to placement firm Manpower Inc.'s Employment Outlook Survey, which was released in December, only 16% of U.S. employers said they anticipated an increase in their staff levels during the first quarter of 2009.

"The percentages for hiring freezes, companies that are adding staff and firms anticipating layoffs – all three measurements are continuing to deteriorate." Bernhart told Direct Newsline. "It's hard to imagine these numbers getting worse, but I really don't see signs of a bottom."

Those numbers are a long way off the highs of a few years ago. During fall 2005, 80% of respondents indicated they were adding staff. And in the first quarter of 2006, only 7% reported hiring freezes. Second quarter 2006 saw a miniscule 1% of respondents anticipating layoffs. And for most of 2008, the percentage expecting layoffs stood around 12%.

"Keep in mind that employment trends in direct marketing tend to lag," Bernhart continued. "Employment in general is a lagging economic indicator. Look at what is happening to the service providers and the agencies. They have only been making significant cuts since October, and the economy was deteriorating before that."

Bernhart believes that direct marketing's resilience, such as it is, may reflect trends toward measurable advertising. "Recent published surveys show that many businesses are actually planning to increase their direct marketing budgets in 2009 while reducing their spending on less targeted advertising

campaigns, and I think that is helping to ease the blow," he said.

One change Bernhart has noted of late is the diversity of positions sought. In quarters past, marketers sought to fill analytics and sales positions. Of late, a much more general swath of skills are being requested. "There seems to be a pickup in demand for call center positions including customer service and telemarketing," he said. Analytics are still on the list, but requirements appear to be broader than they have been in a while.

A total of 264 companies participated in the detailed employment study, which was emailed in mid-January to a combined list of DMA members and past participants of the Bernhart employment survey. Bernhart Associates, which has been conducting the quarterly survey since 2001, coordinated this quarter's effort with the Direct Marketing Association.

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