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ONE THIRD OF COMPANIES PLAN TO REINSTATE PAY CUTS, BERNHART SURVEY FINDS

January 27, 2010 — What recession? Digital and direct marketers are planning a major ramp-up in hiring this winter, according to Bernhart Associates' latest Quarterly Digital and Direct Marketing Employment Report.

"All of our major indicators are showing significant improvement," said Jerry Bernhart, Principal of Bernhart Associates Executive Search, LLC. "As far as hiring goes, digital and direct marketers are back on a growth trajectory."

Bernhart Associates is one of the nation's leading digital and direct marketing executive search firms. Since 2001, the firm has been issuing quarterly reports that track employment trends with digital and direct marketers, agencies, and industry service providers.

Bernhart stated that the record number of responses received for quarter one (Q1)-544 in total-now rivals other private employment surveys conducted for major occupational segments of the US economy.

Here are the key findings from the Q1 survey:

- 46 percent of the respondents said they will add to staff during the first quarter of 2010, rebounding from 30 percent last quarter. The biggest hiring surge will be among suppliers, while marketers plan the least amount of new hiring.
- Companies reporting Q1 hiring freezes plunged to 26 percent, compared with 45 percent in Q4.
- The percentage of companies planning layoffs in Q1 dropped slightly to 7 percent. Not one agency or supplier who responded to the survey said it expected further layoffs.
- Among employers who imposed pay cuts last year, 37 percent said they plan to either partially or fully reinstate those reductions in 2010. Only 20 percent said pay cuts will remain in effect for this year, and 43 percent said they are unsure when salaries will be restored to previous levels.

Bernhart said that, while Q1 survey results clearly indicate that digital and direct marketing is outpacing the overall US economy in terms of recovering lost jobs, marketers continue to feel the economic strain.

"About half of the client-side marketers who participated in our first-quarter survey said they still have a hiring freeze. Hiring on the supplier side, by contrast, is on a fast track with more than 60 percent telling us they plan to add to head count this quarter. We haven't seen numbers in that range for more than two years."

On the agency side, Bernhart said 37 percent of survey respondents plan to add to headcount this quarter.

Bernhart said results showed that business-to-consumer (B-to-C) marketers are stepping up hiring plans slightly more than their business-to-business (B-to-B) counterparts as B-to-C recovers from deeper job cuts last year.

"Among B-to-C marketers, 50 percent said they'll have positions to fill compared with 46 percent for B-to-B, and more B-to-B'ers still have hiring freezes compared with B-to-C," Bernhart added. "B-to-B jobs were less impacted by the recession, so B-to-C hiring is now staging a sharper rebound."

As to what specific positions will be in greatest demand during the current quarter, Bernhart said analytics dominated the list, both online and offline. Second on the list was Internet marketing, which was followed by sales, creative, technology, and campaign management.

"We're seeing some newer job categories emerge," Bernhart added. "A couple of companies will be looking for senior-level social media strategists and online video experts."

Participants also weighed in on the challenges they face finding, compensating, and keeping their best digital and direct marketing talent. Comments and observations were received from more than 200 hiring managers at all levels across the digital and direct marketing employment spectrum, including marketers, agencies, and service providers.

Here is a summary of comments received:

On Hiring:

- **Quality of applicants:** Many are unemployed. The quality and skill level tends to be low with digital, healthcare, and mobile. The good ones are hunkering down where they are. Some employers said they're challenged trying to match candidate skills with organizational needs.
- **Uncertainty:** Many employers are waiting for a consistent flow of new business before pulling the trigger on new hires.
- **Creativity and execution:** This remains a difficult combination to find.
- **Temporary hires:** Mixed results-some found high-quality temps, others did not.
- **Rising cost of benefits:** This is posing challenges for smaller digital and direct marketing employers to add to headcount.
- **Multichannel skills:** Demand is strong, and growing, for digital and direct marketing talent who understand DM in a cross-channel environment, knowing how consumers interact with content, and building relevant, meaningful relationships with them.

- Younger hires: Respondents reported seeing a lack of strategic insight, a lack of solid direct response testing and analysis, and seeing a sense of entitlement.
- Financial savvy: Respondents want marketers who understand how decisions impact the overall business.
- Training: Companies expect employees to work smarter and advance their knowledge, but there seemingly is a lack of industry training by competent, experienced subject matter experts to help them do that.

On Retention:

- What works: Keeping the company transparent, providing an atmosphere of collaboration, encouraging innovation, rewarding success, investing in current technology, and making the work place fun. Also, solidifying relationships with top performers, paying them top dollar, and challenging them.
- Turn-over concerns: Many companies said they are currently evaluating talent to identify and keep top performers. Employers are concerned that they will face much higher churn as the economy recovers and good talent bolts.

Bernhart Associates' first-quarter survey was emailed to more than 9,700 senior executives and hiring managers, human resource officials, and other key participants in online and offline direct marketing during the first two weeks of January 2010.

According to the Direct Marketing Association (DMA), in 2009, direct marketing advertising expenditures as a portion of total US advertising expenditures grew to 54.3 percent, and generated 8.3 percent of US gross domestic product. Also in 2009, there were 1.4 million direct marketing employees in the US. Their collective sales efforts directly supported 8.4 million other jobs, accounting for a total of 9.9 million US jobs.

Results of past surveys can be found in the DMA Statistical Fact Book and on Bernhart Associates Executive Search, LLC's website.

Companies interested in participating in the Bernhart Associates Quarterly Digital and Direct Marketing Employment Report should send an email to survey@bernhart.com with "Opt-In" in the subject line, or they can sign up directly on the Bernhart Associates' website.

About Bernhart Associates Executive Search, LLC

[Bernhart Associates Executive Search, LLC](#) is owned by Jerry Bernhart, a leading and nationally recognized [digital and direct marketing recruiter, writer, and speaker](#) focusing on senior-level Multichannel Direct Marketing, E-Marketing/E-Commerce, CRM, Database Marketing, Business Development and Quantitative Analysis positions. Jerry has been among the nation's leading digital and direct marketing recruiters since 1991.

Viewed as a leading authority on issues related to digital and direct marketing recruiting and talent management, Jerry is a frequent speaker at national digital and direct marketing conferences and is often quoted in the marketing industry news media. Jerry has written dozens of articles for all leading online and offline direct marketing publications, and conducts a widely followed employment survey for EM+C covering internet marketing and e-commerce.

The Bernhart Associates Employment Survey, now in its tenth year, is unparalleled in size and scope and has become the most widely followed employment report in digital and direct marketing. In February 2009, Bernhart Associates partnered with the Direct Marketing Association (DMA) in providing exclusive analysis for the DMA's 2009 Employment Outlook Report, a comprehensive study of trends in hiring and employee retention in direct marketing, available for sale at the [DMA Bookstore](#).

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