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Higher and Hire

By Margery Weinstein

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Job growth in the U.S. this year has been inconsistent. Within the catalog industry, however, more and more companies are lifting hiring freezes and even creating jobs.

As of early July, Eda Zullo, an executive recruiter with Southport, CT-based employment agency Smith Hanley Associates, estimated that she had twice as many open positions at catalog companies than a year ago. What's more, many of these openings were for new positions, not just replacements for staff that have moved on. And the openings are within nearly every facet of the catalog industry, including production/creative, database/market analysis, and telemarketing. "I have everything," she enthuses.

Another recruiter for the direct marketing industry, Owatonna, MN-based Bernhart Associates Executive Search, reported in January that nearly two-thirds of direct marketers were planning to make new hires in 2004. A subsequent report released by Bernhart in April showed that 63% of the companies surveyed planned to add staff during the second quarter of the year.

"As economic conditions have improved, catalog employment has shown steady improvement," says Bernhart Associates president Jerry Bernhart. "All of the indicators have been strengthening. The number of catalog-related job postings on the Internet is up sharply over last year. More candidates are receiving multiple offers, and their job search is taking less time."

Medford, OR-based Musician's Friend is one of numerous mailers contacted that have been staffing up. Head count at the \$100 million-plus cataloger of musical instruments is up 5% from last year, says senior director of marketing Michael Eisenberg. The increase in jobs corresponds to the 5% sales growth the company, a division of retailer Guitar Center, has seen so far this year. New hires have been throughout the company — in the call center, the distribution center, and the corporate headquarters.

"We're not holding off on any required hires," Eisenberg says. "Our philosophy has been to add positions when they were required to drive the business. We require these positions to maintain the momentum we have."

Oshkosh, WI-based multititle mailer Miles Kimball increased its staff from 500 last year to the current 800. Most of the new positions, says president/CEO Mike Muoio, are in the call center and warehouse following the parent company Blyth's acquisition of Miles Kimball rival Walter Drake. The acquisition doubled Kimball's sales, says Muoio.

Acquisitions aren't responsible for the job growth at Wyncote, PA-based ATD-American Co. — but they might be in the future. "We are currently looking at companies to acquire in the catalog field to enlarge growth," says executive vice president Arnie Zaslow, who would not elaborate further.

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Then again, the marketer of business furniture and custodial supplies to companies and the government, whose sales range from \$70 million-\$200 million never stopped hiring. The mailer has added 14-16 people to its payroll during the past two years, maintaining its 2%-8% annual growth in head count, Zaslow says. So far this summer, sales for ATD-American, which has roughly 200 employees, are up 21% from last year.

Like ATD-American, Cleveland-based AmeriMark Direct didn't stop hiring. "Our employment is up 39% since the end of '02," says chairman/owner Gary Giesler, "and up 24% since the end of this past year." Most of the new jobs are back-end positions to accommodate the additional sales it has enjoyed this year.

The \$80 million-plus company, whose titles include jewelry book Windsor Collection and women's apparel catalog Anthony Richards, has enjoyed a 21% rise in year-over-year revenue. To accommodate its growth — and its larger workforce — AmeriMark is moving later this year from its 125,000-sq.-ft. warehouse to a 150,000-sq.-ft. facility. In addition, the company just opened a 40-seat call center in Medina, OH.

Strength in niches

Midsized catalogers such as AmeriMark, with sales of \$20 million-\$100 million, are experiencing the greatest job growth, says Les Gore, managing partner of Wellesley, MA-based direct marketing recruitment firm Executive Search International. And it's especially true for niche mailers. Catalogers that offer a specialized merchandise selection are less likely to face competition from and price wars with mass merchants. What's more, many niche marketers have a very loyal, passionate customer base.

Topsfield, MA-based wholesale pet supplies cataloger PetEdge illustrates Gore's point. The company, which has 350 employees, has seen consistent job growth for the past two years, says its president/CEO Andy Katz. Last year the company had 300 employees, and in 2002 it had 250 on the payroll.

"We've been growing in excess of 20% a year for the past few years," says Katz. "The industry is growing at 5%-6% per year. We offer retailers who buy from us a number of brands of products that aren't available in Wal-Mart, PetSmart, or Petco."

By the end of 2004, Katz says, the company may have new executive positions in the marketing, merchandising, human resources, and inventory control departments. The number of executive-level jobs is already up 10% from last year, while PetEdge's merchandising jobs are up 15%; the human resources department has seen head count grow by a third, and the inventory control department has added 10%-15% more employees.

PetEdge's intention to hire more executives supports the contention of Smith Hanley's Zullo that companies are not downgrading positions — replacing a senior management employee, such as a vice president, with a staff member from middle management. Companies sometimes choose to do this during tough economic times because downgrading the job allows them to save money in salary by training a midlevel staffer to do what a senior member of the company did.

From around 2001, when the economy began to slow down, until this past January, Zullo saw a lot of that. Around the beginning of this year, though, marked a change. Now, she explains, companies are still promoting from within but also hiring replacements for the vacated midlevel positions.

Katz says that based on his own hiring experiences since the beginning of this year, he believes the job market in the catalog industry is picking up. "It would appear to be a little tighter than it had been 6-12 months ago," Katz notes. "It's harder finding top-quality candidates."

Which is good news for those workers who are pounding the pavement. For while many companies are staffing up, some are continuing to cut back. Skokie, IL-based medical chart cataloger Anatomical Chart Co., for example, laid off 20 distribution center employees this year, says vice president Bill Demas. The cataloger's parent company, Amsterdam-based Wolters Kluwer, decided in May to consolidate functions in its Hagerstown, MD, warehouse.

But Demas says no other cutbacks are in the works. The company has in fact decided to add two more chart-production designers and two more illustrators by the beginning of next year.

"I think most of the consolidation has gone on already," Demas says, speaking of the industry as a whole. "The economy is doing better, and jobs are being created, but I think businesses are being very careful about expanding and hiring new people."

An uncertain prognosis

Executive Search's Gore doesn't completely agree. "There are fewer catalog companies out there as a result of consolidation and change," he says. "It's as much a factor as the overall economy and the employment market." He says that as a whole, job growth at the catalog companies he works with seems sluggish.

"Certainly the economy, as far as the fundamentals, like consumer confidence, is somewhat better, but I really haven't been able to see that translate into very strong hiring patterns," he says, in contrast to what fellow recruiters Zullo and Bernhart are seeing. "I think it's spotty, at best."

And recent national employment figures suggest that even if catalog job growth was strong during the first half of the year, it may slow during the second half. After upbeat news in April and May, the June jobs report from the Bureau of Labor Statistics showed a stagnant unemployment rate of 5.6%, with only 112,000 jobs created in June, well below the pace of previous months.

Miles Kimball's Muoio notes that the increases individual companies, such as his own, are seeing in job growth may not be representative of the industry as a whole. For the remainder of the year, he expects industry job growth to be "in the 1%-3% range. We had some big [companies] that aren't doing so well, so from a catalog industry perspective, it'll be modest."

Bankrupt general merchandise mailer Spiegel, for instance, laid off 225 workers, or 46% of its workforce, in April; computer and business supplies manufacturer/marketer Systemax cut about 200 jobs; and Taylor Corp., which acquired bankrupt Executive Greetings this past spring, has already laid off most if not all of that company's staff.

Besides, sales growth doesn't automatically translate into job growth. At Medford, OR-based Bear Creek Corp., the parent company of food gifts cataloger/retailer Harry and David, and horticulture mailer Jackson & Perkins, "business is up slightly, but employment is probably down slightly because of just regular turnover," says president/CEO Bill Williams. He plans to keep employment levels stable for the rest of the year.

Bernhart is nonetheless optimistic regarding the rest of 2004. "Barring any unforeseen economic shocks, I see continued modest jobs growth for the second half of 2004, on the order of 5%-10%.

— *Additional reporting by Paul Miller*

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