

## Mary Kay, other direct sales companies find more workers in bad times

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By ERIC AASEN / The Dallas Morning News

As times get tough, more women want to make quick cash hawking Satin Smoothie Hand Scrub, Eyesicles eyeshadows and Cellu-Shape Nighttime Body Gel.

After all, even with the economy in the dumps, women still wear makeup. How about some Coastal Colors Lip Gloss?



LARA SOLT/Staff Photographer

Michelle Mikulas in her home office in Flower Mound on Monday, April 20, 2009. Mikulas now works full time for Mary Kay since losing her job last year.

Addison-based Mary Kay is reporting a significant increase in the number of independent beauty consultants joining its sales ranks. Avon, another at-home makeup sales heavyweight, is also seeing a jump – as are other direct sales companies, which rely on independent workers to sell their products.

Many in the new sales force are looking for solutions during these troubling times – like Mary Dawson of Mesquite.

She has a full-time job as an office manager but wants to earn extra cash. Plus, she likes the makeup.

"Everybody is looking for ways to make ends meet," said Dawson, 32. "The economy has gone down, and I don't know what's going to happen in the future. It's a perfect time to start."

The \$30 billion direct-sales industry offers a variety of products, including goods in home décor, jewelry, cookware and nutritional supplements. And direct sales usually hold steady even when retail numbers drop.

Rhonda Shasteen, Mary Kay's chief marketing officer, says that more people are turning to direct sales for the "self-control factor."

"When you're in a job and how you've been supporting your family is in question and you're not sure whether you walk in the next day and you'll be laid off or have your pay cut ... people feel out of control," she said. "They look for, 'How can I gain some control over my situation?'"

Mary Kay saw a high double-digit percentage increase in the number of beauty consultants this March compared with a year ago, Shasteen said. Avon reported a 1 percent increase of North American sales representatives during the fourth quarter last year, said Lindsay Blaker, an Avon spokeswoman.

Mary Kay and Avon have even launched advertising campaigns specifically targeting women looking to earn extra money.

"It's been a way to reach out to people that Avon can ... help you during this downturn," Blaker said.

The section of the Mary Kay Web site that promotes beauty consultants saw more than a 100 percent increase in traffic in March compared with numbers from January and February.

And other companies offering direct sales have reported an uptick in recruiting over the past several months, said Amy Robinson, vice president of communications for the Direct Selling Association, which represents companies involved with direct sales.

Workers say they enjoy direct selling because they can work their sales around family life.

Last summer, Michelle Mikulas was laid off as a corporate recruiter. Instead of looking for another job, the Flower Mound resident decided to focus on selling Mary Kay, partly to spend more time with her three young children.

"I can be my own boss and set my own hours and spend time with my kids," said Mikulas, 34. "I was going to make [Mary Kay] more of a full-time effort on my part and be a full-time mom at the same time."

Stacey Griffith of Fort Worth joined Mary Kay after her sister sold over \$500 of products in three weeks.

For now, Griffith, 20, will sell on the side while she studies at the University of Texas at Arlington. She plans to graduate next year, and if the economy remains lousy, she might focus on Mary Kay full time.

"You're never going to get fired" in direct sales, Griffith said. "You can make as much money as you want. ... I would like to go as far as I could with it. Why not?"

At Mary Kay, some are happy earning \$50 a week, while top directors can earn \$1 million a year, Shasteen said.

Median annual earnings for a direct sales worker is about \$2,400, and 10 percent of direct sellers work at least 30 hours a week, Robinson said. Direct sellers typically earn between 25 and 50 percent of a sale. For most, it is a job where they can earn some money on the side. To earn lots more, sellers typically need to recruit new workers in addition to selling the product.

One reason that sellers might be attracted to Mary Kay and Avon is that makeup has long been considered recession-proof. But this downturn is taking some of the gloss off sales.

U.S. department store beauty sales declined 3 percent in 2008, according to NPD Group, a market-research firm.

NPD reports that 26 percent of direct sales shoppers say they're spending less on beauty products, compared with 33 percent of customers of department stores. So, direct makeup sales seem to be faring better.

"It could be an opportunity for the direct seller in terms of offering some innovative value products," said Karen Grant, NPD vice president and global industry analyst for beauty.

Direct sales of all products tend to fare better during recessions. The average annual growth for direct sales is 3.6 percent during nonrecession years, but rose to 4.5 percent during the recession years of 1990, 1991 and 2001, according to the Direct Selling Association.

Mary Kay sellers hope they benefit. Dawson sold \$280 worth of Mary Kay products during a recent sales event – her profit is \$140.

"Pretty good for two hours of work," she said.

Dawson has gone around her neighborhood, handing out bags of makeup samples. .

"I can go as far as I can with it," she said. "The possibilities are endless."

## DIRECT SALES: WHAT TO KNOW

More people are testing direct sales to earn additional income. If you are interested, Amy Robinson with the Direct Selling Association offers these tips:

- Set goals regarding income generated. Someone wishing to earn only spending money will have a different approach to direct sales than someone planning to work more hours.
- Verify that the product you're selling is legitimate and useable. Watch out for sham products.

- To start selling, direct sellers often must purchase a starter kit – usually around \$100 – that typically includes product samples, catalogs, order forms and a training manual. Compare the cost of the kit to what you get in return.
- Understand the company's compensation plan. Typically, direct sellers earn 25 percent to 50 percent of a sale.
- Make sure the company has a buy-back policy on products you purchase to sell. Companies should pay at least 90 percent of the purchase price of inventory bought in the last 12 months.
- Direct sales companies that are DSA members must comply with the association's code of ethics. To find a list of members, visit [dsa.org](http://dsa.org).

*SOURCE: Direct Selling Association*