

Avon, Mary Kay ranks boom as a second-job option

By JUANITA COUSINS – June 13, 2009

NASHVILLE, Tenn. (AP) — Armies of new Avon ladies, Mary Kay reps and Tupperware sellers are advancing on living rooms across the country, their ranks full of professionals forced to take a second job amid the recession.

Becke Alexander, sales manager for New York-based Avon Products Inc., hears each week from laid-off bankers and stay-at-home moms, but also gainfully employed people worried how long they'll stay that way. All of them are willing to knock on doors, host parties or do whatever else it takes to peddle some makeup.

"I need money.' That's what I've been hearing since about November," Alexander said. "There are no hobby seekers coming here. It's people with a legitimate need."

Job cuts, shrinking bonuses and scaled-back hours have pushed more people than ever to become direct sales representatives, a phenomenon industry experts say they've seen before.

In the 1990-1991 recession, the number of direct sellers increased 8 percent to 5.1 million Americans. In the 2001 recession, the work force increased to 12.2 million.

And while 2008 figures are not yet available, in 2007 an estimated 15 million people nationwide were in direct sales. Some 58 percent of became reps as a second job, according to the Direct Selling Association, a trade group that represents 200 U.S. companies.

When money began getting tight in Nicole Robinson's household in Garland, Texas, the full-time pharmaceutical sales rep signed up to host Mary Kay parties and give facials, working just six hours to make about \$600 a week.

"Costs aren't going down and opportunities are tightening up. Raises and bonuses aren't as big. And I didn't want to ever be in a situation where we were in jeopardy," said Robinson, who joined Mary Kay Cosmetics Inc. in September.

Business declined at the international cell phone company her husband works for, she said, and they wanted to continue their moderate lifestyle and contribute to their children's college funds.

"We were looking for a plan B for our family to make additional income," she said. "We really didn't want to participate in the recession."

Rhonda Shasteen, chief marketing director for Mary Kay, said the Addison, Texas-based company saw traffic on its Web site increase by 108 percent in March, when the company began airing television ads to attract new sales reps.

The sales force grew 22 percent from January to March, compared with the same period last year. The privately owned company wouldn't say whether its profits also increased during that period.

Orlando, Fla.-based Tupperware Brands said globally it's making more money and has more people selling its products, spokeswoman Nora Alonso said.

Direct sales reps can earn commissions between 25 to 50 percent of retail sales, and some companies will also pay for recruiting a new sales person. Direct sellers also can earn rewards, too, including jewelry, handbags, furniture, appliances, cars and vacations.

There can be expenses. It costs about \$10 to get the Avon starter kit of products and brochures, and some companies require the sales people to purchase products wholesale and then resell them. Mary Kay consultants purchase mascara for \$7.50; the company recommends they sell it for twice that.

Companies that are members of the Direct Selling Association are required to have buyback programs where they refund at least 90 percent of costs to sales representatives who get stuck with products.

During stronger economies, people usually take on direct sales jobs so they can have money for leisure spending, said Larry Chonko, business ethics professor at The University of Texas at Arlington.

"Times are tough as we know and there is an absolute need for extra income," Chonko said. "Direct sales is not recession-proof, but it is the kind of business that even in a recession you can make success of it. And if you create a solid foundation now, then just wait until the economy comes out of the down cycle and goes into an up cycle."

Melanie Lyke, 29, of Thompson's Station, Tenn., began working as an Avon independent sales rep in November to supplement her income after a slowdown in the family's company, which makes training and demo videos for corporations.

"This is a great solution for people in need because I work at my own pace," Lyke said. "All you need is a clear goal and be determined to reach it."

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