Do Not Call can mean do not hire

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The federal government's Do Not Call Registry has provided relief to consumers who don't want to hear pesky telephone pitches for screen doors, computers, insurance or anything else while they're eating dinner.

But the registry also appears to have come at a cost to the economy: The telemarketing industry lost jobs because of the list. And companies that depend on telemarketers to hawk their products and services have lost sales.

"It was pretty traumatic for our industry for a couple of years there," said Peter Johnson, the vice president of research and market intelligence for the Direct Marketing Association.

Sales generated by telemarketers who targeted consumers totaled $191.82 billion at the height of the roaring economic expansion and dot-com boom in 1999, according to the association's figures. Sales dipped because of the recession and were still short of their 1999 level last year, two years after the advent of the Do Not Call Registry.

Sales from other types of direct marketing pitches, such as those made on television, through the mail and via the Internet, are well-above their pre-recession levels. That leads Johnson to believe Do Not Call has been a drag on telemarketing sales.

The numbers also bear out the opinion of those who say companies have compensated for their reduced ability to reach people by phone by doing more direct mail, Internet, television and other solicitations.

Heather Wilner, a spokesperson for Verizon Communications Inc., said Do Not Call has affected the way the telephone giant reaches potential customers. She said the company relies heavily on the mail, in-store marketing and local events — such as trade shows — to market its new FiOS broadband and television service, which is the service the company offers over the fiber-optic network it is building.

Companies also spend more time calling their existing customers

Reducing solicitations

The federal government established the Do Not Call Registry in June 2003 to give consumers the chance to opt out of getting telemarketing calls at home. To place a phone number on the list, a consumer can go to www.donotcall.gov or call 1-888-382-1222.

What Do Not Call law says

• Telemarketers may not call your number starting 31 days after it's placed on the registry. The number stays on the list for five years.

• The law contains an exception for businesses with whom a consumer has an established relationship. That means that if a consumer bought goods or services from a company within the past 18 months, that business can still call the consumer, unless the consumer requests to receive no calls. Calls on behalf of political organizations, charities and research organizations are allowed.

• Businesses, associations and charities may continue to send faxed ads to their customers and members without receiving prior written permission. However, the organizations must provide a chance for recipients to opt out of receiving future documents and unsolicited messages may only be sent to fax numbers obtained directly from a recipient or a public source, but to try and get them to continue their contracts or sign up for more services. A company can call a consumer for 18 months after the consumer makes a purchase even if the consumer is on the registry.

Jobs have vaporized too. The industry employed 338,000 people calling consumers in 1999, but that number dropped to 248,000 by 2004 and was essentially flat last year.

Consumers have flocked to get their phones numbers on the list, which they can do by phone or over the Internet. At last count, the list contained more than 110 million numbers.

No one doubts that Do Not Call has cut down on unwanted calls.

The Federal Communications Commission cites a 2004 poll by Harris Interactive that showed 92 percent of those who placed their phone numbers on the list had fewer telemarketing calls and 25 percent said they had no telemarketing calls since signing up. Another 2004 poll, by the Customer Care Alliance, found that 60 percent of consumers said they had registered and 87 percent of those received fewer calls.

But some believe that the list is a case of the government overreaching. Telemarketing calls, while bothersome to some, are harmless, they point out.

prohibits companies from buying client lists.

• Consumers can also place cell phone numbers on the registry, though federal regulations prohibit telemarketers from using automatic dialers to contact people on their cell phones.

What about other types of solicitations?

Under the Fair Credit Reporting Act, large consumer credit reporting companies, can include consumers' names on the lists creditors and insurers use to solicit business through the mail. The act provides people with the ability to prevent the companies from providing the credit file information. To opt out: www.optoutprescreen.com or 1-888-567-8688.

"It's a telephone contact," said Chris Consorte, the owner of Integrated Direct LLC of Queens. "We're not dropping nuclear weapons on them."

Consorte said he laid off 40 people who worked in his two New York call centers because the Do Not Call Registry took away more than half his potential market. He transformed his business into one that puts companies that need telemarketing services in touch with the owners of call centers overseas, mostly in India.

"Philosophically, I disagree with it," he said of the registry. "I can see the consumer side. I don't want people calling me at all hours of the night. As marketers we got out of control but we didn't need a federal mandate to drop down on us like a hammer."

The law also drives up costs for telemarketers.

Telemarketers must "scrub" their phone lists every 30 days, meaning they must remove the numbers of consumers on the Do Not Call Registry. But the government charges a fee each time a telemarketer wants updated registry information for more than five area codes. The fee for the entire nation is more than $15,000

Alyssa Mogensen, the chief operating officer of DRG Telemarketing in Pomona, said her company spends more than $1,000 on lists in order to serve some of its clients.

DRG, which does telemarketing for chiropractors and mortgage lenders, has also seen its legal costs climb because of Do Not Call, even though it has never been cited for a violation, Mogensen said. The company has one of the top telemarketing lawyers in the nation on retainer and she calls him a couple of times a month with questions, she said.

Mogensen said it probably would have been better for her company if the government had moved faster to curtail improper telemarketing activity. That way, some of the industry's bad operators may have been phased out before the industry got a bad name, she said.

"I almost wish they had done it 10 years ago because it wouldn't have had such a negative impact," she said. "The perception of our industry would not have become so negative. I have very hard-working employees here that support families. There's nothing shady."

New York has had a Do Not Call list since 2001.

Mogensen said she has mixed feelings about the concept.

"I don't love the expense," she said. "But I do like the fact that I'm part of a cleaner industry now. I'm not going to tell you that I support the negative impacts it's had. I have a lot of friends that are out of work because of it and friends that have closed down businesses because of it."

At DRG's call center in an office park off Route 45 the telemarketers sit in thin cubicles waiting for computer prompts telling them the automatic dialer has made a call for them. Angelic Page, a supervisor, walks the aisles watching intently over the employees and listening in through a headset on calls she chooses randomly.

"You have to slow down when you're talking," she said to one of the telemarketers she was monitoring one day recently.

The employees earn a base wage and commissions based on their sales. A good telemarketer can make $15 an hour, Mogensen said.

But finding and keeping employees can be difficult, as many people DRG hires turn out to be short-timers because they're unable to take the constant rejections they get from prospective customers, lack the persistence to close sales or other reasons.

The government has not been prolific in fining companies for violating the law. But those that get caught can pay heavily.

Figures from the FCC show the agency issued only 21 warnings to companies that broke the rules and reached settlements with four others that paid fines. The Federal Trade Commission has levied fines in eight cases for companies calling consumers on the list.

The DirecTV Group Inc., the satellite television provider, agreed last December to pay $5.34 million to settle FCC allegations that the company and companies it hired called consumers who were in the Do Not Call Registry.

Just last month, the FTC fined book club direct marketer Bookspan of Garden City, N.Y., $680,000 for calling more than 100,000 consumers on the registry. The FTC said Bookspan, a partnership of Book of the Month Club Holdings LLC and Doubleday Direct Inc., also called tens of thousands of people who had asked to be put on Bookspan's own do-not-call list.

AT&T Corp., the phone company, paid the largest FCC fine related to Do Not Call violations back in July 2004, when it coughed up $490,000 in a settlement.

Another phone company, T-Mobile USA Inc., which provides cellular service, paid $100,000 in a settlement reached four months ago.