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## Do Not Call hits telemarketers

By William Glanz

THE WASHINGTON TIMES

Published June 15, 2004

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Telemarketers say the National Do Not Call Registry enacted last year has forced them to lay off workers and rethink strategies for reaching consumers.

"It's hard to know when the bleeding will stop," said Andrew Jacobs, president of Interactive Teleservices Corp., a privately held telemarketing firm in Dublin, Ohio.

MCI Inc. has been among the companies hardest hit by the new federal rules for telemarketers, which took effect in October.

The Ashburn, Va.-based long-distance firm laid off 4,000 telemarketers in March and blamed the job cuts on the do-not-call legislation. MCI closed telemarketing call centers in Arizona, Colorado, New Mexico and Ohio, and it cut employment at call centers in Georgia and Missouri.

"It's purely math. The number of households we can call is severely reduced," said MCI spokeswoman Brittany Hoff.

New Jersey-based DialAmerica Marketing, the nation's largest privately held telemarketer, laid off 162 workers in January at its Knoxville, Tenn., call center.

It is not clear how many jobs telemarketers have eliminated. The American Teleservices Association (ATA), which represents telemarketing firms, said last year the industry employs 6 million people and that the do-not-call legislation could result in the loss of 2.5 million jobs.

The ATA, which declined to comment for this story, is challenging the telemarketing rules. It argues the law violates the First Amendment by banning commercial free speech.

Despite the industry upheaval, the public has embraced the do-not-call list. Aggravated consumers rushed to add their numbers when the Federal Trade Commission opened the registry last summer, and 61.8 million phone numbers are on the list.

Rather than lay off workers, Mr. Jacobs, of Interactive Teleservices, said he is adding jobs overseas to cope with do-not-call legislation.

When federal regulators created the law, they also put limits on the use of automated dialers and required that telemarketers put in place technology that allows consumers with caller ID devices to see a telemarketing company's name and number.

Those changes increased the cost of doing business, Mr. Jacobs said, and he is trying to cut expenses by lowering labor costs. He will open a new call center this year in Panama. Interactive Teleservices has 1,500 U.S. workers now, and in two years Mr. Jacobs expects the company's foreign work force will equal its U.S. labor force.

A new study from the Customer Care Alliance, an Alexandria-based consortium of consumer research firms, concludes telemarketers may have an increasingly difficult time reaching consumers. The report found 70 percent of consumers who have not added phone numbers to the registry "definitely will" or "probably will."

Consumers can add numbers to the Do Not Call Registry online at [www.donotcall.gov](http://www.donotcall.gov) or by calling 888/382-1222.

"The good news for the industry is that it will never reach a point where they can't call anyone," said Scott M. Broetzmann, president of Customer Care Measurement, a member of

the consortium that produced the report.

"The bad news is that just because someone isn't on the list, it doesn't mean they will buy something or be sympathetic."

With so many consumers on the registry, telemarketers must figure out how consumers want to be contacted, he said.

Some of the money traditionally spent on telemarketing will be spent on print and online ads, direct mail and other means of reaching people, said Louis Mastria, spokesman for the Direct Marketing Association, a group representing telemarketers.

But telemarketing isn't in peril, he said.

"The reality is, people buy via ... telemarketing," Mr. Mastria said.

Telemarketing calls to consumers generated \$106.6 billion in sales last year, up 6 percent from \$100.3 billion in 2002. The law was in effect for only a few months last year and may not have had an impact on sales.

Mr. Jacobs is more skeptical and says telephone solicitations may be in jeopardy.

"There are a lot of people who predict the death of outbound calling in five years," he said.