

## **Mary Kay Survives Retail Slump**

March 3, 2011

The Wall Street Journal:

***WHILE RETAILERS ARE CALLING FOR AN END TO TAX BREAKS THAT ENCOURAGE CUSTOMERS TO BUY ONLINE, THE DIRECT-SALES RETAIL CHANNEL IS BOOMING.***



***DIRECT SALES HAVE AVERAGED ANNUAL SALES GROWTH IN AUSTRALIA OF 12.5 PER CENT OVER THE PAST THREE YEARS, COMPARED WITH GROWTH OF 4.1 PER CENT FOR THE RETAIL SECTOR OVERALL FOR THE CORRESPONDING PERIOD.***

***DAVID HOLL, GLOBAL CHIEF EXECUTIVE WITH DIRECT-SALES COSMETIC COMPANY MARY KAY, SAYS THE SECTOR HAS HELD ITS GROUND AGAINST A GENERAL DOWNTURN IN DISCRETIONARY RETAILING, AS THE NEED FOR ADDITIONAL HOUSEHOLD INCOME LEADS MORE PEOPLE TO SIGN ON AS FREELANCE SALES CONSULTANTS.***

***MARY KAY SELLS ABOUT \$25 MILLION WORTH OF COSMETICS ANNUALLY IN AUSTRALIA VIA 10,000 CONSULTANTS, MOST OF WHOM ARE WOMEN WORKING PART-TIME.***

***“OUR BUSINESS HAS REALLY PICKED UP IN THE LAST EIGHT MONTHS, AND THE LAST THREE MONTHS IN PARTICULAR HAVE SEEN A NOTICEABLE INCREASE – THE DIRECT-SELLING INDUSTRY IS GENERALLY***

***COUNTER-CYCLICAL,” HE SAID.***

***“WE CAN FARE BETTER IN A RECESSION THAN OTHER RETAILERS BECAUSE WHEN THERE IS A DOWNTURN PEOPLE AREN’T WORKING AS MANY HOURS AND MIGHT BE WORRIED ABOUT THEIR FINANCIAL SITUATION; THEY’RE MORE LIKELY TO LOOK FOR A SUPPLEMENTAL INCOME – WHAT WE MADE UP IN NEW PEOPLE WANTING TO SELL MARY KAY HAS OFFSET THE DECLINE IN THOSE WHO WERE ALREADY SELLING.”***

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