

THE SALON MARKET IN THE USA (2004)

SECTION 1 EXECUTIVE SUMMARY

Table 1 The salon market in USA at a glance

| | |
|--------------------------|--------|
| Salons | |
| Turnover (2002) | sample |
| -- % variation (2002) | sample |
| -- % variation (2006/02) | sample |
| Products market | sample |
| -- % variation (2002) | sample |
| Companies | sample |
| Number of salons | sample |
| Number of manufacturers | sample |
| Number of distributors | sample |
| Population | sample |

(Source: DR GSP 2004)

Market size and trends

The salon market in the USA, worth \$xx billion in services and in-salon retail in 2002, is stable, with growth in line with inflation. This mirrors the performance of the services sector in general. The value of the salon hair care products market - that is, products sold to salons - is over \$x billion.

Number of leading manufacturers and distributors

Of the xxx manufacturers active in salon market, three are recognized as leading players: x, w, and Z.

Number of salons and best performers

Of the approximately xxx,xxx salons in the United States, only xx% are considered large, generally upmarket salons and chains. The best performing salons will be premium salon outlets.

Currency

The currency used throughout this report is the US dollar (\$).

The rate of exchange US \$1 : €0.81 (Jan. 19, 2004).

The rate of inflation in the USA:

2000 3.38%

2001 2.83%

2002 1.59%

(Inflation Data.com)

Date of publication

GSP USA 2004 (January, revised June).

SECTION 3 MARKET OVERVIEW

Table 5 Salon sector turnover (2002)

| | Value |
|----------------|--------------|
| Salon turnover | sample |
| Salon products | sample |

(Source: DR GSP 2004)

Market size and trends

The value of the salon market, that is, turnover in the salon channel from services and product retail in the USA, is US \$xx billion (year 2002). The value of the salon hair care products market, that is products sold to salons – for both use in salons and over-the-counter (OTC) sale – is over \$x billion.

The services market is stable, but growth is only in line with inflation across the sector. The professional products market could grow x% in value terms a year from 2002 to 2005.

Estimates of the size of the professional products market vary due different counting methods (that is using buying or selling prices), and inclusion or exclusion of sales of diverted products.

Diversion

Estimates of size of the professional products market generally exclude the diversion market, that is, sales of professional products through retail channels. This could be worth anything from \$x to \$x billion a year. Diverted products are sold through beauty stores and more recently the web. Retailers compete with new channels by increasing sales of professional products. However, some distributors will only serve licensed professional stylists, salon owners, barbers, and nail artists.

Companies attempt to prevent diversion by selling professional lines exclusively through authorized distributors and distributors only sell to certified and licensed professionals.

Table 14 In-salon business by category (2002)

(As % of total salon business, value)

| S* | Hair | Non-Hair | Retail |
|-----------|-------------|-----------------|---------------|
| 1 | sample | Sample | sample |
| 2 | sample | Sample | sample |
| 3 | sample | Sample | sample |
| 4 | sample | Sample | sample |
| 5 | sample | Sample | sample |
| 6 | sample | Sample | sample |
| 7 | sample | Sample | sample |
| 8 | sample | Sample | sample |
| 9 | sample | Sample | sample |
| 10 | sample | Sample | sample |
| Av. | sample | Sample | sample |

*S is sample source.

(Source: DR GSP 2004)

Table 15 In-salon business by category (2006)

(As % of total salon business, value)

| S* | Hair | Non-Hair | Retail |
|-----------|-------------|-----------------|---------------|
| 1 | sample | Sample | sample |
| 2 | sample | Sample | sample |
| 3 | sample | Sample | sample |
| 4 | sample | Sample | sample |
| 5 | sample | Sample | sample |
| 6 | sample | Sample | sample |
| 7 | sample | Sample | sample |
| 8 | sample | Sample | sample |
| 9 | sample | Sample | sample |
| 10 | sample | Sample | sample |
| Av. | sample | Sample | sample |

*S is sample source.

(Source: DR GSP 2004)

Business breakouts vary in branches operated by chains; only selected salons offer non-hair services.

Trends in business breakouts

The trends reported in previous GSPs on the US salon market continued in 2002 and 2003. That is, the continued diversification of services offered, particularly at the top end of the professional hair care market. Although hair services will still be the single most important income source, even in multi-service outlets, their relative importance will fall due to increased use of spa services.

Income sources in the sample salons will change between 2003 and 2006. In 2003 business was, on average, xx% from hair services, xx% from beauty services, and xx% from retail. In 2006, business will be on average xx% from hair services, xx% from

beauty services, and xx% from product retail. Indeed, in multi-service outlets, beauty services will grow from xx% of income to xx% by 2006.

Salons diversify services due to client demand for “one-stop” shops. Demand for beauty is strongest in salons that offer specialist hair colouring services. As stylists explained, clients who are already spending two to three hours in a salon every six weeks getting their hair coloured want to save time by getting a manicure at the same time.

IN-SALON BUSINESS – HAIR SERVICES

Table 16 In-salon business, hair services ranked

(As % of total salon business)

| S* | Cut/Style | Technical |
|-----------|------------------|------------------|
| 1 | sample | Sample |
| 2 | sample | Sample |
| 3 | sample | Sample |
| 4 | sample | Sample |
| 5 | sample | Sample |
| 6 | sample | Sample |
| 7 | sample | Sample |
| 8 | sample | Sample |
| 9 | sample | Sample |
| 10 | sample | Sample |
| Av. | sample | Sample |

*S is sample source.

(Source: DR GSP 2004)

Technical services (x and y) account for an average of xx% of hair business, and most of this business is colouring. The basic services - x, y, and z - account for xx% of hair services.

Table 17 Clients’ hair concerns ranked

(As % of sample reporting, multiple answers possible)

| % | Concerns |
|----------|-----------------|
| sample | Hair x |
| sample | Hair y |
| sample | x |

(Source: DR GSP 2004)