

## Diagonal Reports ' Review 2001

### SPA (BEAUTY) SERVICES GROW BUSINESS IN SALONS

Hair salons that participated in a series of Diagonal Reports' Global Salon Panels (1987-2000) reported exceptionally strong growth rates for their spa (beauty and body) services. In the USA the best performing salons grew spa services by 50% year on year, although a rate of 15% was more typical.

Spa services can account for 10% of service turnover in hair salons that diversified beyond hair care. In the largest full services salons in Spain, France and the USA this rise to 20%. The increased demand for spa services, and products, compensates salons for the falling frequency of visits for hair services, and the virtual collapse in demand for some traditional hair services such as perming. Diagonal Reports is now conducting another Global Salon Panel to assess current trends in hair and spa salons. This panel will investigate the spa service and product segment in some detail.

The fastest growing, and most used, spa services are pedicures, the removal of facial hair (e.g. eyebrows, upper lip), along with simple relaxation services (e.g. massages for scalp, head, and neck). Salons in the USA and China report a 10% growth in demand for the latter services. Strong demand in the USA is in part because insurance companies pay some of the bill.

The spa menu is diverse, but typical services are full hair care, nails, manicures, pedicures, skin, make-up, bridal care, hair removal, relaxation services (massages, aromatherapy), and tanning. Less typical are cellulite and wrinkle removal. The largest outlets have many a range of facilities e.g. health clubs (gym), and entertainment centers.

Spa services increase sales of retail products. Some spa salons in the USA grew retail by 10% in both 1999 and 2000. In the best performing outlets retail can account for 30% of turnover, (compared with an average of 7% in the salon sector in the USA and Germany).

The main clients of the full service salons are professional, well paid women over 40. But an increasing number of younger people visit spa salons, in particular working women in their 30s, as do men who want something more than traditional barbers offer. Time poor/money rich consumers like the way that spa salons combine luxury (the experience of "being pampered") with economies of time (get your hair and face done).

**The Diagonal Reports' GSPs (1997-2000) are based on more than 400 interviews in 16 countries, with salon and product distributor sources representing more than 90,000 hair and beauty (spa) salons.**