



Diagonal Reports

**THE SALON MARKET IN
CANADA © 2005
(CANADA HAIR AND BEAUTY)**

SAMPLE PAGES

SECTION 1 EXECUTIVE SUMMARY – CANADA

Table 1 The salon market in Canada at a glance

Salon market	
-- Turnover (CAD) 2002	\$x
-- Product sales to (CAD) 2002	\$x
-- % variations 2004/03	+x%
Number of salons (2002)	X
Number of manufacturers	X
Number of distributors	X
Population	X

(Source: DR Global Salon Panel (GSP) 2005)

Salon market size and trends

The value of the salon market in Canada - turnover from services and product retail - is approximately CAD \$x million a year (2002 data, the latest available). The salon products market, that is, sales of hair and beauty products used in salons and sold over-the-counter (OTC), represents x% of salon turnover. Our experts report that the market is very x, growing x% in 2004/2003. They expect this rate to be repeated in 2005, but to fall to x% in 2006. This compares to a 2003 growth rate of x%.

Leading manufacturers and distributors

The products market is relatively consolidated. Some x manufacturers could represent x% of sales to salons. No changes are expected in the long-established rankings.

Players and best performers in salon channel

Of the x,288 salons in Canada, about x% are larger than “average” in terms of turnover, size, and numbers of employees. In this very positive market, almost all salons are growing business, and the best performers are upmarket and chain operated outlets.

Data issues

Industry experts caution that there is a lack of reliable, up-to-date information. Data collection is fragmentary among leading companies, and associations tend to treat any data they collect as “strictly confidential.”

Currency

The currency used throughout this report is the Canadian Dollar (CAD). The rate of exchange US \$1: CAD 1.20 (March 2005).

Date of publication

March 2005.

Research for sections 1-6 of this report was conducted in 2004, and research for sections 7 and 8 was conducted in February 2005.

Table 4 Manufacturers, unranked (12 companies)

Company
x
x
x
x
x
x
x
x
x
x
x
x

(Source: DR Global Salon Panel (GSP) 2005)

Table 5 Distributors, ranked (top 8 companies)

Rank	Company
1	x
2	x
3	x
4	x
5	x
6	x
7	x
8	x

(Source: DR Global Salon Panel (GSP) 2005)

Leading distributors

There are eight leading distributors of hair care products to the salon channel. They are all Canadian-owned, except for the x owned x subsidiaries: x and x. x services the mid- and upmarket salons, and x services the low-mid market. Three large regional distributors are x (East Coast), x (Ontario/Quebec) and x (Central/Eastern Canada).

Table 15 Average spend per visit (CAD)

Sample	CAD
1 *	\$x
2	\$x
3	\$x
4	\$x
5 *	\$x
Average	\$x

*Some 50% of clients spend this amount.
 (Source: DR Global Salon Panel (GSP) 2005)

Average spending is what the majority of clients, at least x%, spend during a visit. Typically, this is a x and x. (For more details of prices see below: Sample Salon Prices.)

IN-SALON BUSINESS – VARIATIONS

Table 16 Variations in salon business (2004 and 2006)

(As % variations volume and value on previous year.)

Sample	2004/03	2006/05
1	+x%	+x%
2	+x%	+x%
3	+x%	+x%
4*	+x%	+x%
5	+x%	+x%
Average	+x%	+x%

*Salon opened in 2003, it is excluded from the 2004 average.
 (Source: DR Global Salon Panel (GSP) 2005)

Market drivers

Business was x salons in 2004 - the average growth rate was x% on the previous year. (This compares to an estimated x% growth in what industry sources described as “larger-sized, professionally-run” salons in Canada.) Growth rates in individual salons in the GSP sample ranged from x% to x%. Indeed, the market was so positive that one salon chain with growth rates of x% described its performance as “satisfactory.”

Factors driving growth in 2004 were:

- xxxxxxxxxxxxxxxxxxxx.
- xxxxxxxxxxxxxxxxxxxxxxxxxxxx.
- xxxxxxxxxxxxxxxxxxxxxxxxxxxx

They note participation is seen as a professional endorsement, rather than