



*Diagonal Reports*

**THE PROFESSIONAL BEAUTY  
MARKET GERMANY 2006  
(BEAUTY – AESTHETIC – SALON –  
SPA – DAY SPA – INSTITUTE)**

**SAMPLE PAGES**

## TABLE OF CONTENTS

- Section report structure
- GERMANY SECTION 1 - SUMMARY
- GERMANY DATA ISSUES
- SECTION 2 – BEAUTY SALON MARKET (SIZE / STRUCTURE / INCOME / SERVICES)
- TABLE 1 GERMANY BEAUTY SERVICES SECTOR – SIZES (2002-2004)
- BEAUTY SERVICES SECTOR
- TRENDS
- BEAUTY SERVICES MARKET STRUCTURE - TYPES OF SALONS
  - Beauty services market structure – outlet sizes
  - Table 2 Germany beauty services sector – distribution by size
- SALON INCOME SOURCES – SERVICES AND RETAIL
  - Table 3 Germany income source (% services and retail)
  - Salon services
    - Table 4 Germany Salon services - “the top 3” (ranked)
- SECTION 3 – BEAUTY SALON PRODUCTS MARKET
  - Table 5 Germany beauty salon products’ market (value)
  - Table 6 Germany product sales to salons – destination salon / retail)
  - Table 7 Germany beauty product categories – “the top 6” (ranked)
- SECTION 4 – BEAUTY SALON PRODUCTS, MARKET SHARES
  - Market size and number of product suppliers
  - Table 8 Germany suppliers to salons – “the top 11” (rankings approximate)
  - Table 9 Germany suppliers to salons, the most innovative (unranked)
  - Top brands in different product categories
  - Top suppliers and sales strategies
  - Distribution
  - Sales and service
  - Salon programmes / quality networks
  - Flagship salons
  - Table 10 Germany suppliers identified who operate salon programmes / flagship salons (21 names, unranked)
- SECTION 5 - PROFILES - SUPPLIERS AND BEAUTY SERVICE PROVIDERS (SALONS)
  - Types of suppliers and salons profiled
  - Table 11 Germany suppliers - list of names identified (40, unranked)
  - Profiles - suppliers and distributors (alphabetical order)
  - Table 12 German salons (23, unranked)
  - Profiles - salons (alphabetical order)
- SECTION 6 - PROFILES AGENCIES ET. AL.
  - Government agencies, trade regulation agencies, training agencies, trade associations, professional associations, trade magazines, internet sites, trade shows, trade awards.
  - Trade associations
  - Professional associations
  - Events
  - Trade Publications

---

SECTION 7 - APPENDICES

APPENDIX – SALON INDUSTRY CLASSIFICATIONS, REGULATIONS  
AND RELATED

Table 13 Germany “beauty salons” (various estimates)

APPENDIX - COSMETIC INDUSTRY

Table 14 Germany personal care - market categories

APPENDIX – TERMS

Table 15 German terms – beauty services

INDEX OF COMPANIES, BRANDS, SELECTED PUBLICATIONS, AND  
ORGANIZATIONS (REGULATORY, TRADE, PROFESSIONAL)

## **SECTION REPORT STRUCTURE**

This section describes the contents of the different sections of the report. The different country reports follow the same structure, to allow for cross country comparisons. Where possible, data is presented in table format.

### **SECTION 1 - REPORT SUMMARY**

#### **SECTION 2 - BEAUTY SALON MARKET (SIZE / STRUCTURE / INCOME / SERVICES)**

- MARKET SIZE and TRENDS - that is, the estimated number of units, employees, and turnover a year in the beauty services (salon) channel. All data is the latest available over a three year period.
- The STRUCTURE of the beauty services market - that is, the different types of outlets whose main business is the sale of beauty services and products to consumers. Changes in market structure are reviewed.
- Breakout of sector TURNOVER, (in %) from the sale of services and the sale of products over the counter (OTC).
- The top salon SERVICES are identified, and ranked.

#### **SECTION 3 - BEAUTY SALON PRODUCTS MARKET**

- The value of the BEAUTY SALON PRODUCTS MARKET - that is, the sale of products to the beauty salon channel. Typically values are at manufacturers' sales prices.
- The breakout of products (in %) in terms of use in the salon, and retail over the counter.
- The top product categories are ranked.

#### **SECTION 4 – BEAUTY SALON PRODUCTS, MARKET SHARES**

- The estimated number of suppliers in the beauty services channel.
- The number of top suppliers, their names, rankings, and market share, where available.
- Sales strategies common to the top suppliers.

#### **SECTION 5 – PROFILES OF PRODUCT SUPPLIERS, SALONS**

- The suppliers identified are listed, (alphabetical order).
- Profiles of the leading suppliers.
- Profiles of selected salons, typically these are the top franchises, the largest supplier linked salons, and award winning salons.

#### **SECTION 6 - PROFILES (AGENCIES, ASSOCIATIONS)**

This section identifies and profiles of the most important of the following:

Statistics agencies, government agencies, regulatory agencies, training agencies, trade associations, professional associations, trade magazines, internet sites, trade shows, trade awards.

## **SECTION 7 – APPENDICES**

This section includes other data, presented in the same order as in the body the report.

### **INDEX OF COMPANIES, BRANDS, SELECTED PUBLICATIONS, AND ORGANIZATIONS (REGULATORY, TRADE, PROFESSIONAL)**

## **GERMANY SECTION 1 - SUMMARY**

**Number of beauty salons\*:** x.

(Suppliers suggest x to x are professionally run.)

**Employees:** >x.

**Turnover:** € x million.

**Turnover:** x% services, x% product retail.

**Trends:** x.

x% change on previous year.

**Product sales to salons:** €x million at the manufacturer level in 2005.

**Product sales:** x% used in salon, x% product retail.

(All data refers to the year 2004 unless stated otherwise.)

### **The top 3 suppliers (ranked):**

1 – x

2 – x

3 – x

The top x suppliers are followed by another x names. The top three could have a combined share of over x-% in terms of the number of salon clients.

The market experts consulted include suppliers who represent 25% of total product sales to beauty salons in Germany.

**Average** salon turnover in about x professionally run salons is €x a year. Most salons are micro-businesses, some x% (or x units) have only x paid x per salon.

\*This report only covers beauty salons, that is, outlets whose main business is the sale of beauty services. It does not cover providers of other personal care services, such as hair salons, or at home (mobile) beauticians.

Date of publication: February 2006.

## **Germany data issues**

Data sources consulted for this report includes trade and professional publications, and market experts from trade organizations, product suppliers (manufacturers and distributors) to salons, and operators of salons.

All data is the latest available.

The market experts consulted stress the severe shortage of accurate data on the beauty salon market, particularly on the value of product sales to salons and the sales of individual companies. The many suppliers and salon operators who are private companies do not make financial data public. Further, suppliers tend to be familiar only with their own sales, and not with the total market. Also, some do not supply every product category, for example, a company might supply face care and body care products, but not hair removal and nail care products.

The extremely fragmented market makes data compilation and analysis difficult. The majority of beauty salons are micro-businesses, that is, they are very small. Some estimates of the market can be extrapolations from sample surveys, for example, of franchise operated salons, or the market in a region, or even one city. But such extrapolations are seldom representative of the wider beauty salon market. For example, business in the largest franchise salons is different from that in small, single unit salons.

There is data conflict among the different sources. The conflict can be about the size of the beauty services market, that is, about the numbers of beauty salons, salon employment, and salon turnover. Conflict can be due to a number of factors, the most important of which is that different data sources can count different types of outlets.

Data on beauty salons is not always available at any great level of detail. It is often amalgamated with data on other types of outlets offering beauty services, for example, hair salons. The national statistics office, Statistische Bundesamt ([www.destatis.de](http://www.destatis.de)) is the main source of data on the market in Germany. Data from this source can be relatively old. For example, in the fourth structural survey on the services sector published in 2005, the reference year is 2003. Other data sources are regional Chambers of Commerce and x, a German x that surveys the beauty salon and related markets in Germany.

## Beauty services market structure – types of salons

The beauty services sector consists of outlets whose main business is the sale of beauty services and the retail of beauty, and sometimes other, products to consumers. Retail products are sold over the counter (OTC) to consumers for use at home.

In Germany, the national statistics office includes these types of outlet in its count of the x-strong beauty service sector:

- x (x are included with x).
- x.
- x.

Other data sources operate with a broader definition when they also count:

- x
- x
- x
- x
- x
- x
- x
- x
- x
- x

Data from different sources is not always cross-comparable in Germany. For example, when sources include business in water spas any of these offer post-hospital convalescent services, and many clients are funded through social and health insurance.

## Beauty services market structure – outlet sizes

**Table 2 Germany beauty services sector – distribution by size**

(As % of total units. Figures rounded.)

Employees per salon	%
One person	X%
2 - 4 persons	X%

(Source: DR Professional Beauty Germany 2006)

The vast majority of beauty salons and other beauty service providers are micro-businesses, that is, single-outlet, small-sized, independently owned businesses. They are small in terms of turnover, numbers of employees, and physical size (square meters). This will not change significantly, due to the levels of investment required to expand. There are few multi-outlet, corporate-owned businesses.

Some x% of salons have only x paid x. In Germany, x% of beauty salons are run by women, and x% of hairdressing employees are female.

### **SECTION 3 – BEAUTY SALON PRODUCTS MARKET**

**Table 5 Germany beauty salon products' market (value)**

<b>Year</b>	<b>Value (million euro)</b>
2003	€x
2004	€x
2005	€x

(Source: DR Professional Beauty Germany 2006)  
(Market experts sample Germany.)

The salon products market is the sale of all products to salons for use in the salon and for sale to clients (in-salon retail.)

The salon products market was worth €x million year in 2005 based on manufacturers' prices.

The market will continue to be x, or it could x (by less than x%) over the next few years. Any sales growth in 2005 by Germany-based suppliers was from x, not from x.

**Table 6 Germany product sales to salons – destination salon / retail)**

(As % of total product sales to salons.)

<b>Destination</b>	<b>%</b>
In-salon	X%
Retail (OTC)	X%
Total	X%
Value 2005)	€x million

(Source: DR Professional Beauty Germany 2006)  
(Market experts sample Germany.)

In Germany, as in other markets, suppliers' sales of products vary widely. Some suppliers' sales are x% for in-salon use, while for others x% of sales are for retail.

Suppliers report that their estimates of the destination of products in salons is based on their own sales of products in different sizes, that is "salon size" and "retail size." Salon-use products are about six times larger than retail products (e.g. xml. compared to xml.).

## **SECTION 4 – BEAUTY SALON PRODUCTS, MARKET SHARES**

### **Market size and number of product suppliers**

The beauty salon products market in Germany is worth some €x million (2005) based on manufacturers' prices.

The market is very fragmented. Experts suggest there could be hundreds of suppliers to the salon channel, but very few have significant sales or market share. Experts complain that German companies are "notoriously secretive," and seldom divulge any business data.

### **Table 8 Germany suppliers to salons – "the top 11" (rankings approximate)**

(As estimated % of total product sales to salons.)

<b>Rank</b>	<b>Company</b>
1=	X
2=	X
2=	X
	X
4=	X
4=	X
4=	X
	X
7=	X
7=	X
7=	X
7=	X
7=	X

(Source: DR Professional Beauty Germany 2006)  
(Market experts sample Germany.)

The top three brands are: x, x, and x. They are followed by another x suppliers, identified as important. There is no agreement about the individual or combined market share of any of these suppliers. The table above lists companies in "approximate" order only.

Some suppliers suggest that x and x each have an x% share, that is, out a total of "x professionally run salons." The companies' sales are concentrated regionally, for x in the x area, and for x in the x of Germany.

Other estimates were that the clients of x include over x of the largest salons in Germany.

The top three suppliers are followed by x, x and x, trade name x.

The following data applies to other suppliers identified:

**Table10 Germany suppliers identified who operate salon programmes / flagship salons (21 names, unranked)**

	<b>Supplier</b>
1	X
2	X
3	X
4	X
5	X
6	X
7	X
8	X
9	X
10	X
12	X
13	X
14	X
15	X
16	X
17	X
18	X
19	X
20	X
21	X

(Source: DR Professional Beauty Germany 2006)

## **SECTION 5 - PROFILES - SUPPLIERS AND BEAUTY SERVICE PROVIDERS (SALONS)**

### **Types of suppliers and salons profiled**

This section profiles the largest product suppliers and beauty service providers (salons) identified in the country. The suppliers are those with the largest product sales to salons.

The beauty service providers profiled are representative of the different types in the country. Salons profiled include:

- Multi-unit salons, both corporate and franchise operated.
- Salons linked to product suppliers. These can be flagship beauty salons operated by suppliers, or the most prestigious / largest salons in a supplier's salon programme.
- Salons with a national or international reputation, such as those that win the most highly regarded peer-judged competitions, and those run by a celebrity beautician.
- New service providers, such as the cosmetic retailers that install cabins to offer services.

The salon market is extremely fragmented. There are thousands of micro-businesses, that is, very small, single-outlet, owner-run salons. These salons are only profiled where they are run or associated with a celebrity beautician, or have won an industry award.

© 2006 Diagonal Reports Ltd. All rights reserved. This report may not be reproduced, either electronically or via hard copy, or relied upon, in whole or in part, without written consent.

#### Disclaimer

This report is a publication of Diagonal Reports. The factual information contained herein is from sources we believe to be reliable; however, such information has not been nor will be verified by us, and we make no representations as to its accuracy, timeliness, or completeness. The information and opinions in this report are current as of the date of the report. We do not endeavour to update any changes to the information and opinions in this report.

This report is not to be construed as an offer to buy or sell any securities. It is for the general information of clients of Diagonal Reports and other approved parties. It does not take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this report, clients should consider whether it is suitable for their own particular circumstances. The value of securities mentioned in this report and income from them may go up or down, and investors may realize losses on any investments. Past performance is not a guide to future performance. Future terms are not guaranteed, and a loss of invested capital may occur.

Diagonal Reports does not make markets in any of the securities mentioned in this report. Diagonal Reports does not have investment banking relationships with the firm whose security is mentioned in this report, and, does not engage in Investment Banking activities/services.

Diagonal Reports and its employees do not have long/short positions or holdings in the securities or other related investments of companies mentioned herein. Officers or Directors of Diagonal Reports are not Directors or Officers of covered companies. Neither Diagonal Reports nor any of its employees own any shares of the company(ies) in this report.

Diagonal Reports Ltd. [www.diagonalreports.com](http://www.diagonalreports.com)  
T +353 46 95 49027.  
F +353 46 95 41250