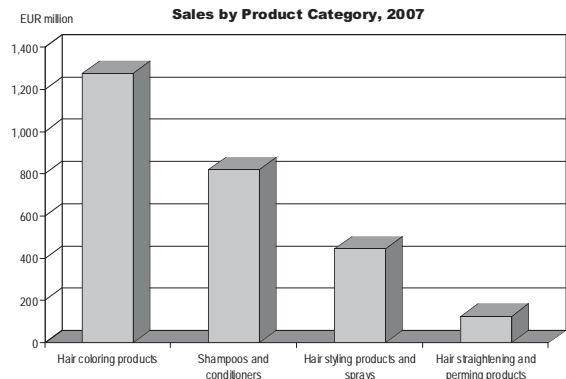


Salon Hair Care 2007: Western Europe Market Analysis and Opportunities

2007 Fact Sheet

The Market

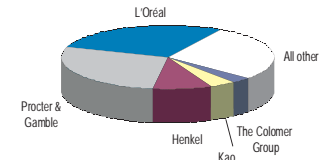
Growth has been stable in this mature and concentrated industry. The market for salon hair care products in Western Europe totals EUR 2.6 billion (USD 23.6 billion) at the manufacturers' level in 2007. Negative and positive factors influencing the market include emerging new consumer groups and less frequent visits to salons, among others.



Competitive Landscape

The salon hair care market in Western Europe is extremely top-heavy, with the top two companies-L'Oréal and Procter & Gamble-accounting for more than half of industry sales in 2007.

Market Share of Top Five Companies, 2007



Salon Statistics

Total professional salon industry sales for services and retail products are an estimated EUR 22.5 billion (USD 30.8 billion) in 2007. Hair coloring dominates, with hair cutting and styling being the second largest salon service category. Salon retail sales, or take-home sales, are at an average level of 5% in 2007, with the vast majority of professional hair care sales in Western Europe falling under back-bar products.



Opportunities and Challenges for Marketers in the Salon Hair Care Market in Western Europe

Opportunities

- Take-home sales are a way of increasing the average basket price and hair salon profitability
- Well-targeted products in terms of category segments and demographic groups to gain competitive advantage
- Many fast-growing small players are potential acquisition targets
- Creating partnerships and investing in hair salons will bring long-term benefits to both marketers and hair salon owners
- Sponsoring industry events and teaming up with fashion shows greatly increases brand awareness and positive, professional image
- Higher R&D spending and investment in innovation result in new successful products

Threats/challenges

- Mature markets
- High competition level in the top end of the market
- Rising oil prices may force marketers to decrease their profit margins to remain competitive
- Rising prices of fuel will threaten consumer spending on nonessential goods
- Increasing competition in the bottom end of the market from distributors and wholesalers' private-label brands
- New research on harmful effects of some hair coloring ingredients may discourage hairdressers and consumers