

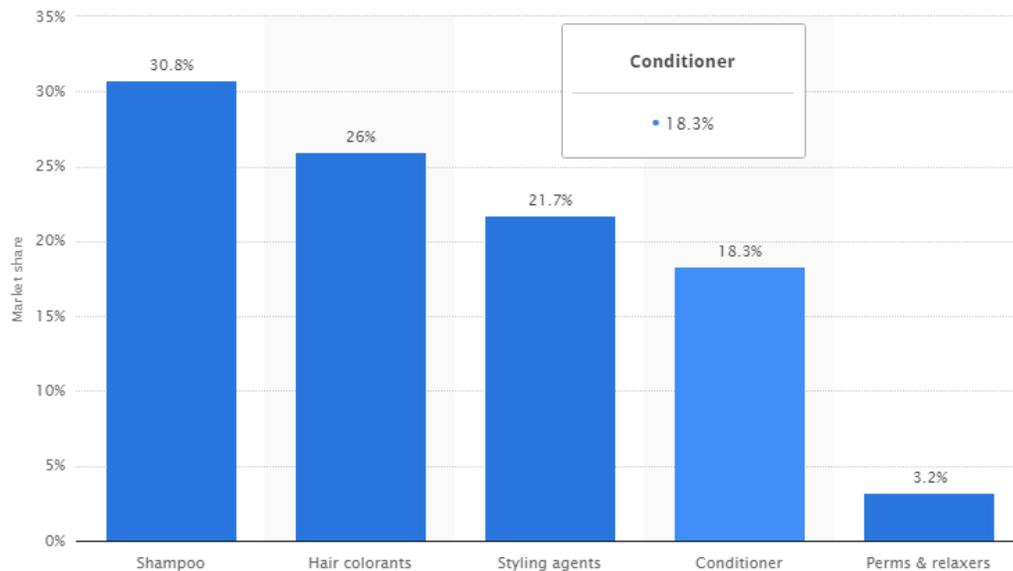
Hairdresser market in Canada

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Summary

The Hairdresser industry in Canada was valued at US\$ 1.6 billion with an average growth rate of 2%. Hair salons made up for 22.9% of the hair care industry. Whereas an assortment of hair products like shampoos, conditioners, colourants, styling agents and perms and relaxers made up for the rest (see distribution below). By the year 2020, the sale of professional hair care products alone is estimated to reach \$373million in Canada.



Graph source: Statista 2016

The industry is highly fragmented with 50 of the largest companies contributing to 15% of the revenue. According to the National Household Survey in 2011, there are more than 91,000 hairstylists and barbers in Canada with women accounting for 85% of this workforce. [Note: The words "Hairstylists", "Barbers" and "Hairdressers" all refer to the same professionals and are interchangeably used in this summary]. The hairdresser's work entails consultation regarding the preferred style or cut, cutting and styling of hair, washing and rinsing hair, hair colouring and shaving and trimming of beards and moustaches.

The main market segment consists of men and women in the age group of 35 to 64 years. Their spending ranges from 8 to 37 percent more than the average. Householders with school-aged or older children spend 31 to 37 percent more than the average make up for the best consumers of personal care services [*Note: Personal care services include Hair Care and Esthetic services*]. Men's grooming is an important segment which can be catered for easily as they have shorter hair and requires a faster and simpler job.

Customers look for a wide range of services ranging from high-end luxury services like manicures, pedicures, facials, hair modification treatments, and massages to budget hair cutting and styling. Also, the sale of professional-quality hair care supplies like shampoos, conditioners and styling aids which are forecasted to account for about 5%-15% of sales.

Hair salons are usually located in malls or strip centers to attract more people. A salon is typically spread across 1,000 to 1,500 square feet of area. Services offered include hair cutting, hair colouring, nail care, skin care and sales of products. The focus is on haircutting, shampooing, styling and permanents. Often, there is a lower demand recorded for specialty services like facial treatments, makeup, nail care, bikini waxing, massage and tanning making them uneconomical.

The demand for such personal care services is driven by demographics and population. However, the success of individual businesses depends upon the technical expertise as well as marketing skills. Also, keeping up-to-date on latest beauty techniques like colouring services or other treatments will provide an edge to take advantage of any growth opportunities.

The industry profits have increased from 1.9% in 2009 to 5.7% in 2014, encouraging new businesses to enter the hair salon industry. The continued increase in profits is attributed to increased sales of higher-value products like hair colouring products, shampoos and conditioners with multiple benefits typically coming with larger profit margins. The gross margins for hair care products are higher than that of hair services. Improving market conditions also add to the increase the number of industry operators at an average rate of 5.5% annually to reach 1.3 million operators by 2019. (Source: SDBCNet)

Increased demand for hair services will also see higher recruitment of up and coming stylists and estheticians in the beauty industry. Some salons opt to hire people working for as little as 3 weeks to cater for client service requests. Indicating that salons are opening faster than the time in which staff can be trained. However, this is attributed to the high turnover seen in this industry due to difficult working conditions. Most positions in the hair care industry will be filled by vocational graduates, diploma holders and immigrants who meet the requirements for the occupation.

The salary in this industry can start at about minimum wages (US\$10 to US\$15 per hour) but can also reach a six figure amount depending on experience, skill and their ability to market themselves as well as retain clients.

The increase in per capita disposable income and reduced unemployment in Canada are considered to be key drivers for the industry growth over the next 5-year period. The demand for and employment in hairstyling may have been encouraged due to the ageing

population and higher female labour participation rate, with women constituting the prime clientele. The value of personal care services which includes hair care services in Quebec rose by around 4% per year between 1999 and 2010. This trend is expected to continue over the years.

Hair salons can gain a competitive edge based on exceptional customer service and help compete with larger chains and independent operators and even outlast them. Since the hair cutting and hairstyling market is crowded, superior customer attention would help to stand out. The quick salons have lower margins and higher numbers of clients. Investing time and money to train staff and ensure clients receive the best experience will make it easier to convert them into long-term customers.

In 2014, the beauty and personal care industry is to have registered a modest positive growth. Hair care categories have seen intense competition. The average unit growth of products was between 0-2%, supported by product innovation as well as inflation which helped to maintain the value sales. Overall, the forecast for the coming years is optimistic with the rise of average disposable incomes and growing ageing population expecting to drive the growth in certain categories targeted at older generations like anti-aging skin care and colour cosmetics.

Top 5 hairdressing salon chain in Canada:

1. Name: Regis Corporation

Regis Corporation is a leader in beauty salons and cosmetology education. The company owns, franchises or hold ownership interests in approximately 9, 700 locations across the world.

Website: <http://www.regissalons.com/>

Country of Origin: North America

Group Revenue + Canada revenue: \$2 to \$5 billion (CAD) per year

Employees: 10000+ Employees

Core expertise: Haircuts, Beauty products

USP: Distinct, affordable salon concepts that appeal to the large and stable middle market

2. Name: Ratner Companies

Ratner companies have close to 1,000 hair salons in over 12 states in the US. It has the credit of being the largest privately owned and operated chain, and does business under various banners like "Bubbles" and "Haircuttery". They also have their own range of hair care products sold through some of these outlets. They own schools in Florida and Virginia which offer advanced classes to hairstyling educators.

Website: <http://www.ratnerco.com/>

Country of Origin: North America

Group Revenue + Canada revenue: \$54.1million

Employees: 10000+ Employees

Core expertise: hair styling and colouring services, as well as spa treatments

USP: Is an industry leader and has a value-priced salon chain – "Haircuttery"

3. Name: Premier Hair salons and spa

Premier Hair salons and spa operate through 140 outlets across the United States and Canada. Some of them are freestanding while others are located in department stores like "Macy's", and "The Bay". They market themselves as a one stop shop for hair styling, colouring services as well as spa treatments like facials, manicure, massages and more.

Website: www.premierspacollection.com

Country of Origin: North America

Group Revenue + Canada revenue: \$50 to \$100 million (CAD) per year

Employees: 1001 to 5000 Employees

Core expertise: hair styling and colouring services, as well as spa treatments

USP: A go-to place to sport new looks and trends

4. Name: Sports Clips

Sports Clips focuses on being "Guy-wise". They have a sports-themed decor with large-screen TVs in the waiting area, and sports channels like ESPN at each station. Sports Clips is the official haircutter for several sports teams, including the American basketball team "San Antonio Spurs".

Website: <http://www.sportclips.com/>

Country of Origin: North America

Group Revenue + Canada revenue: \$119 million (2008) + \$10 to \$25 million (CAD) per year

Employees: 10000+ Employees

Core expertise: hair styling and colouring services, as well as spa treatments

USP: It is a just-for-guys chain of hair salons offering a one-of-its-kind experience for boys and men.

5. Name: Supercuts

Regis Corporation owns and franchises the "Supercuts" chain. They are considered as the industry leader in hair care services with over 33 million guest visits per year for services like hair cutting, hair colouring, and more. They primarily target men who want to keep up with changing trends at affordable prices.

Website: www.supercuts.com

Country of Origin: North America

Group Revenue + Canada revenue: \$100 to \$500 million (CAD) per year

Employees: 5001 to 10000 Employees

Core expertise: hair styling and colouring services, as well as spa treatments

USP: industry leader in hair care services

Useful Links

- <http://www.slideshare.net/JessicaGreschner/stratosphere-salon-marketing-plan-jessica-greschner>
This is an informative presentation which addresses all possible marketing concerns while setting up a hair salon in Canada.
- <http://www.sbdcnet.org/small-business-research-reports/beauty-salon-2014>
This article gives snapshots of the Hair care industry along with details on competitive market, hair care products, salon operations and technology used.
- <http://www.euromonitor.com/hair-care-in-canada/report>
This provides insights and trends observed on beauty and personal care market in Canada in the year 2014.
- http://www.servicecanada.gc.ca/eng/qc/job_futures/statistics/6271.shtml
This is a government of Canada page listing statistics related to hairstylists and barbers with job prospects for these occupations.

Other interesting links

- <http://www.theglobeandmail.com/report-on-business/careers/career-advice/i-want-to-be-a-hairdresser-what-will-my-salary-be/article17681315/>
Information and feedback for people looking at hairdressing as a career option.
- <http://www.livingin-canada.com/salaries-for-hairstylists-barbers-canada.html>
This gives Statistical information on average salary and wages for a hairdresser along with examples of duties of a hair dresser in Canada.
- <http://www.cbc.ca/news/canada/prince-edward-island/hair-salons-staff-charlottetown-1.3261277>
A news article on hair salons in Prince Edward Islands and the increasing demand for hairdressers in Canada.
- <http://www.ibisworld.com/industry/hair-salons.html>
This outlines the hair salon business in the United States along with a list of the hair industry products and activities.
- <http://smallbusiness.chron.com/beauty-salon-industry-analysis-70660.html>
This is a news article on the beauty salon industry analysis with details on target market, growth trends, and competitors.

- http://www.bplans.com/hair_salon_business_plan/executive_summary_fc.php
This gives a sample business plan for opening a hair salon in Canada.
- <https://www.linkedin.com/pulse/canadian-professional-hair-care-market-estimated-reach-stella-grace>
An article with details on Canadian Professional Hair Care market
- <http://www.statista.com/statistics/487331/distribution-of-the-hair-care-market-by-category-canada/>
Distribution of the Canadian Hair Care Market