

## The State of Stores

Our annual reader survey indicates how beauty stores have fared over the past 12 months. How does your company compare?

For an up-close look at store-level trends, check out the results of our annual Reader Survey on the following pages. The data was collected from hundreds of responses to a two-page questionnaire mailed out to every *Beauty Store Business* subscriber. Want to see how your business stacks up or what your competitors are doing that might work for you?

### Carolina Honey

Janet Nichols of Greenville, South Carolina, started her career as a hairdresser and later went into beauty supply sales where she's been for the last 35 years—24 of which have been at Jan-Vin Beauty & Barber Supply. What has changed over the years? "There has been a huge increase in the number of male customers! Men will buy two of everything. Women won't. Women watch their pennies, men spend their dollars," she laughs.

She thought editors of *BSB* were kidding when we called to let her know she'd been randomly selected as the reader survey winner. Now Janet can spend 100,000 pennies any way she likes.

*BSB* congratulates Janet and thanks all the readers who completed our questionnaire. Be on the lookout for next year's survey and don't miss out on your chance to win!

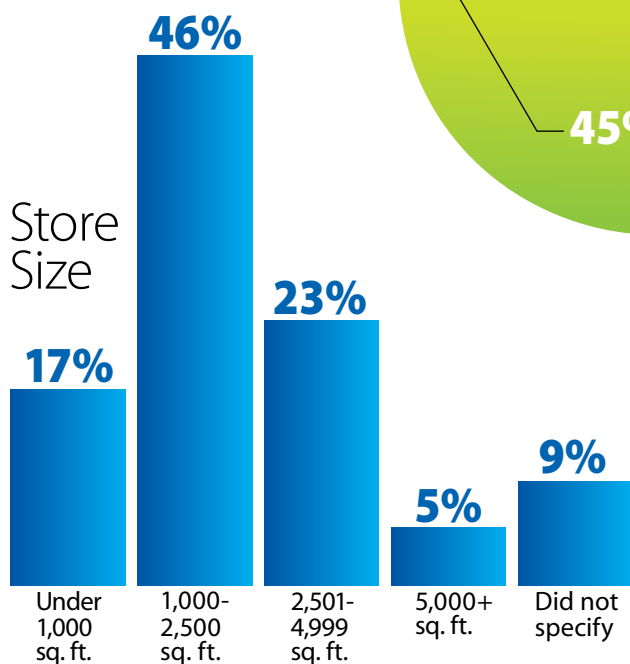
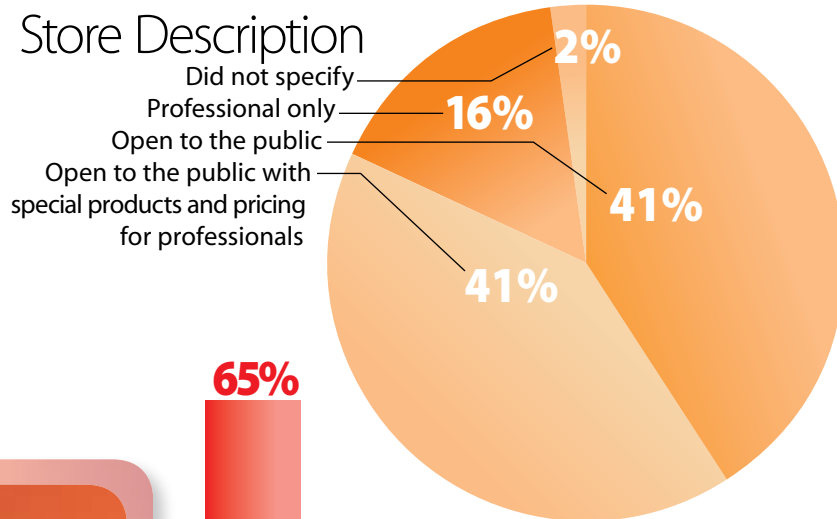
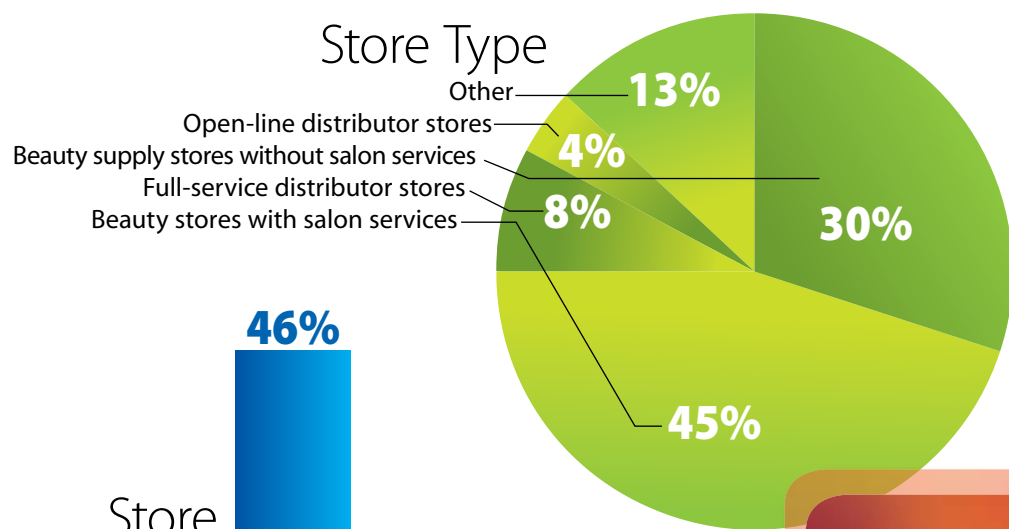


Janet Nichols is the owner of Jan-Vin Beauty & Barber Supply that's operated out of the same location for 24 years.

## Beauty Store Breakdown

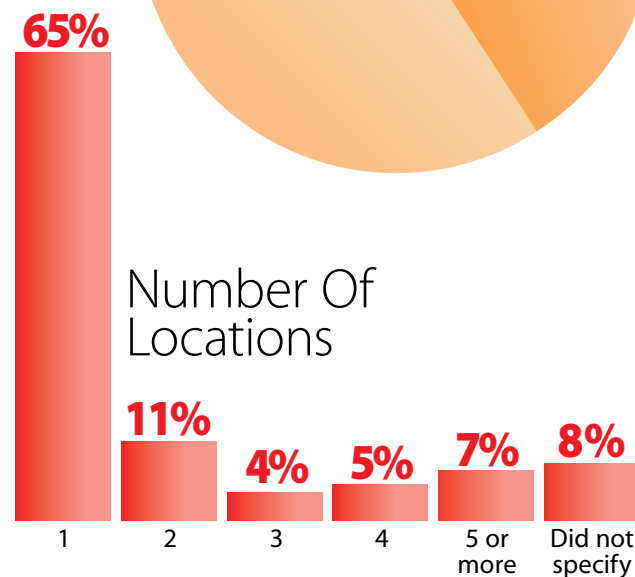
*Beauty Store Business* readers—the respondents to our survey—include stand-alone beauty stores, salon stores, regional and national chains, and both open-line and full-service distributors.

General-market OTC stores account for 49% of our survey participants, while OTC stores with a multicultural focus represent 26%. Nearly 4% of our respondents have an operation that has been in business less than a year; 12% have been around between 5 and 10 years, and 67% are celebrating more than a decade in business.



### FAST FACT

The average number of employees at a beauty store is 9 full time and 2 part time.



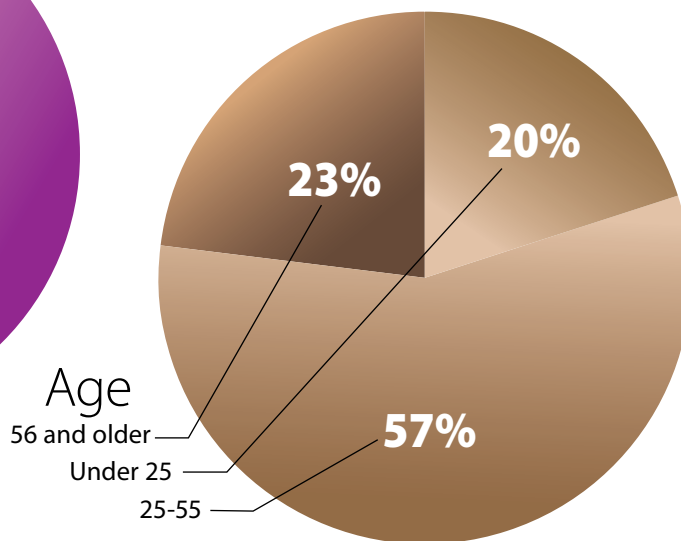
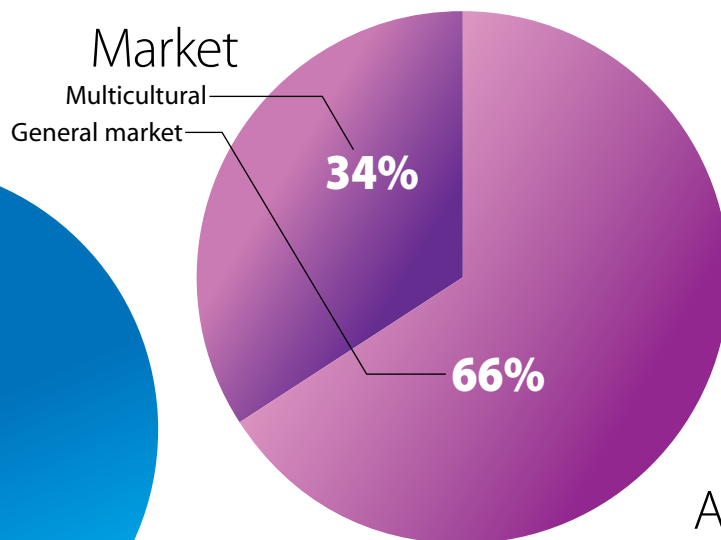
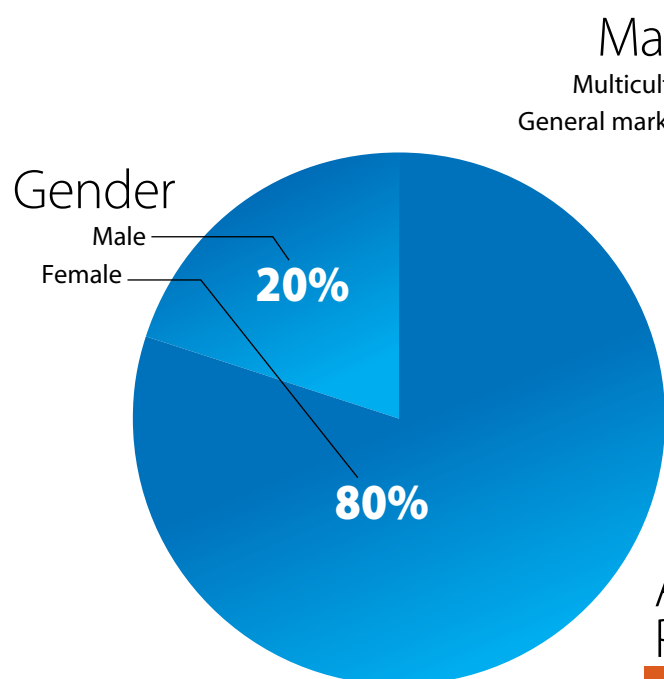
Note: Mathematical rounding may cause some statistics to be slightly more or less than 100%.

# Customer Trends

How well do you know your customers? Your responses tell us that Caucasian women between the ages of 25 and 55 are your most-frequent shoppers, and that they're spending roughly the same as they did a year ago.

## FAST FACT

43% of all OTC stores with a company website sell products online, compared to 25% of all OTC stores offering special pricing for professionals and 13% of professional-only stores.



Average Sale Per Customer

	OTC		Professional Only	
	2007	2006	2007	2006
Less than	24%	21%	0%	5%
\$15.01-\$25	26%	31%	4%	19%
\$25.01-\$50	40%	38%	42%	34%
\$50.01 or more	8%	10%	42%	42%
No answer	2%	0%	12%	0%

# Charting Sales

Professional-only stores traditionally generate higher profits than stores that are open to the public, a fact that held true in 2007. Sales were the same or down for half of all OTCs, while 82% of professional-only stores saw profits go up.

## FAST FACT

10% of OTC store owners plan to add a new location, compared to 26% for professional-only store executives.

Sales Per Square Foot

	OTC		OTC with Special Pricing		Professional Only	
	2007	2006	2007	2006	2007	2006
Less than \$100	28%	29%	29%	25%	4%	13%
\$101-\$249	31%	35%	22%	40%	26%	17%
\$250-\$499	15%	14%	17%	9%	22%	13%
\$500-\$749	5%	1%	7%	5%	4%	9%
\$750 or more	6%	5%	3%	2%	9%	9%
No answer	15%	16%	22%	18%	35%	39%

Gross Annual Sales Per Location

	OTC		OTC with Special Pricing		Professional Only	
	2007	2006	2007	2006	2007	2006
Less than \$50,000	26%	40%	14%	17%	4%	0%
\$50,000-\$99,999	16%	11%	14%	10%	0%	13%
\$100,000-\$199,999	10%	8%	17%	16%	9%	9%
\$200,000-\$299,999	14%	8%	7%	14%	9%	7%
\$300,000-\$399,999	5%	6%	10%	12%	13%	11%
\$400,000-\$499,999	3%	2%	9%	7%	9%	4%
\$500,000-\$999,999	10%	9%	11%	14%	19%	26%
\$1 million and above	2%	6%	12%	4%	20%	17%
No answer	14%	10%	6%	6%	17%	13%

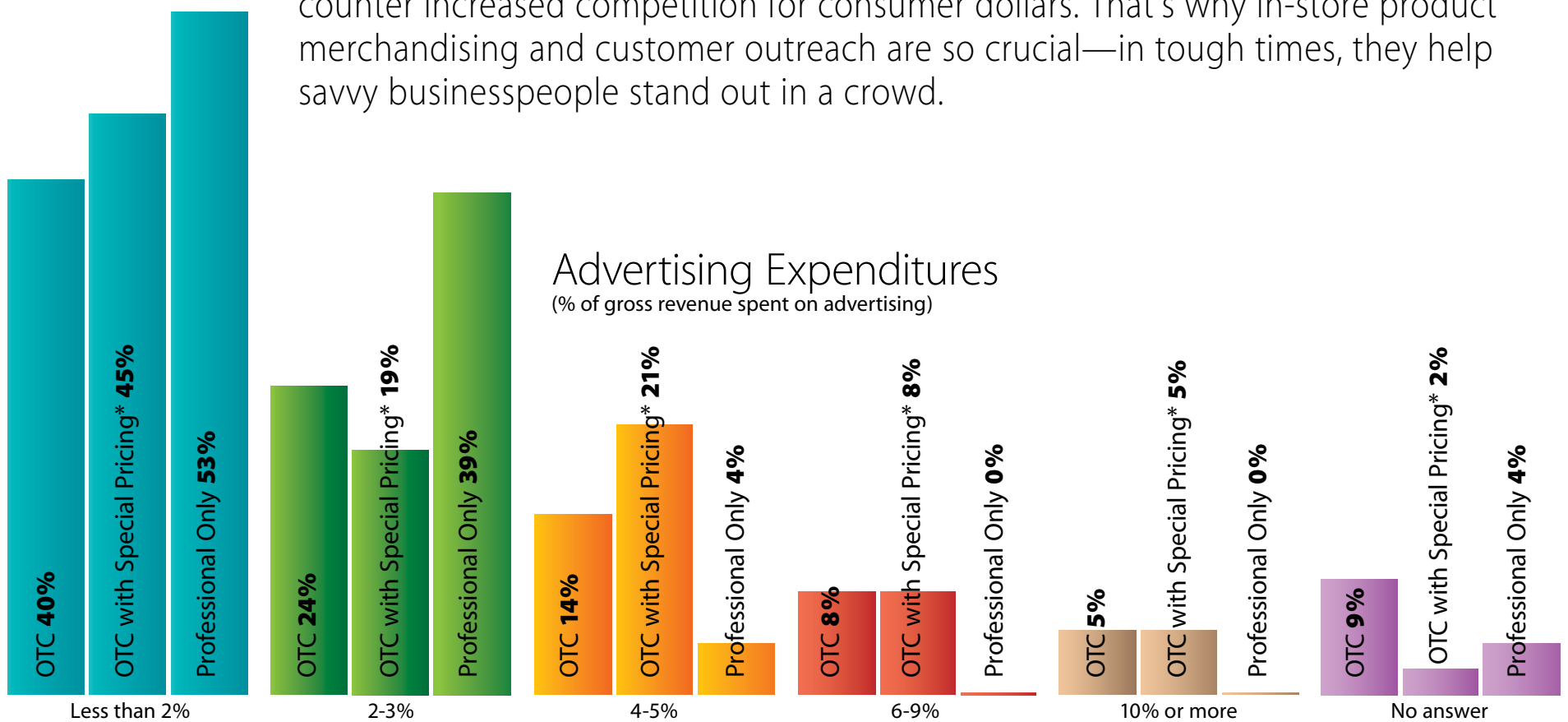
Year-to-Year Sales Comparison

	OTC		OTC with Special Pricing		Professional Only	
	2007	2006	2007	2006	2007	2006
Same	17%	23%	12%	13%	0%	11%
Slightly lower	26%	19%	33%	23%	9%	4%
Significantly lower	7%	11%	3%	11%	9%	7%
Slightly higher (less than \$25,000)	28%	30%	33%	36%	35%	20%
\$25,000 to \$50,000 higher	7%	5%	9%	7%	17%	27%
More than \$50,000 higher	5%	7%	5%	10%	30%	31%
No answer	10%	5%	5%	0%	0%	0%

Note: Mathematical rounding may cause some statistics to be slightly more or less than 100%.

# Marketing & Merchandising

Word of mouth is critical for generating new business, but it's often not enough to counter increased competition for consumer dollars. That's why in-store product merchandising and customer outreach are so crucial—in tough times, they help savvy businesspeople stand out in a crowd.



## Preferred Advertising Methods

OTC	OTC with Special Pricing*	Professional Only
1. Phone directories	1. In-store flyers and bag stuffers	1. Direct mail
2. In-store flyers and bag stuffers	2. Phone directories	2. In-store flyers and bag stuffers
3. Direct mail	3. Direct mail	3. Phone directories
4. Newspapers/magazines	4. Newspapers/magazines	4. Websites
5. (Tie) Radio; websites	5. Radio	5. Newspapers/magazines

## Preferred Type of Manufacturing Support

OTC	OTC with Special Pricing*	Professional Only
1. Samples	1. Samples	1. Sales brochures
2. Testers	2. Testers	2. Samples
3. Counter displays	3. (Tie) Counter displays/floor displays	3. Counter displays
4. Floor displays	4. Sales brochures	4. (Tie) Floor displays/shelf-talkers
5. Sales brochures	5. Shelf-talkers	5. Testers

## FAST FACT

Our respondents were quite vocal about the challenges they face. The top 5 are staffing, the economy, competition, security and customer retention. ■

\*OTC with special pricing for professionals

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