

## **Article: Professional Product Diversion**

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### **Introduction**

It has come to my attention that salon guests have concerns about "Salon Only" professional products (example: Redken 5th Avenue or Pureology) that they have found in the discount stores, grocery stores and online. So I have done my own investigation to find these diverted salon products. Consumers who buy professional "salon only" hair care products at major retailers -- or at grocery and drug stores -- are not getting the bargains they may think. All professional "salon only" haircare and skincare products have the label "Guaranteed only if sold in an authorized salon." These retailers are also fueling a grey-market industry that deals in counterfeit, stolen, or outdated merchandise. That's the warning issued by hair care giants like Paul Mitchell, Redken, Matrix, and L'Oreal Professional who are trying to crack down on this industry-wide problem known as diversion. This is not just an issue for the companies above, but all "salon only" haircare manufacturers, including TiGi, Bumble and Bumble and Pureology, and the salon industry that supports them.

### **In This Article:**

- 1. Getting Robbed: And You Don't Even Know It**
- 2. How Does It Happen?**
- 3. Caution: Infection(s) May Occur**
- 4. Found: Product Older Than A Preschooler**
- 5. Taking Money Away From Your Local Economy**
- 6. Remember the 4 C's**

## 1. Getting Robbed: And You Don't Even Know It

"The average price for a bottle of Matrix shampoo or conditioner is generally 10 percent higher than salon retail prices," according to salon only Matrix's website. "Matrix products are available exclusively in the salon because only trained and licensed professional stylists can prescribe the best products for use in the salon or at home." Redken, Pureology, and Paul Mitchell agree.

If mass retailers were authorized to sell these products, then you would see more advertisements from these retailers selling these products. They can't advertise these because the product manufacturers don't endorse their stores. The "salon only" hair care and skin care manufacturers only endorse a salon only market. In my investigation these were some of the prices that I found (All are SALON ONLY, PROFESSIONAL brands, Prices reflect original publish date of May 2012).



Redken Outshine 01 (in graph below)

Product	Location Found	Mass Retailer Price	Salon Price	Price Increase (%)
Redken Active Express Quick Treat (*Discontinued in the early 2000's)	Online	\$29.95	\$12	40%
Redken Shades EQ Bonfire Auburn Shampoo (*Discontinued in the early 2000's)	Online	\$34.95	\$12	34%
Redken Extreme Anti-Snap Treatment (*Discontinued Packaging)	Online	\$16.99	\$15	12%
Redken All Soft Shampoo	Online	\$15.00	\$13.50	10%
Redken Color Extend Total Recharge	Online	\$17.60	\$16.50	6%
Redken Blonde Glam Shampoo	CVS (Neil St. & Green St.)	\$14.99	\$13.50	10%
Redken Blonde Glam Conditioner	CVS (Neil St. & Green St.)	\$17.49	\$14.50	17%
Redken Blonde Glam Shampoo Liter	Schnucks in Savoy	\$28.99	\$23.50	19%
Redken Extreme CAT Treatment	CVS (Neil St. & Green St.)	\$18.49	\$15.50	16%
Redken All Soft Shampoo	CVS (Neil St. & Green St.)	\$14.99	\$13.50	10%
Redken All Soft Conditioner	CVS (Neil St. & Green St.)	\$17.49	\$14.50	17%
Redken Smooth Down Conditioner	CVS (Neil St. & Green St.)	\$17.49	\$13.50	23%
Redken Clear Moisture Conditioner	CVS (Neil St. & Green St.)	\$17.49	\$14.50	17%

	& Green St.)			
Redken Clear Moisture Shampoo Liter	Target in Champaign	\$27.99	\$23.50	<b>16%</b>
Redken 01 Outshine (Pictured Above)	CVS (Neil St. & Green St.)	\$19.99	\$17.50	<b>12%</b>
Redken Fresh Curls Conditioner	CVS (Neil St. & Green St.)	\$17.49	\$14.50	<b>17%</b>
Redken 22 Hot Sets	CVS (Neil St. & Green St.)	\$15.99	\$13.50	<b>16%</b>
Redken 03 Water Wax	CVS (Neil St. & Green St.)	\$20.99	\$17.50	<b>17%</b>
Redken 18 Quick Dry (Pictured Below)	CVS (Neil St. & Green St.)	\$17.49	\$15.00	<b>14%</b>
Bb Tonic Lotion	CVS (Neil St. & Green St.)	\$22.49	\$20.00	<b>11%</b>
Bb Tonic Lotion	Meijer in Champaign	\$27.99	\$20.00	<b>29%</b>
Bb Alojoba Conditioner	CVS (Neil St. & Green St.)	\$27.99	\$24.00	<b>14%</b>
Bb Thickening Shampoo	CVS (Neil St. & Green St.)	\$27.99	\$23.00	<b>19%</b>
Bb Holding Spray	Meijer in Champaign	\$25.49	\$21.00	<b>18%</b>

**Average Increase in Price: 17.25%**

## 2. How Does It Happen



Redken 18 Quick Dry (In Graph Above)

Vicki Bresnahan, director of product distribution control for Paul Mitchell says that in most cases "salon only" hair care products end up in Target and other retailers when the diverter approaches a struggling salon owner, and the two agree to do business. The salon orders the products the diverter is looking for. The products are paid for, often by cash under the table and are taken by the diverter to the warehouse where the diverters often remove batch codes off of the products (so they can not be tracked back to the salon). The decoded products are then shipped to discount stores, grocery stores, and drug stores nationwide.

In a Consumer Affairs investigation, part of the batch code on the Paul Mitchell finishing spray was missing with some of the lettering on the bottle faded. All the bottles had stickers attached to the containers - ones that looked like someone had taken a razor blade and cut an "X" through them. In my investigation I had witnessed several instances of these "third-party" stickers attached to salon products.

"At Paul Mitchell, we don't have stickers on our bottles," says Bresnahan. "Our UPC codes are printed on the plastic. That sticker you see is probably on top of our UPC code and is the code that Target or the wholesaler who bought the product use to scan the merchandise." Missing or damaged batch codes are among the common signs of diversion. None of the product manufacturers I looked at in my investigation, including Redken and Pureology, had stickers attached to any of their products, the UPC codes were printed directly on the product for sale in the salon.

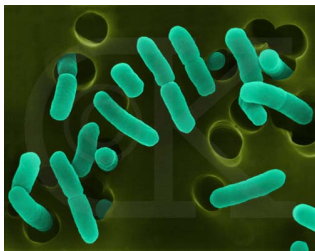
"We've had cases where the batch codes are totally or partially removed," Bresnahan say.

"That can be dangerous if we have a recall. We don't contact Target because they're not an authorized dealer. And if a consumer hears about the recall -- and the batch code is removed -- they can't tell if the product is included in the recall." Matrix and Redken echo these concerns.



Paul Mitchell at Target with UPC removed

### 3. Caution: Infection May Occur



Canadian authorities in 2003 issued a statement warning consumers not to use counterfeit "salon only" hair products that may be contaminated. Canadian authorities isolated certain lot numbers and these counterfeit products were contaminated with *Enterobacter gergoviae* and *Burkholderia cepacia*, potentially harmful bacteria that may pose a health risk to certain users. If the contaminated product contacts open wounds or get in the eyes, infection

could result.

The recall only applied to counterfeit products, and not the full line of professional hair products sold in the salon. The product that was recalled is TiGi Moisture Maniac Shampoo. I found a bottle of it at Meijer on North Prospect in Champaign. If you look closely at the photos (right), you can see that because the product is so old, the contents of the bottle have separated at the bottom. Who knows what has had the chance to grow inside that bottle. The only reason we can see this is because the bottle is clear. If you couldn't see through the bottle, how would you know?



Very old Tigi Professional Only products found at Meijer in Champaign. Look closely; they're so old you can see them separated in the bottle. On the Right, a photo (courtesy: Tigi) of what the product is supposed to look like.

### 4. Taking Money Away From The Local Economy

When these products are purchased from unauthorized outlets and not in a salon, the consumers aren't the only ones scammed. The salon counts on retail as a huge part of income, and it also helps keep costs low. When you purchase products

from a mass retailer, such as Walgreens, Wal-Mart, CVS, or a random online store, you are not only paying more (often between 10-20%, or higher) for product that has no guarantee, but you are also taking money away from your local stylist and salon. Because of the high costs of labor, payroll expenses in salon take up to 75% of the income. This includes stylists, technicians and support staff, such as receptionists and associates. If these products are not purchased in the salon, the owners of the salon need to make up the money from somewhere, which is usually done by raising service prices.

## 5. Found: Product Older Than A Preschooler

In many instances ingredients that have not been approved by the food and drug administration have been added to products in unauthorized outlets. "Diverted products can be counterfeit, diluted formulas, or old, expired formulas that may not be safe to use.... Contaminated or counterfeit products could cause irritation or even infection," says Vicki Bresnahan, director of product distribution control for Paul Mitchell. Contaminated, counterfeit Paul Mitchell hair products were found in 2003.



**You can see the lid of the bottle on the left is not completely closed. Manufacturers do not produce their product and fill it to "over capacity." So that leaves one conclusion, the product in the bottle is not what the label claims.**

When I was in Meijer on North Prospect in Champaign I found a bottle of Redken Blonde Glam Conditioner that so full that the cap on the top of the bottle would not close completely. Redken, as a manufacturer, does not fill the bottles up so much to where they cannot close, so obviously, it was not Blonde Glam Conditioner in that bottle.

That bottle of Redken was either counterfeit or diluted with another substance, and I say

substance because nobody knows what it really is.

Jessi Hempel with Business Week was apart of a "Combat Diversion" investigation and she explained, "We see products coming in from China, we see products being out-

dated, sold in bottles that should have been sold two-years-ago." That's what got John Paul Dejoria up in arms. He only sells his Paul Mitchell products to an authorized salon. His company launched a multi-million-dollar campaign to educate consumers, "If you find any of our products in any drug store or supermarket, it is either counterfeit, black/gray market, stolen or extremely old." Some of these "products that were found were purchased by Paul Mitchell and tested which they concluded "the bacteria count was too numerous to even count. That's how bad it was."

While doing research for this online, I found several products that had been discontinued several years ago that were selling for more than what they were 5 years ago. On one online site, I found Redken Active Express Quick Treat. The online outlet claims the product was added to their catalog in November 2007. Redken discontinued this product many years before that. I use to sell it when I worked

for a chain salon owned by Regis Corporation, and I remember putting it on clearance because it was discontinued (around 2003). It is selling for \$29.95, which is 60% higher than what I use to sell it for. Another website selling Redken Extreme Anti-Snap showed packaging that was also several years old, and advertising it at 26% off. The reality is that they were selling that old, outdated product for 12% more than what the current product, in current packaging is selling for in an authorized salon.

David Craggs, Former President of Professional Products Division for L'Oreal USA, said, "I was browsing at Staples, and noticed their price matching guarantee sign for all new computers EXCEPT for those purchased on eBay. I did a little online research and found that Hewlett-Packard is experiencing some of the same issues as our salon professional brands, as many of their products are being counterfeited or sold at unauthorized online dealers and in some cases, customers are being scammed and not shipped products at all from eBay sellers." Craggs also states in his blog: "If you buy a computer from eBay and it blows up or doesn't work, chances are HP won't guarantee your product. We also do this for our salon products purchased at our authorized salons. While you may think that you are finding a great deal on eBay, you may be purchasing a fake, defective or in some cases unsafe product. We simply do not offer our professional product brands such as Redken, Matrix, Kérastase, Mizani and Pureology to be sold on eBay." David Craggs composed a letter discussing the dangers of purchased diverted, unauthorized products to consumers and it is available here.

## 6. Remember the 4 C's

"Other than www.kerastase-usa.com, no other [L'Oreal Professionel] websites are authorized to sell professional products. There are sites that mask themselves as salon websites, have fake anti-diversion



This container of Redken 03 Water Wax was at CVS in Champaign and it was USED (as you can see from the finger prints). Why would you want someone else's germs in your product?



"Salon Only" brand Redken Fresh Curls products found at CVS on Neil & Green in Champaign. If you notice in the photo (left to right) there is conditioner, The Curl Boost on the right is old product in discontinued packaging, yet it is being sold for \$1.50 more than the new.

statements or claim they obtained products from a manufacturer.” Craggs explains, adding, “beware of these websites. Clients might be tempted to risk the purchase from eBay.com, for example, because they believe that they are getting a better price. In instances like this, it is especially important to remember the 4 Cs (cost, counterfeit, contaminated & crime) which are the dangers of buying diverted products both online and offline.” Finally, Craggs adds “If you buy any of our brands from a salon or stylist, if you keep the receipt, and you are not happy, then we will give you your money back.”

**Redken 5<sup>th</sup> Avenue NYC’s Anti-Diversion policy and statement can be found at:**

**<http://www.redken.com/anti-diversion>**

**Pureology Serious Colour Care also has an anti-diversion policy and statement and you can find that here:**

**<http://www.pureology.com/discover/antidiversion>**

\*Sources can be found at <http://www.danny-pierce.com>

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