

Consumer Goods and Services • OD4411

# Personal Waxing & Nail Salons in the US

Tips and tricks: Operators will expand their service portfolio to boost profit



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# About

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# About This Industry

## Definition

The wax and nail salon industry specializes in personal grooming, offering services such as hair removal, manicures, pedicures and intricate nail art. Catering to a diverse clientele, these salons prioritize hygiene, precision and customer satisfaction, ensuring a comprehensive range of high-quality beauty treatments.

## Codes

2022	81211-Hair, Nail, and Skin Care Services
2017	81211-Hair, Nail, and Skin Care Services

## What's Included

- Providing manicure services
- Providing pedicure services
- Providing facial waxing services
- Providing body waxing services

## Companies

No single company accounts for more than 5% of total industry market share.

## Related Industries

### Domestic industries

#### Competitors

- No data available

#### Complementors

- Trade & Technical Schools in the US
- Hair & Nail Salons in the US
- Hair Loss Treatment & Removal in the US
- Tanning Salons in the US

### International industries

- Hair & Nail Salons in Canada
- Hairdressing and Beauty Services in Australia
- Hairdressing and Beauty Services in New Zealand
- Hairdressing & Beauty Treatment in the UK
- Skin Care, Hairdressing & Beauty Services in China

## Related Terms

### **COLORED GELS**

Type of nail polish that is more resistant to smudges and chipping and has a faster drying time.

### **THREADING**

Hair removal technique that uses a piece of thread to pull the hair by the follicle.

### **ACRYLICS**

Artificial nails that are glued and applied on top of natural fingernails.

### **ESTHETICIAN**

Licensed skin care professionals, trained in cosmetic treatment of the skin.

## Additional Resources

- US Census Bureau
- Nails Magazine
- Professional Beauty Association

At a Glance

Revenue		Employees		Businesses	
\$29.4bn	'19-'24 ↑ 6.6 %	454k	'19-'24 ↑ 3.7 %	346k	'19-'24 ↑ 3.3 %
	'24-'29 ↑ 1.6 %		'24-'29 ↑ 2.2 %		'24-'29 ↑ 2.7 %
Profit		Profit Margin		Wages	
\$2.5bn	'19-'24 ↑ 6.8 %	8.6%	'19-'24 ↑ 0.1 pp	\$8.8bn	'19-'24 ↑ 7.2 %
					'24-'29 ↑ 2.1 %

Five-year growth rates display historic and forecast CAGRs

➔ Major Players

There are no major companies in this industry

🕒 Products and Services

Item	Revenue	Market Share
Manicure services	\$14.4bn	49%
Pedicure services	\$11.2bn	38.1%
Waxing services	\$823.3m	2.8%
Resale of merchandise	\$29.4m	0.1%
Other nail services	\$2.9bn	10%

🔑 Key External Drivers

Key External Drivers	Impact
Consumer spending	Positive
Number of adults aged 20 to 64	Positive
Per capita disposable income	Positive
National unemployment rate	Negative

Key Takeaways

Performance

- The industry has benefitted from various new product offerings which have propelled revenue growth. Positive trends in the use of gels and nail art have driven revenue growth and increased industry profit margins.
- New entrants are expected to enter the industry over the next five years. New entrants seek to take advantage of growing demand for services.

External Environment

- Nail salons encounter state regulations that require licenses. Employees must complete an accredited state-licensed program for cosmetology or esthetics.
- Rising interest rates during the current period have negatively impacted small businesses such as nail salons. High interest rates have limited consumer spending on discretionary services.

## SWOT

<b>Strengths</b>	Growth Life Cycle Stage
	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	Low Capital Requirements
<b>Weaknesses</b>	Low & Steady Barriers to Entry
	None & Steady Level of Assistance
	High Competition
	Very High Volatility
	Low Profit vs. Sector Average
<b>Opportunities</b>	Very High Revenue Growth (2005-2024)
	High Revenue Growth (2019-2024)
	High Revenue Growth (2024-2029)
	Consumer spending
<b>Threats</b>	Low Outlier Growth
	Low Performance Drivers
	National unemployment rate

## Executive Summary

**Tips and tricks: Operators will expand their service portfolio to boost profit**

The personal waxing and nail salons industry, which includes salons offering waxing and nail care services, has grown over the past five years despite the high interest rate environment experienced in the latter part of the period, which has negatively affected small businesses. However, given the industry's discretionary nature, rising disposable income and consumer spending have benefitted the industry and outweighed the negatives of high inflation. Revenue gains have been led by various product trends, including matte nails, colored gel nails and threading, which have generated high growth for the industry. Over the past five years, revenue has been growing at a CAGR of 6.6% to \$29.4 billion, including an expected 2.1% increase in 2024 alone. In addition, profit is expected to jump to 8.6% of revenue in 2024 from 8.5% in 2019.

The high interest rate environment specifically in the latter part of the current period has limited revenue growth. This has limited consumer spending on discretionary goods and services such as personal waxing and nail salons. However, a jump in disposable income has enabled consumers to better afford industry services, including high-margin services, which has contributed to rising industry profit over the past five years. Industry establishments have climbed due to the low-cost startups associated with the industry and the growth of the industry.

Over the next five years, economic growth will boost disposable incomes, increasing consumer spending and demand for price-premium personal care services. Nails-only salons will continue diversifying their service offerings to include temporary hair removal, massages, facials and tanning. In addition, as consumers become more environmentally conscious, salons will offer a wider array of eco-friendly and nontoxic products. These trends will sustain comfortable growth for the industry over the next five years. Overall revenue is forecast to grow at a CAGR of 1.6% to \$31.8 billion over the five years to 2029.

## Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Growth	
Revenue Volatility	Very High	
Assistance	None	Steady
Competition	High	Increasing
Innovation	Moderate	

# Performance

## Key Takeaways

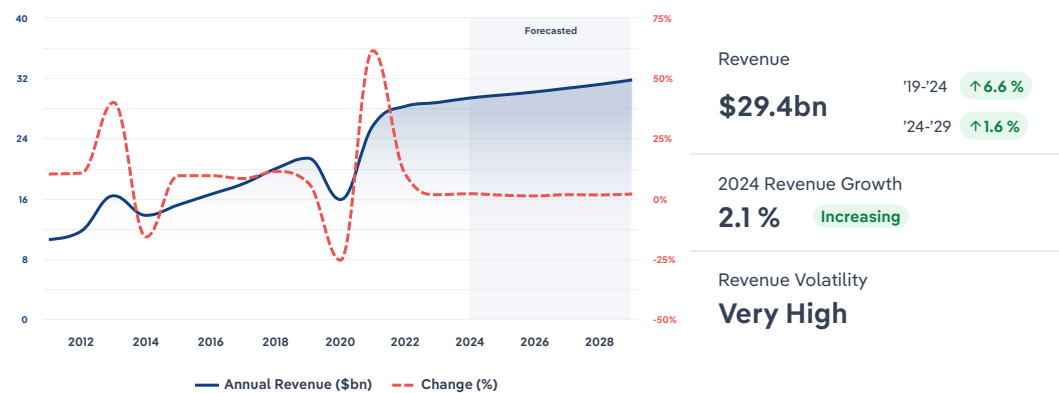
The industry has benefitted from various new product offerings which have propelled revenue growth. Positive trends in the use of gels and nail art have driven revenue growth and increased industry profit margins.

New entrants are expected to enter the industry over the next five years. New entrants seek to take advantage of growing demand for services.

## Performance Snapshot

### Revenue

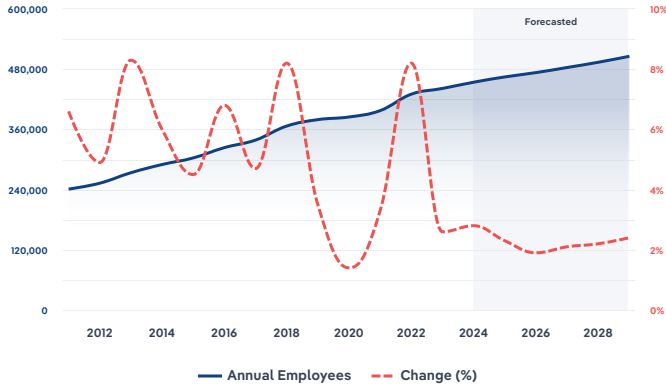
Total value (\$) and annual change from 2011 – 2029. Includes 5-year outlook.





## Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



### Employees

**454k**

'19-'24 **↑ 3.7 %**

'24-'29 **↑ 2.2 %**

### Employees per Business

**1**

'19-'24 **↑ 0.3 %**

'24-'29 **↓ 0.5 %**

### Revenue per Employee

**\$64,759**

'19-'24 **↑ 2.8 %**

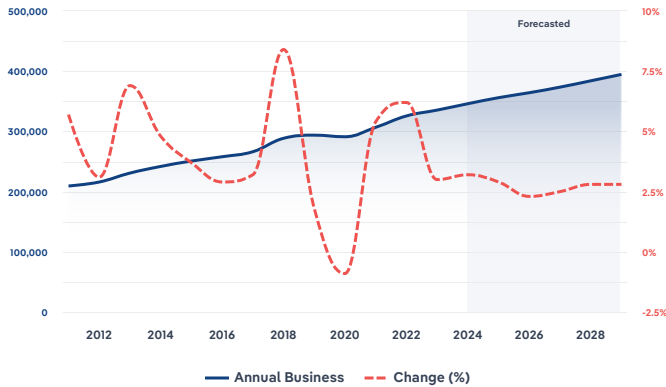
'24-'29 **↓ 0.6 %**

IBISWorld

Source: IBISWorld

## Business

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



### Businesses

**346k**

'19-'24 **↑ 3.3 %**

'24-'29 **↑ 2.7 %**

### Employees per Business

**1**

'19-'24 **↑ 0.3 %**

'24-'29 **↓ 0.5 %**

### Revenue per Business

**\$84,980.0**

'19-'24 **↑ 3.2 %**

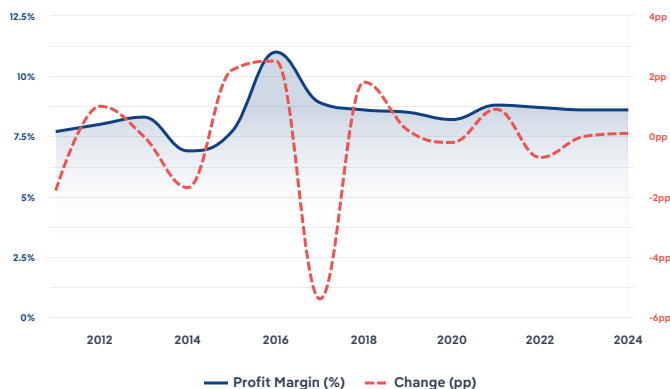
'24-'29 **↓ 1.1 %**

IBISWorld

Source: IBISWorld

## Profit Margin

Total profit margin (%) and annual change from 2011 – 2029



Total Profit

**\$2.5bn**

'19-'24 **↑ 6.8 %**

Profit Margin

**8.6%**

'19-'24 **↑ 0.1 pp**

Profit per Business

**\$7,308**

IBISWorld

Source: IBISWorld

## Current Performance

↑ 2019-24 Revenue CAGR +6.6%

### What's driving current industry performance?

#### Rising demand for services has benefitted the industry

- The industry grew over much of the current five-year period because most consumers have continued to demand affordable luxuries, like manicures and waxing services.
- Nail salons have implemented membership clubs to cultivate customer loyalty, charging members a flat annual fee for discounts, sales and priority bookings. This strategy has helped ensure a steadier revenue stream for nail salon services.
- Nail art has become a mainstream way of expressing one's tastes and fashion sense. According to Nails Magazine, the top nail art trends include marble nails, sweater set nails, denim shades and characters from popular culture.

#### The high interest rate environment has limited revenue growth

- The high interest rate environment has negatively affected small businesses, including industry establishments, specifically in the latter part of the period. High interest rates have limited spending on discretionary services.
- Despite the high-interest environment, industry revenue has grown due to the jump in consumer spending and disposable income. These positive economic trends have outweighed the negatives of rampant inflation.
- Also, rising disposable income has enabled consumers to better afford more expensive services that have greater margins for nail salons. As a result, industry profit has climbed.

#### Industry profit growth attracts new entrants and leads to industry expansion

- Profit margins have climbed, primarily due to demand for higher-value products and services, coupled with a jump in consumer spending and per capita disposable income.
- The number of salons has been increasing at a steady rate because of the low-costs associated with entering the industry. In addition, rising revenue and industry profit have also made entering the industry appealing for new nail salons.
- The number of industry establishments has climbed due to the industry's growing market opportunities. In addition, the number of employees has also grown to meet the growing demand for services.

#### Shiny and new: product introductions drive revenue growth

- Various new product offerings at salons have aided revenue growth. In particular, gel services have been a high-growth industry segment and comprise more than one-quarter of nail salon services.
- Gels tend to be more expensive than traditional manicures; according to the 2018-19 issue of Nails Magazine, gel manicures average \$48.59 per set compared with traditional manicures, which cost an average of \$21.34 (latest data available).
- Another popular trend is elaborate nail art and specialty manicures, which have blossomed as more consumers view these product segments as modes of self-expression.

Volatility Very High

What influences industry volatility?

Consumer sentiment influences industry volatility

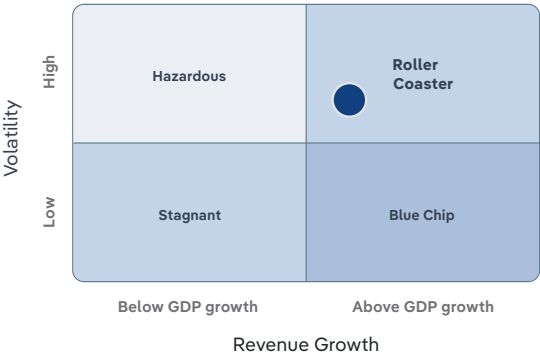
- Revenue trends in the sector align with broader economic health. Key indicators include per capita disposable income, shifts in consumer sentiment and employment rates. These elements strongly affect the demand dynamics for luxury services and in-salon retail purchases.
- Stabilized inflation and interest rates enable consumers to allocate more resources for optional services such as nail care and waxing. Industries that offer value-added experiences see substantial benefits when consumers have extra discretionary income.

Seasonality characterizes industry demand

- Demand for services peaks during the summer when more individuals visit salons during their holidays. Vacations and time off work often lead people to prioritize personal grooming, leading to crowded appointments.
- The industry's connection to vibrant events and bustling parties also contributes to its fluctuating demand. The warmer months see more social gatherings, weddings and outdoor activities, all encouraging patrons to book multiple sessions.

Roller Coaster

Industry volatility vs. revenue growth (2018-2024 CAGR)



## ☆ Key Success Factors

## How do successful businesses overcome volatility?

### Secure the latest and most efficient technologies and techniques

Investing in advanced tools and methods enhances service quality and efficiency. This keeps salons competitive and responsive to customer needs, helping them adapt to industry changes and maintain steady business even during volatile periods.

### Raise revenue from additional sources

Diversifying income streams, such as selling beauty products or offering special packages, helps salons stabilize earnings. This approach reduces dependency on core services, allowing better financial resilience during market volatility.

## Outlook

↑ 2024-29 Revenue CAGR +1.6%

## What's driving the industry outlook?

### Polished lifestyles will benefit the industry

- Improving economic conditions like increasing disposable income will be the primary factor fueling industry growth. With greater disposable income, consumers can increase their spending on discretionary services, like higher-value nail services, including gel nails, a high-growth segment.
- A potential economic downturn stemming from persistently high interest rates to counteract inflation can produce an economic downturn in the US and higher unemployment, negatively impacting industry demand.
- A greater propensity among nail and waxing salons to offer diversified services will boost growth. According to the latest survey by Nails Magazine, an estimated one-third of salons characterize themselves as full-service salons, which is expected to climb.

### New entrants will seek to take advantage of the growing demand for services

- Despite profit expected to lag, profit will remain high because of the demand for higher-value products with greater associated margins. Taking advantage of this trend, the number of establishments is expected to increase over the next five years.
- The industry will remain fragmented and characterized by its high share of nonemployers. In addition, the number of industry employees is expected to increase to service the growing demand for services.
- Typically, nail technicians rent their booth from the salon and retain their full-service fees; only a small share of nail technicians are directly employed by the salon. Waxing salons, by contrast, have a higher share of employer establishments.

### Environmental concerns will impact the industry and the products used for services

- Growing environmental awareness will impact the industry. Over the next five years, nail salons will begin carrying more eco-friendly products.
- OPI, one of the largest nail polish manufacturers, began removing dibutyl phthalate, toluene and formaldehyde from its products a decade ago. Dibutyl phthalate has been linked to congenital disabilities; toluene can cause headaches, dizziness and nausea; and formaldehyde is a known carcinogen that can cause asthma.
- Increased regulations are expected following media exposure about the harmful effects of these chemicals. San Francisco passed the country's first Healthy Nail Salon Recognition ordinance, identifying establishments that use nail polishes free of the toxins mentioned above.

### Persistently high interest rates at the onset of the outlook period will limit industry growth

- Despite expected interest rate cuts by the FED, interest rates are expected to remain high at the onset of the outlook period. High interest rates negatively affect small businesses that offer discretionary services, including the personal waxing and nail salon industry, limiting revenue growth.
- However, the expected jump in per capita disposable income will propel industry revenue growth as consumers will be able to better afford more expensive services and products such as nail gels.

## Life Cycle

Growth

## Why is the industry growing?

### Contribution to GDP

Industry value added has outpaced GDP growth, reflecting its solid economic contribution. Although the industry's service offering is well developed, lower price points have engineered greater growth by expanding the industry's target market.

## Market Saturation

The industry's expansion continues, with new entrants drawn to its stable consumer base and minimal entry barriers. This steady growth signals ongoing demand and business opportunities to tap into an established market.

## Innovation

Steady product innovation has characterized the last five years. Matte nail polishes, offering a modern twist, cater to changing consumer preferences and demonstrate the industry's adaptability to fashion trends.

## Consolidation

The industry does not encounter significant consolidation as the industry is fragmented and service-based. However, large nail salons have expanded to other locations to reach more customers.

## Technology & Systems

Salons utilize computerized systems for administrative tasks. Mobile scheduling apps enhance appointment booking efficiency, improve salon-client communication and streamline operational processes.

## Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries



\*Growth is based on change in share of economy combined with change in establishment numbers

# Products and Markets

## Key Takeaways

**Nail care services are the most popular product segment.** When disposable incomes increase, this product segment benefits as individuals visit salons more frequently.

**Women aged 46 and older comprise the largest market.** This market segment has benefitted from rising disposable income.

Largest Market

**\$14.4bn** Manicure services

Product Innovation

**Moderate**

## Products and Services

### How are the industry's products and services performing?

**Nail care services have grown and are still the most significant segment**

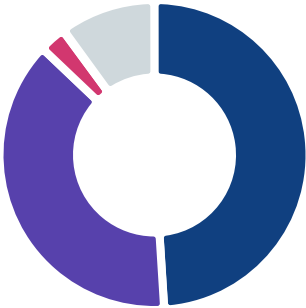
- Nail care services comprise the vast majority of revenue, accounting for well above three-quarters of revenue. Manicure and pedicure services include cutting and shaping nails, removing cuticles and applying polish to the nails.
- Manicure services account for slightly less than one-half of revenue and pedicure services account for more than one-third of revenue. These service segments include revenue from manicures and pedicures with nail enhancement services (acrylic and gel extensions and fills).
- Other nail services include polish change, callus treatment, broken nail repair, nail artwork, gel coating and buffing. When disposable income increases, individuals visit salons more frequently to maintain nail care.

products that are not commonly offered in drugstores.

- The sale of nail and skin care products typically trends in line with economic conditions consumers experience, causing merchandise sales to fluctuate with consumer confidence and per capita disposable income.
- Salons often diversify service offerings to expand their customer base and increase revenue. Massages are commonly offered at nail salons, but massage services in this industry differ from traditional spa and massage parlor offerings.

### Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



**Waxing services has slightly declined as a share of revenue**

- Waxing services are offered by operators and comprise a small share of revenue. This service segment includes both body waxing and facial waxing.
- Typical facial waxing services include eyebrows, upper lip and chin. Common body waxing services include underarms, arms (half and full), legs (half and full), bikini, Brazilian, chest and back.
- The price of facial waxing services is typically less than body waxing services. Like nail care, waxing service prices can vary dramatically depending on the location and type of salon.

**Merchandise sales and other services offered have slightly declined**

- Merchandise sales are the smallest product segment in the industry. Merchandise sales move in line with consumer confidence and disposable income levels.
- Nail and waxing salons typically offer nail and skin care products sold through distributors. These items include professional



### What are innovations in industry products and services?

Moderate

**Innovative products and services transform beauty treatments**

- Wax and nail salons leverage advanced technologies and innovative products to improve customer experiences. The industry prioritizes methods that are both painless and safe. Electrolysis and laser treatments are popular choices for long-lasting results.
- Many salons are shifting towards the use of natural ingredients and now offer products that minimize harm to the body and environment. This shift improves consumer health and reflects a growing demand for healthy and sustainable beauty solutions.

**Waxing and nail salons expand service range to enhance customer experience**

- Salons in the beauty sector broaden their offerings by incorporating a variety of hair removal and skin treatments. Clients now have access to facial treatments and body hair removal services.
- Salons introduce innovative beauty treatments beyond traditional nail care, including eyebrow tinting, microblading and anti-aging therapies. By diversifying their menu, these establishments target traditional beauty enthusiasts and attract those seeking comprehensive self-care routines, encouraging sustained client engagement.

☆ **Key Success Factors****What products or services do successful businesses offer?****Vary services to suit different needs**

Adapting services to meet diverse client preferences is crucial for wax and nail salons. Offering various options, from basic to luxury treatments, enhances satisfaction and encourages repeat business.

**Leverage product design, quality and brand strengths**

High quality and a strong brand attract and retain customers, fostering customer loyalty and repeat business. Differentiation is critical in a crowded market, enabling operators to stand out.

**Major Markets****What's influencing demand from the industry's markets?****The women aged 46 and older market has grown along with rising disposable income**

- Women over the age of 46 make up the largest market for the industry. One-third of revenue comes from selling services to this market segment.
- Clients within this age bracket often have established forms of income. As a result, they have the disposable income necessary to purchase a greater deal of value-added services.
- As economic conditions have grown over the past five years and per capita disposable income has followed suit, this market segment has had more income to make discretionary purchases.
- As this market has been better able to purchase higher valued added services, this market has grown slightly in revenue share over the past five years.

women in this age category are more likely to purchase deluxe and higher value-added services and are more likely to visit waxing and nail salons regularly.

**Women aged 26 to 35 market has expanded slightly over the past five years**

- Women between 26 to 35 years old represent the third largest market for the industry. This market comprises just under one-fifth of industry revenue.
- Since consumers within this age group are beginning to enter the workforce, their discretionary income level is lower than other age groups.
- Consumers in this market are less likely to purchase expensive salon items. Consumers within this age group still make up a significant source of demand for personal care services, but they will more likely buy the more basic services.

**Women aged 36 to 45 has declined but remains the second-largest market**

- Women between 36 and 45 years old make up the second-largest market for waxing and nail salons. This market comprises over one-fifth of industry revenue.
- On average, consumers in this age group spend \$100.00 more on personal care items and services than the average US consumer.
- Consumers in this group have established income streams, enabling them to make these discretionary purchases. In particular,

**The women aged under 25 market has slightly grown**

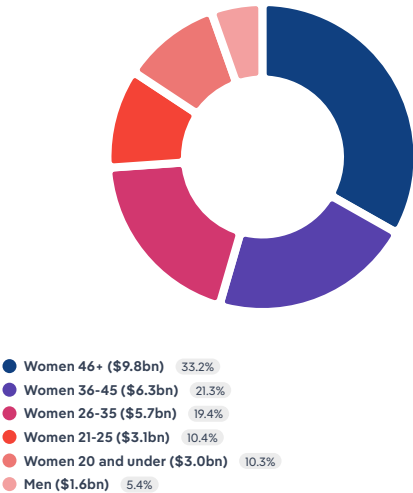
- Women in this market segment have lower disposable incomes than market segments of older women.
- Part of the reason for their lower market share is that consumers within this age bracket are more likely to purchase basic services because of their lower income levels.

The market segment consisting of men has grown but remains small

- Men represent a small but steady market segment for the industry. Many salons offer services specifically for men and a minimal but growing number of salons are even designed exclusively for males.
- More men have become concerned with personal grooming and have been increasing spending on personal care services, including those offered by this industry. This trend has been partly supported by increased media exposure.

Major Markets Segmentation

Industry revenue in 2024 broken down by key markets



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Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.



# Geographic Breakdown

## Key Takeaways

- Regions with large populations attract nail salons.** Nail salons in areas with large populations are more likely to encounter walk-ins because of greater foot traffic.
- Nail salons typically locate in regions with high disposable income.** Areas with high disposable income are more likely to use industry services benefitting nail salons.

## Business Locations

County	Establishments Units	Population %
New York	4337	19.5
California	4167	18.7
New Jersey	1936	8.7
Pennsylvania	1231	5.5
Washington	1029	4.6
Texas	821	3.7
Florida	808	3.6
Connecticut	662	3.0
Massachusetts	654	2.9
Illinois	585	2.6
Ohio	563	2.5
Virginia	562	2.5
Minnesota	461	2.1
Georgia	456	2.0
Colorado	433	1.9
Maryland	400	1.8
Arizona	331	1.5
Oregon	317	1.4
Louisiana	288	1.3
North Carolina	240	1.1
Missouri	187	0.8
South Carolina	170	0.8
Tennessee	128	0.6
Wisconsin	134	0.6
Alabama	118	0.5
Kansas	110	0.5
Delaware	79	0.4

County	Establishments Units	Population %
Kentucky	80	0.4
Michigan	84	0.4
New Hampshire	88	0.4
Indiana	59	0.3
Iowa	69	0.3
Mississippi	59	0.3
Nevada	73	0.3
Oklahoma	77	0.3
Utah	71	0.3
Arkansas	51	0.2
District of Columbia	42	0.2
Hawaii	49	0.2
Nebraska	40	0.2
Rhode Island	46	0.2
Idaho	26	0.1
Maine	25	0.1
Montana	20	0.1
New Mexico	26	0.1
North Dakota	23	0.1
South Dakota	17	0.1
Vermont	24	0.1
West Virginia	24	0.1
Wyoming	12	0.1
Alaska	0	0.0

## Where are industry businesses located?

### The Mid-Atlantic attracts operators because of high disposable income levels

- The Mid-Atlantic has the greatest share of industry establishments, accounting for over one-third of the nation's total.
- The states with the highest concentration of establishments in this region include New York and New Jersey.
- Companies locate salons near these major metropolitan centers because of the large consumer markets in the area. Companies typically choose to locate in high-traffic locations, near shopping malls, strip centers and department stores.
- The Mid-Atlantic region has a higher-than-average per capita income level. Businesses are more attracted to the region since consumers have more disposable income to spend on discretionary personal care services.

### The West region has a large population and high disposable income levels, attracting operators

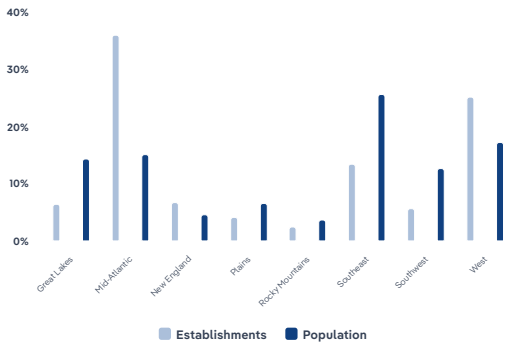
- The West region has the second largest concentration of establishments, accounting for more than one-quarter of industry salons. The region is home to a large portion of the US population.
- Establishments in the West are dominated by California, which has the second-highest percentage of waxing and nail salons in the entire country.
- California is an attractive destination because of its large consumer markets in Los Angeles, San Francisco and San Diego.
- The West has higher per capita income than the rest of the nation, meaning consumers have more income to spend on discretionary services, like nail care and specialty waxing treatments.

Operators in the Southeast benefit from increasing migration to the

region

- The Southeast comprises the third-largest region of industry establishments.
- Population density in the Southeast has been growing over the past decade and the region is now home to a larger portion of the population.
- Greater migration toward the Southeast region makes it an attractive destination for industry establishments.

Share of Establishments (%) vs. share of population (%)



☆ Key Success Factors

How do businesses use location to their advantage?

Proximity to key markets

It is important for industry establishments to be conveniently located for key customer markets. This makes it easier for customers to travel to industry establishments.

Operate in a highly visible location

A highly visible location increases foot traffic and attracts walk-in customers. In addition, visibility enhances brand recognition and convenience for customers.

# Competitive Forces

## Key Takeaways

**Price and customer loyalty are crucial forms of internal competition.** Nail salons offering lower prices, special discounts and promotions will attract more customers.

**Nail salons encounter external competition from drug stores that offer nail care products.** These products are typically more affordable and can be applied at home.

Concentration <b>Low</b>	Competition <b>High</b> <span>Increasing</span>	Barriers to Entry <b>Low</b> <span>Steady</span>
Substitutes <b>High</b> <span>Steady</span>	Buyer Power <b>High</b> <span>Steady</span>	Supplier Power <b>Moderate</b> <span>Increasing</span>

## Concentration Low

### What impacts the industry's market share concentration?

Market share concentration in the industry remains low

- The industry is highly fragmented; nail salons are spread across many locations to be close to key consumer markets in high-traffic areas. This trend makes it difficult for one company to service a large portion of the entire market.
- According to the latest data from the US Census Bureau, most nail salons operate from a single location and generate less than \$250,000 each year.

- Industry concentration has remained relatively steady. While major nail salons have expanded and added locations, this growth has not significantly changed the concentration of the industry.
- The majority of nail salons in the industry are nonemployer businesses. Nail salons are able to enter the market relatively easily, partly due to the low start-up costs needed.

### Market Share Concentration

Combined market share of the four largest companies in this industry

Low start-up costs entice new entrants



Source: IBISWorld

### ☆ Key Success Factors

#### How do successful businesses handle concentration?

##### Must have license

Industry employees must possess the appropriate licenses to operate. Having the appropriate licenses or additional certificates can attract a greater number of clients.

##### Generate repeat customers

Repeat customers provide a steady stream of revenue for operators and are more cost-effective to maintain compared to attracting new clients. In addition, repeat customers may enhance word-of-mouth marketing and attract new clients to industry establishments.

## Barriers to Entry Low Steady

### What challenges do potential industry entrants face?

- Legal
- Employees must complete an accredited state-licensed cosmetology or esthetics skincare school program. Also, real estate land-use

restrictions and zoning apply to salons.

### Start-up Costs

- Start-up costs vary depending on the scale of operations. New businesses must secure a rental space, manicure, pedicure, or waxing tables and chairs. Nail salons must also invest in drying equipment, tools and sterilization equipment.

### Differentiation

- Salons may require specialized facial equipment like facial steamers if they offer additional skin care services. New businesses must take advantage of location benefits; companies will want to locate salons near high-traffic locations to maximize the number of walk-in clients.

### Labor Expenses

- Typical employees for salons include nail technicians, estheticians and management and administrative employees. Since estheticians and nail technicians must be licensed to work in salons, labor restrictions are a barrier to entry.

### ☆ Key Success Factors

## How can potential entrants overcome barriers to entry?

### Ensure proper licensing

Proper licensing ensures compliance with local regulations and building trust with clients. In addition, proper licensing reduces legal risks and enables operators to be efficient and deliver quality services.

### Generate positive word-of-mouth recommendations

Positive word-of-mouth attracts new customer acquisition and retention. Satisfied clients can use word-of-mouth to create a steady stream of business for operators without having significant marketing expenses.

## Substitutes

High

Steady

## What are substitutes for industry services?

### Do-it-yourself

- With a wide array of products available online and in drug stores, many people find DIY options appealing. Following online tutorials and social media guidance allows them to perform these beauty tasks at home while maintaining a budget-friendly approach.
- Consumers tend to choose at-home solutions to cut their discretionary costs. Economic downturns prompt individuals to explore alternatives for personal grooming services like waxing and nails to conserve expenditure.

### Hair and nail salons

- Hair and nail establishments provide their clientele with hair care and nail services. Many also offer additional beauty services, such as facials and makeup consultations. These offerings place them in direct competition with facilities in the personal waxing and nail industry.
- The hair and nail industry also benefits from increasing consumer discretionary income. Like the wax and nail industry, individuals are more inclined to beauty services as income levels climb, boosting demand.

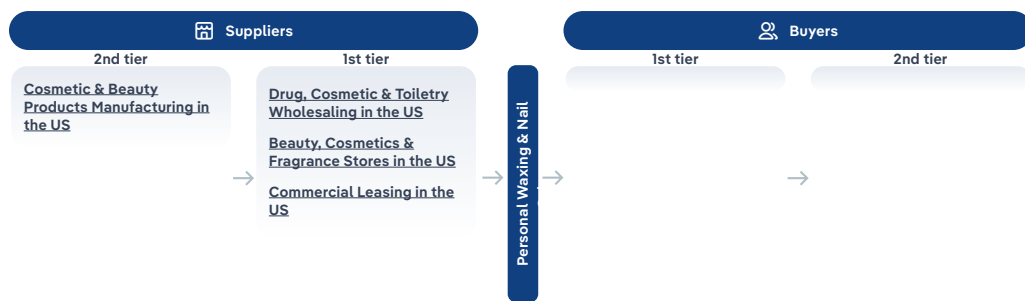
## ☆ Key Success Factors

**How do successful businesses compete with substitutes?****Offer a competitively priced product**

Offering unique services and personalized experiences can give operators an edge in a crowded and competitive market. Differentiation can attract customers seeking specific treatments.

**Develop a loyal customer base**

Operators can create a loyal customer base by fostering strong relationships and providing consistent service. Satisfied customers are less likely to switch to a competitor.

**Buyer & Supplier Power**

IBISWorld

Source: IBISWorld

**What power do buyers and suppliers have over the industry?**

High

Steady

**Buyers: Event-driven demand**

- Wedding parties and large events drive demand for waxing and nail salon services. Consumers often seek these services to prepare for special occasions, making event schedules a critical determinant of industry activity. This event-driven nature gives buyers power, aligning industry operations with consumer timelines and preferences.
- Disposable income levels impact consumer choices for personal grooming services. Wealthier consumers engage more frequently with salon services, resulting in a direct correlation between income fluctuations and industry revenue. Buyers exercise power by adjusting their spending habits based on financial conditions, affecting demand dynamics in this industry.

Moderate

Increasing

**Suppliers: Competitive pricing**

- The wax and nail salons demand large quantities of nail and skin care products to meet customer expectations and stay current with beauty trends. Suppliers offering competitive pricing to bulk buyers diminish their power, but those manufacturing unique or specialized products wield more control over prices.
- Rising consumer awareness about environmental and health concerns drives a shift towards nontoxic beauty products. This trend limits suppliers from using harmful chemicals, as salons and consumers favor environmentally friendly options. Suppliers adapting to this demand may gain a competitive edge by appealing to health-conscious customers.

## ☆ Key Success Factors

**How do successful businesses manage buyer & supplier power?****Ensure appropriate pricing policy**

Implementing strategic pricing helps balance buyer expectations and market competition. It maintains profitability while attracting cost-conscious clients, reducing buyer power and enabling better supplier negotiations.

**Secure economies of scale**

Operators can reduce per-unit costs by expanding operations and increasing the variety of services offered while attracting more clients. This efficiency enables operators to provide competitive pricing and withstand pressure from suppliers and buyers.

## Companies

No single company accounts for more than 5% of total industry market share.



# External Environment

## Key Takeaways

**Nail salons encounter state regulations that require licenses.** Employees must complete an accredited state-licensed program for cosmetology or esthetics.

**Rising interest rates during the current period have negatively impacted small businesses such as nail salons.** High interest rates have limited consumer spending on discretionary services.

Regulation & Policy

Moderate Steady

Assistance

None Steady

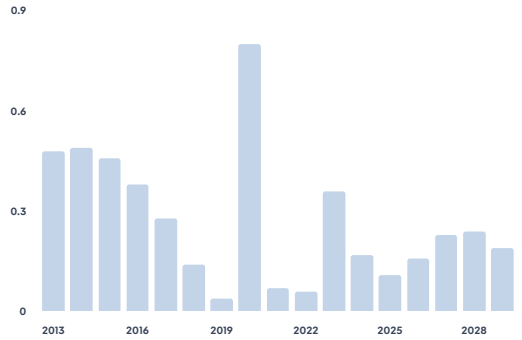
## External Drivers

### What demographic and macroeconomic factors impact the industry?

The industry's performance depends on active consumer spending. With more disposable income, consumers are more likely to purchase personal-care products and services like those offered in this industry. In addition, consumers are willing to spend on more expensive services with greater disposable income. Growth in consumer spending represents a potential opportunity for the industry.

#### Number of adults aged 20 to 64

Growth



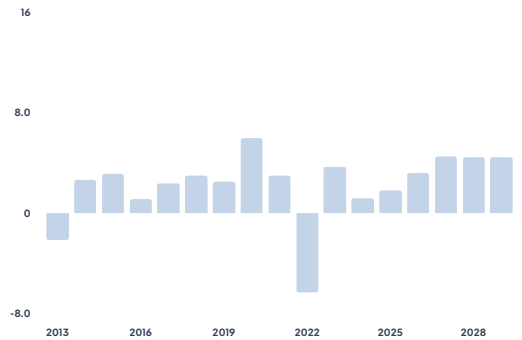
IBISWorld

Source: IBISWorld

Women within this age group are the largest source of demand for industry services. An expansion in the size and income of this group will typically boost industry revenue. Growth in the number of adults aged 20 to 64 will increase demand for industry services and support industry revenue growth.

#### Per capita disposable income

Growth



IBISWorld

Source: IBISWorld

Higher per capita disposable income directly benefits service-oriented industries. Consumers with extra financial resources tend to indulge in non-essential services such as manicures, pedicures and waxing treatments. This increased spending capacity allows for the purchase of premium products within the sector. Companies specializing in grooming often see revenue boosts as personal pampering becomes a higher priority for individuals with more disposable cash.

The unemployment rate is inversely related to industry product and service demand. When unemployment increases, clients are less likely to indulge in higher-value salon services because of decreased disposable income and a greater tendency to save. A rise in the unemployment rate poses a potential threat to the industry.

## Regulation & Policy

Moderate

Steady

## What regulations impact the industry?

### Advertising and consumer protection laws

Operators in the personal waxing and nail salons industry are subject to advertising and consumer protections. Specifically, salons are subject to advertising and consumer protection laws. Under federal and state law, ads that mislead or deceive consumers are unlawful. The Federal Trade Commission (FTC) can take legal action if a salon's ads are misleading.

### Real estate restrictions

Typical zoning and real estate land-use restrictions also apply to salons. Landlords must obtain all necessary zoning approvals and permit for the site to be used as a retail establishment. Salons with franchise operations must also abide by the FTC's Trade Regulation Rule on Franchising. Franchisors must provide information about subjects like franchisor-initiated lawsuits against franchisees.

### State regulations

The majority of states have licensing requirements for nail and skin care technicians. Employees must complete a program in an accredited state-licensed cosmetology or esthetics (skincare) school. License qualifications vary by state, but a worker must typically have a high school diploma or GED, be at least 16 years old and have graduated from a state-licensed esthetics or cosmetology school. Education requirements vary widely by state.

### Closure of nonessential business order

To prevent the spread of the coronavirus, most state governments mandated nonessential businesses, which includes operators in this industry, to close in mid-March 2020 temporarily. To the industry's benefit, state governments have lifted the restrictions since, enabling salons to reopen as long as they comply with the social distancing mandates.

## Assistance

None

Steady

## What assistance is available to this industry?

### Government

#### Small Business Administration (SBA)

The Small Business Administration (SBA) offers programs that benefit small businesses including personal waxing and nail salons. The SBA offers loan programs that can be used for various business operations, such as purchasing equipment and expanding the business. For smaller personal waxing and nail salons, the SBA also offers smaller loans which can be more beneficial.

### Non-government

#### Industry associations

The industry receives indirect assistance from various industry associations. The Professional Beauty Association and the Association of Cosmetology Salon Professionals each provide education services, government advocacy and charitable outreach for industry operators. In addition, Nails Magazine provides technicians and other industry employees with up-to-date information on trends and regulations impacting the industry.

# Financial Benchmarks

## Key Takeaways

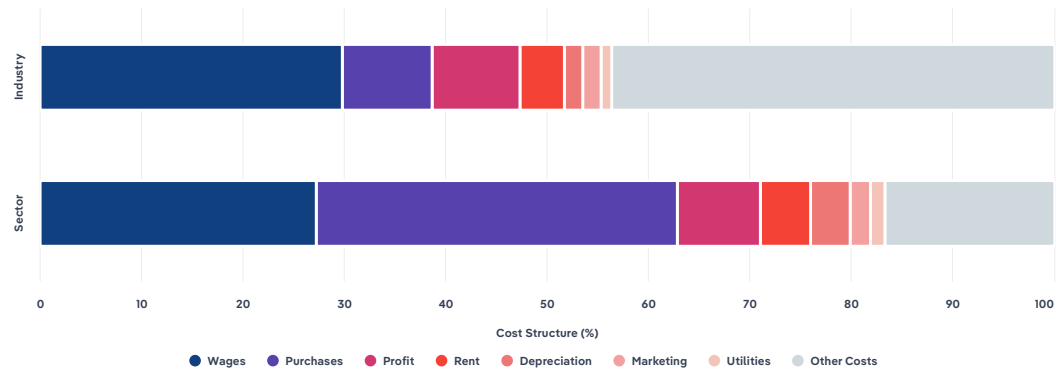
The positive consumer trends toward gels have boosted industry profit. Although, high interest rates have limited consumer spending on these services.

The industry is service-based, causing wages to be a significant expense for nail salons. Many employees in the industry work on a part-time basis.



## Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2024



## What trends impact industry costs?

### Purchases lag but remain the second largest industry expense

- Purchase costs are the second-largest expense for the industry but have slightly declined over the past five years.
- Typically, nail and waxing salons purchase items required for day to day operations such as nail polishes, acrylics, nail polish removers, gels, lotions, waxes, applicators and pads.
- Salons also purchase materials for resale. The majority of supplies are purchased at professional beauty supply stores as well as through online-only distributors.

### Industry profit jumps due to climbing disposable income levels

- Industry profit, measured as earnings before interest and taxes, has climbed slightly over the past five years.
- During strong economic periods, more consumers will purchase higher-value services offered at salons, like deluxe manicures and pedicures, gel and acrylic nail enhancements, facials and specialty

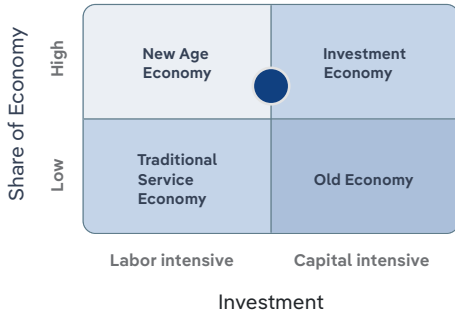
skin treatments. These services typically have higher profit margins as they are priced at a premium.

- Social distancing protocols in 2020 indirectly reduced the number of customers that nail salons could serve during the early stages of reopening, adversely affecting profit.
- As consumer confidence rebounded in the latter part of the period, the industry experienced a surge in demand, fueled by increased disposable income, resulting in a rise in industry profit.

### Wages jump as operators satisfy the growing demand for services

- Many employees work on a part-time basis. According to Nail Magazine, most nail technicians rent their booths from the salon, while less than one-quarter are employed directly by the salon.
- Under commission-based models, employees retain a specified percentage of their earnings. Under a booth-rental model, salon owners charge stylists a fixed fee for booth rentals.

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

## Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2005	45,761	0.1	1.1	1.1	12,137	26.5	1.0	34.8
2006	47,266	0.1	1.1	1.1	12,375	26.2	1.0	34.3
2007	49,389	0.1	1.1	1.1	12,000	24.3	1.0	31.7
2008	50,405	0.1	1.1	1.1	10,488	20.8	1.0	26.9
2009	41,710	0.0	1.1	1.1	13,399	32.1	1.0	41.2
2010	42,561	0.0	1.1	1.1	13,457	31.6	1.0	42.4
2011	44,017	0.1	1.2	1.2	13,382	30.4	1.0	40.0
2012	46,453	0.1	1.2	1.2	13,434	28.9	1.0	38.7
2013	60,060	0.1	1.2	1.2	9,553	15.9	1.0	25.9
2014	47,701	0.1	1.2	1.2	13,802	28.9	1.0	37.6
2015	49,989	0.1	1.2	1.2	14,497	29.0	1.0	38.4
2016	51,302	0.1	1.3	1.3	15,280	29.8	1.0	42.9
2017	53,136	0.1	1.3	1.3	15,823	29.8	1.0	40.4
2018	54,654	0.1	1.3	1.3	15,694	28.7	1.0	39.1
2019	56,331	0.1	1.3	1.3	16,283	28.9	1.0	39.2
2020	41,375	0.1	1.3	1.3	12,584	30.4	1.0	40.4
2021	64,684	0.1	1.3	1.3	18,728	29.0	1.0	39.6
2022	65,822	0.1	1.3	1.3	19,368	29.4	1.0	39.9
2023	65,207	0.1	1.3	1.3	19,331	29.6	1.0	40.1
2024	64,759	0.1	1.3	1.3	19,304	29.8	1.0	40.2

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2025	64,218	0.1	1.3	1.3	19,272	30.0	1.0	40.3
2026	63,788	0.1	1.3	1.3	19,246	30.2	1.0	40.4
2027	63,481	0.1	1.3	1.3	19,227	30.3	1.0	40.5
2028	63,105	0.1	1.3	1.3	19,205	30.4	1.0	40.6
2029	62,877	0.1	1.3	1.3	19,191	30.5	1.0	40.7
2030	62,731	0.1	1.3	1.3	19,182	30.6	1.0	40.7

# Key Statistics

## Industry Data

### Values

Year	Revenue (\$ Million)	IVA (\$ Million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2005	7,428.3	2,586.7	142,952	142,909	162,328	1,970.1
2006	8,387.8	2,875.5	156,958	156,924	177,461	2,196.0
2007	9,263.9	2,936.2	164,934	164,896	187,570	2,250.8
2008	9,928.9	2,671.6	174,508	174,487	196,984	2,066.0
2009	8,728.4	3,598.3	183,986	183,969	209,264	2,803.9
2010	9,617.4	4,079.5	197,990	197,975	225,968	3,040.8
2011	10,607.7	4,243.2	209,356	209,337	240,990	3,225.0
2012	11,741.0	4,546.2	215,956	215,915	252,752	3,395.6
2013	16,433.3	4,257.1	230,818	230,771	273,615	2,613.8
2014	13,831.6	5,205.4	241,830	241,781	289,965	4,002.1
2015	15,154.1	5,819.2	250,790	250,742	303,149	4,394.7
2016	16,604.9	7,121.0	257,949	257,895	323,668	4,945.7
2017	17,999.3	7,267.7	266,336	266,253	338,741	5,359.8
2018	20,038.5	7,838.0	288,639	288,552	366,643	5,754.0
2019	21,376.3	8,389.1	293,861	293,775	379,475	6,179.1
2020	15,919.2	6,434.8	291,217	291,119	384,749	4,841.8
2021	25,708.3	10,183.5	306,878	306,781	397,446	7,443.6
2022	28,318.8	11,306.7	325,779	325,676	430,235	8,332.8
2023	28,797.1	11,546.7	335,509	335,403	441,622	8,536.9
2024	29,401.8	11,811.8	346,110	346,001	454,016	8,764.3
2025	29,831.9	12,031.1	356,136	356,023	464,539	8,952.5
2026	30,184.4	12,208.5	364,379	364,264	473,197	9,107.1
2027	30,684.4	12,436.8	373,663	373,545	483,364	9,293.8
2028	31,161.7	12,663.0	384,136	384,015	493,806	9,483.3
2029	31,799.7	12,942.4	394,812	394,687	505,748	9,705.6
2030	32,361.7	13,184.1	404,198	404,070	515,880	9,895.5

#### Note

Figures are inflation adjusted to 2024

## Industry Data

## Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages %
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	12.9	11.2	9.8	9.8	9.3	11.5
2007	10.4	2.1	5.1	5.1	5.7	2.5
2008	7.2	-9.0	5.8	5.8	5.0	-8.2
2009	-12.1	34.7	5.4	5.4	6.2	35.7
2010	10.2	13.4	7.6	7.6	8.0	8.5
2011	10.3	4.0	5.7	5.7	6.6	6.1
2012	10.7	7.1	3.2	3.1	4.9	5.3
2013	40.0	-6.4	6.9	6.9	8.3	-23.0
2014	-15.8	22.3	4.8	4.8	6.0	53.1
2015	9.6	11.8	3.7	3.7	4.5	9.8
2016	9.6	22.4	2.9	2.9	6.8	12.5
2017	8.4	2.1	3.3	3.2	4.7	8.4
2018	11.3	7.8	8.4	8.4	8.2	7.4
2019	6.7	7.0	1.8	1.8	3.5	7.4
2020	-25.5	-23.3	-0.9	-0.9	1.4	-21.6
2021	61.5	58.3	5.4	5.4	3.3	53.7
2022	10.2	11.0	6.2	6.2	8.2	11.9
2023	1.7	2.1	3.0	3.0	2.6	2.4
2024	2.1	2.3	3.2	3.2	2.8	2.7
2025	1.5	1.9	2.9	2.9	2.3	2.1
2026	1.2	1.5	2.3	2.3	1.9	1.7
2027	1.7	1.9	2.5	2.5	2.1	2.1
2028	1.6	1.8	2.8	2.8	2.2	2.0
2029	2.0	2.2	2.8	2.8	2.4	2.3
2030	1.8	1.9	2.4	2.4	2.0	2.0

## Note

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# Key Success Factors

## How do successful businesses overcome volatility?

### Secure the latest and most efficient technologies and techniques

Investing in advanced tools and methods enhances service quality and efficiency. This keeps salons competitive and responsive to customer needs, helping them adapt to industry changes and maintain steady business even during volatile periods.

### Raise revenue from additional sources

Diversifying income streams, such as selling beauty products or offering special packages, helps salons stabilize earnings. This approach reduces dependency on core services, allowing better financial resilience during market volatility.

## What products or services do successful businesses offer?

### Vary services to suit different needs

Adapting services to meet diverse client preferences is crucial for wax and nail salons. Offering various options, from basic to luxury treatments, enhances satisfaction and encourages repeat business.

### Leverage product design, quality and brand strengths

High quality and a strong brand attract and retain customers, fostering customer loyalty and repeat business. Differentiation is critical in a crowded market, enabling operators to stand out.

## How do businesses use location to their advantage?

### Proximity to key markets

It is important for industry establishments to be conveniently located for key customer markets. This makes it easier for customers to travel to industry establishments.

### Operate in a highly visible location

A highly visible location increases foot traffic and attracts walk-in customers. In addition, visibility enhances brand recognition and convenience for customers.

## How do successful businesses handle concentration?

### Must have license

Industry employees must possess the appropriate licenses to operate. Having the appropriate licenses or additional certificates can attract a greater number of clients.

### Generate repeat customers

Repeat customers provide a steady stream of revenue for operators and are more cost-effective to maintain compared to attracting new clients. In addition, repeat customers may enhance word-of-mouth marketing and attract new clients to industry establishments.

## How can potential entrants overcome barriers to entry?

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### Offer a competitively priced product



Offering unique services and personalized experiences can give operators an edge in a crowded and competitive market. Differentiation can attract customers seeking specific treatments.

**Develop a loyal customer base**

Operators can create a loyal customer base by fostering strong relationships and providing consistent service. Satisfied customers are less likely to switch to a competitor.

**How do successful businesses manage buyer & supplier power?****Ensure appropriate pricing policy**

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