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Beauty, Personal Care

SALON SERVICES - US - SEPTEMBER 2018

While routine maintenance is a top reason for seeking salon services, resulting in many being loyal to the same destinations and professionals, other reasons for receiving services exist. The desire to pamper or seek services for social activities could motivate some consumers to consider alternative destinations, such as at-home treatments or on-the-go destinations. Salons need to use tools like social media, alternative pricing, and flexible booking options to cater to more consumers' needs and establish deeper connections with clients, encouraging future loyalty and frequency.

A Mintel Analyst, Global Analyst

6 SEPTEMBER 2018 REPORT

This report examines the following issues:

- Bad experiences can result in lost sales and customers
- Alternative destinations pose a threat to traditional salon formats

OVERVIEW

Overview

What you need to know

While routine maintenance is a top reason for seeking salon services, resulting in many being loyal to the same destinations and professionals, other reasons for receiving services exist. The desire to pamper or seek services for social activities could motivate some consumers to consider alternative destinations, such as at-home treatments or on-the-go destinations. Salons need to use tools like social media, alternative pricing, and flexible booking options to cater to more consumers' needs and establish deeper connections with clients, encouraging future loyalty and frequency.

Definition

The salon services market, as defined by Mintel for this report, includes any services performed at a professional salon as well as products sold through a salon to consumers. Services include hair treatments, nail services, facial/body treatments, makeup applications, body waxing, and tanning. Products consist mainly of haircare products such as shampoo, conditioner, and styling products, and skincare products such as cleansers, toners, and moisturizers. Brushes, hair accessories, and nail polish are also included. Specialty retail stores (such as Ulta) that also provide services are included. Additionally, on demand or on-the-go services provided by professionals in one's home (or other location) are also included.

The following products are excluded from this report: mass haircare and skincare products which are mainly sold through other retail outlets such as drug stores.

This report builds on the analysis presented in Mintel's *Salon Services- US, June 2012*.

Executive Summary

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Overview

Salon services are frequently sought by a variety of consumers, contributing to positive growth, which is expected to continue over the next five years. While most consumers seek services out of routine, causing them to seek professional treatment and be mostly loyal to their preferred location or professional, other reasons such as self-care or rewarding and social activities are also motivators for services. This behavior extends to many consumers, but likely also causes some to wander from their preferred destinations in order to receive more affordable or convenient services.

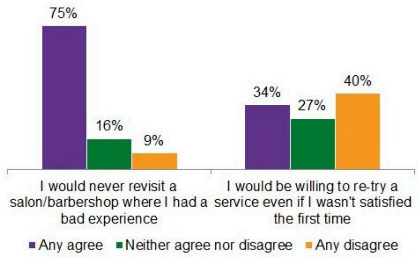
The issues

Bad experiences can result in lost sales and customers

Consumers showed preferences for maintaining loyalty to the same destinations and stylists; however, a bad experience can result in lost opportunities. Three quarters of those who received salon services would never revisit a destination after a bad experience, and only one third would be willing to retry a service if they weren't initially satisfied (see Attitudes toward Receiving Salon Services). Given the saturation in the market, with consumers having various options as to where and how to receive salon services, most destinations can't risk turning off customers with a bad experience or service. Additionally, some consumers prefer using brands recommended by sources outside of the salon, such as friends or influencers, so a negative review – whether it be word of mouth or shared on social media – can have larger impacts to a salon's reputation.

Figure 1: Attitudes for receiving services, July 2018

"Which of the following statements about salon services do you agree with?" –[NET – Agree]



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

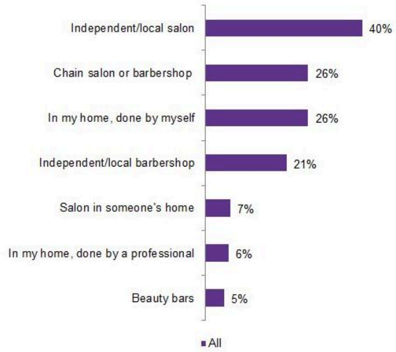
Source: *Lightspeed/Mintel*

Alternative destinations pose a threat to traditional salon formats

Although some out-of-home destinations were more popular than receiving services at home, more than a quarter of consumers received salon services in their home, done by themselves (see Destinations). Even more, those who did so were also more likely to visit destinations like beauty bars and were among the consumers more engaged in the category in general. These consist of younger adults and moms, who might be limited by budgets or time, and are seeking alternative destinations because of their convenience and flexibility. While these formats might not fully replace traditional salon destinations, it's possible some consumers could seek these options more in the future for touch-ups or last-minute needs, which could steal share from traditional salons.

Figure 2: Destinations, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

The opportunities

Desire for professionals drives loyalty among most consumers

Although some consumers are willing to seek a variety of destinations for their services, most only visited one destination in the past year (see What's Working?). Even more, the majority of those who received salon services prefer doing so from the same person, and typically trust that professional to make recommendations, often causing some to make purchases during their visits. This preference could be causing salons to be the top destinations for services, with many establishing a bond with their professional that they don't want to abandon. Salons and their professionals need to embrace their role as experts and find ways, such as through social media, to establish a relationship with clients beyond the transaction in order to keep them returning, and doing so consistently.

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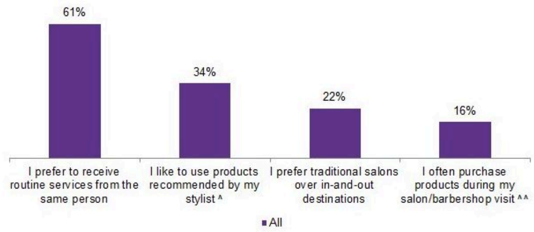
Figure 3: preferences for receiving salon services, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply."



^ 1,586 internet users aged 18+ who received professional treatments in the last 12 months, ^^ 1,557 internet users aged 18+ who visited a salon or barber shop in the last 12 months

Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

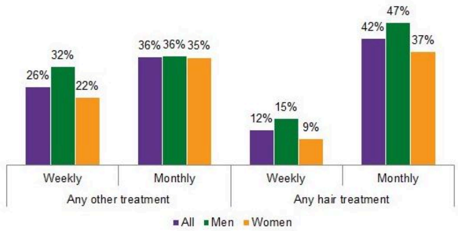
Source: *Lightspeed/Mintel*

Don't overlook the men

Men are actively seeking salon services, and while they didn't outpace women for all types, they're receiving a variety of treatments including some of those sought the least, such as tanning (see Types and Frequencies of Services). Perhaps more surprisingly, men are receiving services more frequently than women, with 15% of men seeking any hair treatments on a weekly basis and almost one third doing so for any other type of treatment. Young men and dads are especially active, reflecting a growing trend of self-care and pampering among men. It's now more acceptable for men to prioritize their appearance and grooming, and they're looking for the products and destinations that help them care for themselves, while making them feel comfortable. Salons and brands have an opportunity to connect with these customers by communicating with them both during visits and in between, using social media as a way to guide and educate them, while also providing unique events that reassure men it's okay to be pampered.

Figure 4: Frequency of services, by gender, July 2018

"How often have you received each of the following services in the last 12 months?" [NET]



Base: *internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

What it means

Consumers mostly display a preference for professional service, which leads many to be loyal to a certain destination or professional. However, a bad experience or inconvenience could cause some to seek service elsewhere, and possibly not revisit their salon. In order to maintain customer engagement, salons need to acknowledge those who are actively seeking services and establish connections beyond the visit.

The Market – What You Need to Know

A positive sales trend is expected to continue

The salon services market has experienced consistent growth over the past five years, which is expected to continue over the next five. This trajectory has salon services experiencing yearly positive growth through 2023, where sales are expected to hit $89 billion (see Market Size and Forecast).

Destinations are on the rise

Although future sales look positive, the number of destinations consumers can seek salon services is also growing. Salon establishments grew more than 10% since 2013, and that number continues to rise. Future growth will likely include loyalty challenges for individual establishments, as consumers not only have more choices between the types of destinations, but also grow more interested in at-home services (see Market Breakdown).

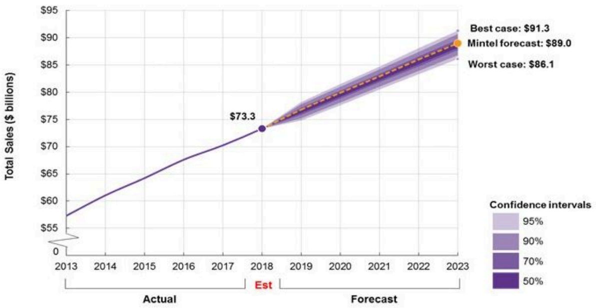
Consumers have more needs and more money to spend

Consumers will always have needs for receiving salon services, but the types and frequency of the services they seek will likely depend on their income and living situations. The optimistic news is that DPI (disposable personal income) continues to grow, signaling many consumers might have more money to spend on salon services. Additionally, new salon needs may continue to surface, especially as growth in the multicultural population could create diversified needs among customers (see Market Factors).

Double digit growth expected over the next five years

The salon services market is expected to continue on a trend of positive YOY (year over year) growth. That trend is forecast to result in more than 20% growth over the next five years, reaching $89 billion in 2023. A number of factors are contributing to such increases, including higher DPI, growth in the multicultural population creating increased salon needs, and a genuine interest in the category. However, the number and types of destinations available for consumers to receive salon services is on the rise, indicating a possible area of concern in terms of maintaining future loyalty.

Figure 5: Total US sales and fan chart forecast of salon services, at current prices, 2013-23



Source: *based on US Census Bureau: Service Annual Survey, County Business Patterns, Non-Employer Revenues, and Economic Census/Mintel*

Figure 6: Total US revenues and forecast for salon services, at current prices, 2013-23

Year	$ billion	% change	Index (2013 = 100)	Index (2018 = 100)
2013	57.30	-	100	78
2014	61.05	6.5	107	83
2015	64.22	5.2	112	88
2016	67.60	5.3	118	92
2017 (est)	70.24	3.9	123	96
2018 (est)	73.31	4.4	128	100
2019 (fore)	76.80	4.8	134	105
2020 (fore)	79.90	4.0	139	109
2021 (fore)	82.90	3.8	145	113
2022 (fore)	86.00	3.7	150	117
2023 (fore)	89.00	3.5	155	121

***Source:** based on US Census Bureau: Service Annual Survey, County Business Patterns, Non-Employer Revenues, and Economic Census/Mintel*

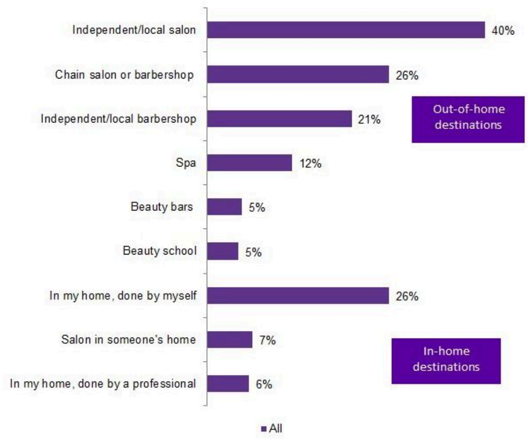
Market Breakdown

In-home versus out-of-home

Most consumers seek salon services at out-of-home professional destinations; however, some adults are staying home for salon treatments. In fact, while independent salons are the most visited destinations, the same number of consumers are heading to chain salons and barbershops as are performing services at home on themselves. Even more, while more than a quarter of consumers performed their own services at home, only 6% had services done at their home by a professional, indicating many are growing comfortable performing services on their own, especially young adults. This willingness is likely fueled by a growing number of tools and products that make at-home use easier and could increase as more resources become available (see What's Next?).

Figure 7: Destinations – out-of-home versus in-home, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

Destinations are on the rise

In addition to choosing whether to receive salon services in or out of their home, consumers have more options than ever as to where to seek services. The number of salon establishments is estimated at more than 1.5 million as of 2018, which is an 11% increase since 2013. This growth in salons has been mostly a consistent trend over the last five years, experiencing a spike in 2017 of more than 5%. It's possible the introduction of on-the-go destinations like blow-dry bars is impacting the number of establishments in the market. While fewer consumers are heading to such destinations compared to independent salons, chain salons or even seeking services at home, there are some consumers – such as younger adults and urban residents – who are willing to visit these alternative locations, likely out of convenience and perhaps, novelty. Regardless of why some adults seek services at other destinations, there are more options today as to where to receive salon services, which could present future challenges with consumer loyalty.

Figure 8: Total number of salon service establishments 2013-18

Year	millions	% change	Index (2013 = 100)	Index (2018 = 100)
2013	1.42	-	2	2
2014	1.46	3.2	3	2
2015	1.48	0.8	3	2
2016	1.46	-1.0	3	2
2017 (est)	1.53	5.1	3	2
2018 (est)	1.57	2.2	3	2

Source: *based on US Census Bureau: Service Annual Survey, County Business Patterns, Non-Employer Revenues, and Economic Census/Mintel*

Population of women supports category growth, creates various needs

Women are more engaged in the category than men and receive a larger variety of services (see Types and Frequencies of Services), and as their population increases, so does the demand for salon services. But older women possess not only different needs from younger women, but also different preferences and interests in receiving services. Older women tend to seek consistent services – such as hair care – out of routine and habit, while younger women are doing more self-pampering and are interested in additional services like nail care and facials, driven by a desire to prioritize self-care and be stylish (see Reasons for Receiving Salon Services). Salons and brands need to cater to both age groups by recognizing the different types of services and motivations for receiving them in order to maintain customer loyalty, especially among younger generations.

Figure 9: Female population by age, 2013-23

	2013		2018		2023		2013-23
Age	**000**	**% of total**	**000**	**% of total**	**000**	**% of total**	**% change**
<5	9,710	6.0	9,841	5.9	10,109	5.9	4.1
5-14	20,174	12.6	20,082	12.1	19,981	11.6	-1.0
15-24	21,470	13.4	21,031	12.6	21,167	12.3	-1.4
25-34	21,242	13.2	22,504	13.5	23,050	13.4	8.5
35-44	20,343	12.7	20,695	12.4	21,997	12.8	8.1
45-54	22,221	13.8	21,126	12.7	20,350	11.8	-8.4
55-64	20,367	12.7	21,937	13.2	21,537	12.5	5.7
65-74	13,423	8.4	16,264	9.8	18,722	10.9	39.5
75+	11,666	7.3	12,892	7.7	15,244	8.9	30.7
Total	**160,615**	**100.0**	**166,372**	**100.0**	**172,157**	**100.0**	**7.2**

Note: data may not equal totals due to rounding

Source: *US Census Bureau, interim population projections released 2017 and annual population estimates/Mintel*

Young men could drive additional category interest/opportunities

Men might not be as engaged in all services as women are, but young men may be more interested in salon services than past generations. For example, certain men, like younger adults and dads, are interested in services beyond the basics, such as anti-aging treatments and tanning. This is reflective of a growing trend of men placing more of an emphasis on their upkeep and image, and it has become more acceptable to do so (see Types and Frequencies of Services). Emerging trends, whether they be new services or new locations to receive service, may be appealing to these men, especially if they offer the opportunity to indulge in a comfortable, relaxing setting without making them feel out of place, like a shave club. Other services that are traditionally received by women, like nail care, might also be of increasing interest to men, and salons should look for ways to appeal to both types of consumers, especially since young men might have a partner or spouse who influences their interest in salon services and could participate with them. Promotions designed for men to try new services with a partner or even a friend could engage more consumers, while acknowledging young men's desire to take care of themselves.

Figure 10: Male population by age, 2013-23

	2013		2018		2023		2013-23
Age	**000**	**% of total**	**000**	**% of total**	**000**	**% of total**	**% change**
<5	10,144	6.5	10,289	6.4	10,555	6.3	4.0
5-14	21,050	13.5	20,951	13.0	20,876	12.5	-0.8
15-24	22,536	14.5	22,020	13.6	22,074	13.2	-2.0
25-34	21,608	13.9	23,224	14.4	24,003	14.3	11.1
35-44	20,141	12.9	20,590	12.8	22,150	13.2	10.0
45-54	21,579	13.9	20,583	12.7	19,869	11.9	-7.9
55-64	18,950	12.2	20,484	12.7	20,250	12.1	6.9
65-74	11,789	7.6	14,283	8.8	16,454	9.8	39.6
75+	7,792	5.0	9,053	5.6	11,135	6.7	42.9
Total	**155,590**	**100.0**	**161,477**	**100.0**	**167,366**	**100.0**	**7.6**

Note: data may not equal totals due to rounding

Source: *US Census Bureau, interim population projections released 2017 and annual population estimates/Mintel*

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Multicultural population growth creates diversified beauty needs

The population of multicultural consumers continues to grow, which could lead to more needs and services sought, especially since these consumers display different behavior in terms of the types of services they receive and where they seek them. Hispanic consumers are seeking a larger variety of services than other consumers, causing them to seek value-based locations such as chain salons, while Black consumers show more comfort receiving services at home (see Destinations). There's an opportunity for salons or services to grow their business among these adults, but they have to provide services that cater to their needs, which could include a larger variety given their interest in a multitude of services. Salons need to not only be conscious of the types of services these customers are interested in, but also be aware of varying attitudes and price sensitivity. Otherwise, they risk losing them to destinations deemed more valuable, or even causing them to simply perform such services at home instead of the salon.

Figure 11: Population by race and Hispanic origin, 2013-23

	2013		2018		2023		2013-23
	000	% of total	000	% of total	000	% of total	% change
Asian*	16,094	5.1	18,559	5.7	20,654	6.1	28.3
Black*	39,076	12.4	40,949	12.5	42,775	12.6	9.5
White*	197,836	62.6	198,292	60.5	198,718	58.5	0.4
Other*	9,134	2.9	10,177	3.1	11,404	3.4	24.8
Hispanic	54,064	17.1	59,873	18.3	65,972	19.4	22.0
Total	**316,205**	**100.0**	**327,849**	**100.0**	**339,523**	**100.0**	**7.4**

** non-Hispanic; "Other" includes American Indian/Alaska native, native Hawaiian/other Pacific Islander, and two or more races Note: data may not equal totals due to rounding*

***Source:** US Census Bureau, interim population projections released 2017 and annual population estimates/Mintel*

More income could enable more spending and frequency

What, where, and how often consumers receive salon services is often largely dependent on their disposable income. HHI continues to rise, while DPI (disposable personal income) grew more than 3% from the year prior as of June 2018, continuing a trend of month-over-month positive increases. This is a cause for optimism for many reasons; first, because consumers have more flexibility with the types of services they seek and the frequency. More DPI could influence their price perceptions as well, perhaps making many less sensitive or at least having a positive impact on where they choose to seek salon services. With higher HHI and DPI, more consumers may have more flexible spending and be able to receive services at professional destinations versus choosing to do so at home. Although certain out-of-home destinations are still preferred over in-home services, more than one quarter of consumers received services in their home, done by themselves, signaling a possible threat to future growth if DPI decreases (see Destinations).

Place of residence could influence where and how consumers receive salon services

Location can influence where and how consumers receive certain services, and depending on the type of area where they live, consumers might be inclined to receive a type of service in one way or another. For example, consumers residing in an urban environment are more inclined to perform services at home or visit a quick-service location that's specific to a particular service, like a blow dry bar. Urban residents are also more likely to visit various locations for various services, such as a hair salon for routine hair services, a nail studio for manicures and pedicures, and a tanning booth for tanning services (see Attitudes toward Receiving Services). Conversely, rural residents might be more limited in their options and are less likely to seek services at certain locations because of limited proximity. This might make them more interested in at-home products they can do themselves so they don't have to travel.

Figure 12: Number of households, by area of residence, 2007 and 2017

	2007		**2017**		**2007-17**
	Number (000)	**%**	**Number (000)**	**%**	**% change**
Inside MSAs	96,739	83.4	108,215	85.7	11.9
Inside principal cities	38,488	33.2	42,652	33.8	10.8
Outside principal cities	58,251	50.2	65,562	51.9	12.6
Outside MSAs	19,272	16.6	18,009	14.3	-6.6
Total	**116,011**	**100.0**	**126,224**	**100.0**	**8.8**

Note: data may not equal totals due to rounding

Source: *US Census Bureau, Current Population Survey, Annual Social and Economic Supplement/Mintel*

BRAND/COMPANY

Key Players – What You Need to Know

Many consumers are loyal to their preferred professional

Out-of-home locations were the most popular destinations for salon services, and specifically independent salons were the most visited. Most consumers visited one location for their salon needs, and many expressed preferences for sticking to the same professional and placing trust in them, which influences many to maintain loyalty to the same location. However, a bad experience or a more convenient format for seeking treatment, whether at home or an on-demand location, could pose some potential challenges (see What's Working?).

Other, more convenient formats could challenge traditional salons

Although traditional salons are the most popular destinations, at-home services and other formats could continue to pique consumer interest. The most engaged in the category are also those most likely to seek services in these other formats. Although these destinations might not entirely replace consumer visits to traditional salons, their convenience and affordability (in some cases) might cause some customers to rethink where they seek their in-between touch-ups or last-minute needs, possibly stealing share from traditional formats (see What's Struggling?).

Rethinking branding, pricing, and at-home products

Most consumers expressed a preference for professionals and maintain loyalty and trust to their preferred stylist or salon. Salons and salon professionals should embrace their role as experts by finding ways to connect with clients through social media to foster a relationship beyond the transaction in order to build more trust and encourage loyalty. Additionally, offering options that promote flexibility, including at-home services or products and alternative pricing options, could help keep more consumers seeking services through traditional destinations (see What's Next?).

Men care about their appearance

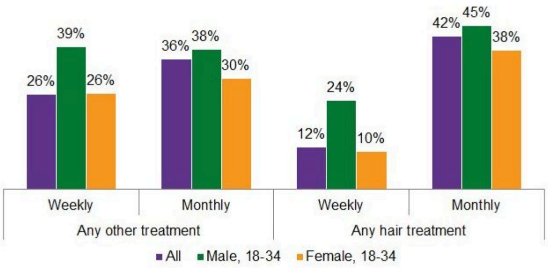
Perhaps somewhat surprisingly, men are actively engaged in the category and are not only receiving a variety of services, but are doing so sometimes more frequently than other consumers. Men might not be seeking certain services like hair styling and nail care more than women, but some men show an interest in additional services even more than their female counterparts (see Types and Frequencies of Services). Young men aged 18-34 are actively seeking a variety of services, even those less popular such as facials, tanning, and anti-aging treatments, and are doing so more frequently than women in some cases. Nearly one quarter of men this age received hair care treatments on a weekly basis, while nearly 40% did so for any other treatment. While men's grooming needs might differ from women, this behavior is indicative of a wider trend of men placing more interest in their self-care and looking for destinations or products that help them do so (see Mintel Trend *Man in the Mirror*).

This trend has been embraced by other retailers, including J.Crew, which opened a men-focused store in Brooklyn in August 2018 featuring an in-store barbershop. Target is also looking to appeal to men's growing interest in their appearance by merchandising men's grooming products alongside men's fashion in some of its stores. These examples are indicative of the growing potential men have to be valuable customers in this space, especially as it becomes more acceptable for them to focus on self-care.

Salons should focus on catering to this audience through special programs and events designed to engage and encourage men to try more services. Inviting male customers to be brand or salon ambassadors on social media could not only make them feel valued and welcomed, but could help attract other men who might otherwise be hesitant to visit a salon or try a service. Additionally, salons should consider events and promotions geared specifically toward men and even male bonding, including those that offer special prices for trying a new service or for visiting a salon with a friend. For example, a football and grooming night that allows men to visit salons independently or with a group of friends and receive services while watching a game (or other event) could create a more comfortable environment for male customers and encourage them to explore more services and treatments. Other events that allow men to visit salons after hours or for exclusive events could encourage more self-care and pampering and reassure them that such treatment isn't only for women.

Figure 13: Frequencies of services, by gender and age, July 2018

"How often have you received each of the following services in the last 12 months?" [NET]



** any hair treatments includes haircuts, hair styling, hair coloring, hair removal, and any other treatment includes nail care, massages, facials, lash extensions, tanning and anti-aging treaments*

Base: *internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Most consumers are loyal to location, stylists

When asked where they received salon services, more than half of consumers only visited one location in the last year, suggesting most consumers are loyal to their preferred location or stylist. This sentiment is expressed by the more than 60% of those who received salon treatments who prefer to seek routine services from the same person. Since independent or local salons are the most visited destinations, this is encouraging for salons and salon professionals, since many current customers will likely maintain loyalty to them instead of switching to other destinations or receiving treatments at home. However, this can create future challenges if customers – whether new or long term – have an unpleasant experience, as most consumers are not inclined to revisit or retry after an unsatisfactory experience (see Attitudes Toward Receiving Services).

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Figure 14: Repertoire of destinations, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."

Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

Salon goers describe which services they leave to the professionals

Consumers were asked about the services they usually receive at a salon and why they think certain services are best done by a professional.

Tell us about the services you typically receive at a salon. What services do you think are usually best done by a professional and why?

“the washing and hydration of my hair, in addition to fashionable cuts, added to this I also receive hair treatments, I can dye my hair for a new style”

White, Hispanic woman, age 35-44, with HHI of $100-$149.9K

“I usually get my hair and nails done.”

Native American or Alaskan native woman, age 18-24, with HHI of $50-$74.9K

“I like to highlight my hair at salons and do brazillian blowouts. these are best left to the professional because they can do a way better job then I can by myself.”

White woman, age 35-44, with HHI of $100-$149.9K

"I typically get my hair, nails, pedicures, facials, waxing and eyelashes done at the salon. Some things I can't do on my own and other I feel are better done by a professional. I like the relaxing and feeling spoiled part of getting facials, nails, pedicures and eyelashes. Having my hair done at the salon is best so I don't fry or ruin the health of my hair."

White woman, age 45-54, with HHI of $150K+

What's Struggling?

Beauty bars are a potential threat to traditional salons

Although only 5% of consumers visited beauty bars – such as a blow dry bar or lash bar – to receive salon services, these destinations could be stealing potential customers, or at least some business, from traditional destinations. While it might seem like a small threat, visitation to such destinations increases among some consumers, especially young adults and other highly engaged consumers, who will likely be responsible for driving future growth in the salon services market. For instance, among adults aged 18-34 the visits double to 10% and the same is true for moms, but increases to 15% among those with three or more children. Younger adults and moms might be more familiar with such destinations and more comfortable visiting them for touch-ups. These consumers are perhaps also strapped for time and might be unable to commit to sticking to a routine schedule with their preferred salon, thus likely see value in the convenience these locations offer. In fact, more types of such locations continue to emerge in the market. Alchemy 43, a medical spa offering on-the-go services including injectables, is a recent example of a new space where consumers can receive services in a more accessible format. This reflects a growing trend of beauty services disengaging from traditional formats, like salons or even doctor's offices, and offered instead in a more pleasant and convenient environment.

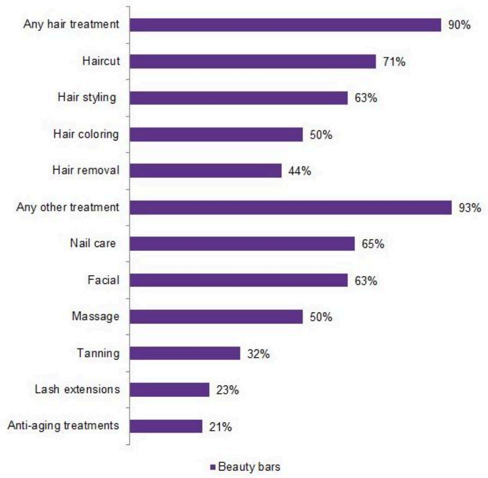
When looking at the types of services received by consumers who visited beauty bars, the majority also sought treatments other than hair care, especially nail care, massages, and facials. These services might occur more spontaneously than services like a haircut and for reasons other than maintenance, such as pampering or preparing for a social event. It's unlikely beauty bars will begin to replace traditional destinations for consumers, at least not for their routine treatments, but they might continue to steal some share. Since young adults and moms are active in the category, their behavior will affect future growth, and traditional salons need to be cautious of the potential threat these destinations represent. Finding ways to make more services easily available to clients will be crucial for maintaining loyalty.

Customers appear to desire some flexibility with scheduling and receiving services, perhaps even if it's just for services that aren't routinely sought. Salons should consider flexible booking options such as using a scheduling app to see when openings are available or even notifications of when slots become available, or offering days of the month available for walk-in appointments even for existing clients or reserving certain days where stylists can travel to clients' homes for certain services. These options offer more flexibility for clients and could help to retain these customers for services other than hair care and even allow them to seek services more frequently.

Figure 15: Destinations by Types of Services, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."

"Which of the following salon services have you received in the last 12 months? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Salon customers describe their preferred booking methods

Consumers were asked to describe how they typically book salon services and any interest in using apps or other tools to book in the future.

"How do you go about booking your salon services? Do you call the salon directly, book online or stop by in person to make an appointment? Have you ever used an app or discount deal (eg Groupon) to book a professional salon service, and if so, for which services? What was your experience like using these to book your service? If you haven't used one, what would encourage you to do so?"

“I usually call directly to book my appointment. Sometimes one week ahead so that I have a chance to get my hair done when I want. Nevertheless, prompt outings may pop-up and I need a new look. In that regards, I call in one or two days before, but in the events that my appointment is not possible, I could search online for another professional. In doing so, I have used discounts only once, I think I got just $10 off my first visit.I don't use app. However, it could be quicker and fun using app for appointments. You all know that sometimes, one just want to talk to a real person especially when you know you are going in for a complicated hair style, right. Well, for me, if I have to use the app, and get at least a $5 off my cost of hair styling, why not use it.”

Black or African American female, age 25-34, with HHI of less than $25K

“I always call to book my appointment.And yes if there was an option for me to do Groupon I would jump right on it.”

Black or African American female, age 25-34, with HHI of less than $25K

“I have an app for booking eyelashes. For my hair and waxing I text my stylist. Nails *and pedicure are done by walkin basis. I have tried Groupon but haven't had great experiences for hair. I have good experiences for waxing and nails. I'd be willing to try a waxing location if it's closer to my home.”*

White female, age 45-54, with HHI of $150K+

Evolving beyond a destination and into a brand

Professional, out-of-home destinations – specifically, independent and chain salons – are the top destinations where consumers seek salon services. Because of this habit, many display a preference for seeking not only the same stylist, but also trusting their recommendations and even making purchases during their visits (see Preferences for Receiving Salon Services). As such, salons have an opportunity to leverage their role as experts and become more than a destination for clients.

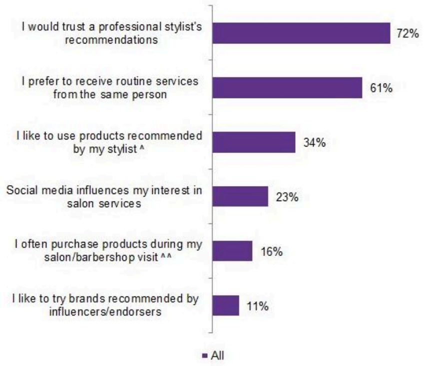
Social media has become an influence in certain consumers' behavior, impacting their interest in salon services and even acting as an outside source of reference and inspiration for salon trends in some cases. Salons and stylists, as well as the brands they carry, can embrace their role as industry experts by using social media as a tool to communicate and educate their clients. Conversely, they can also use social media as a way to have more transparency with clients, offering the chance to share their feedback or be featured on a salon's profile, or perhaps even recruiting some active or interested clients as salon ambassadors to attract potential customers.

In addition to spotlighting new products, services, or event stylists on a social media page, salons or stylists can showcase exclusive events or user experiences in order to show consumers they're more than a location: they're a destination to be seen. Such ideas include hosting special nights where clients can be invited or request an invite to attend and have the opportunity to trial new products or services before they're available to all customers. Another idea is subscription services that use client feedback to determine which new products a salon should carry. Products would be sent to loyal consumers' home for their trial and feedback, in exchange for a reward or the option to buy a full-size product at a discounted price. Using social media as a tool in this way allows salons to establish relationships with consumers that are beyond transactional (see Mintel Trend *Challenge Accepted*).

Figure 16: Preferences for and attitudes toward receiving salon services, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply."

"Which of the following statements about salon services do you agree with?" [NET – Agree]



^ 1,586 internet users aged 18+ who received professional treatments in the last 12 months, ^^ 1,557 internet users aged 18+ who visited a salon or barber shop in the last 12 months

***Source:** Lightspeed/Mintel*

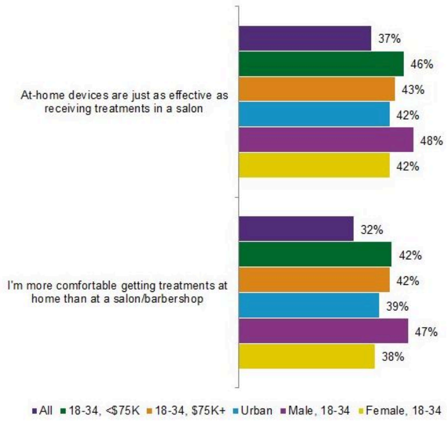
Will at-home become the new "it" destination?

At home is not as popular a place for receiving salon services as some out-of-home destinations, but it is among the top ways consumers seek services. And it's very possible at-home services will continue to grow in popularity, especially as new products and services make it more possible. The same consumers who sought services at home in the last year were also more likely to feel such services are as effective as professional treatment or more comfortable than going to a salon.

They include the youngest adults surveyed, urban residents, parents, and particularly dads. They might see value in receiving treatments at home versus an outside destination for a number of reasons, including more flexibility with scheduling, affordability (especially in order to maintain routines without breaking a budget), and convenience. Since these consumers are also some of the most active and engaged customers in this space, salons need to acknowledge this attitude and understand a future shift toward mixed services, meaning consumers seeking a blend of services out-of-home and at-home, is possible.

Figure 17: Attitudes toward receiving salon services, by select demographics, July 2018

"Which of the following statements about salon services do you agree with?" [NET – Agree]



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Rethinking pricing

Based on consumer responses to price sensitivity, there are some varying price perceptions regarding salon services (see Price Sensitivity). Consumers maintain different pricing thresholds, and salons need to understand the differences among certain customers and find ways to combat perceptions of being too inexpensive or too pricey in order to increase participation and frequency. Although the analysis was specifically regarding hair color, this mentality can likely be applied to other salon services as well, leaving salons to not only determine the pricing levels that may be prohibitive to some customers, but also look for alternative pricing options.

There are a few concepts salons should consider in order to broaden their appeal to more customers, and increase frequency among clients regardless of their price sensitivity. One idea is “choose what you pay” pricing, which allows customers to choose from a few pricing options for their initial trial of a service – perhaps a bargain price point, a more expensive but fair price, and a maximum price point. The price of their future, return, or follow-up visit would be determined based on their initial trial price, so if they chose the least expensive option the first time, they'd receive the more expensive price at the follow-up visit and vice versa.

A second concept is offering tiered or subscription service pricing, which would allow customers to choose from a tiered pricing model based on the service frequency. For example, if a customer opts to schedule hair coloring every eight weeks, the price would be $35, but if they stuck with scheduling on a less frequent basis like every 12 weeks, or just scheduled as needed, the price for the same service would be $60. This allows clients to save on long-term pricing for services that require frequent touch-ups. Additionally, giving customers the opportunity to purchase the products they use at home at a discounted price if they set up a subscription or automatic replenishment through the salon could help to keep clients engaged and loyal, even if they're unable to visit the salon as frequently as they'd like.

Trends on the horizon

During the 2018 CosmoProf show, held in Las Vegas, Nevada in July 2018, a number of trends were highlighted to indicate where the industry is focusing on future growth. Below are a few examples of the trends that will likely have future impact on the salon services category. It's worth noting that the trends spotlighted below involve products that can be used at home, further supporting the aforementioned point that an interest in at-home services could grow.

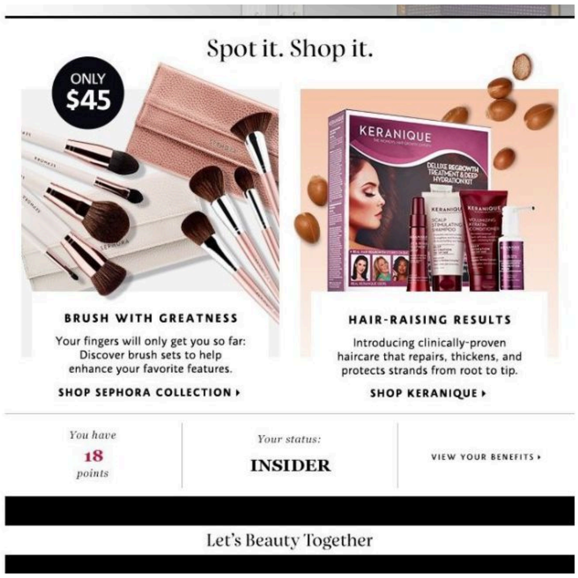
A continued focus on hair care

Hair care services are the most sought by consumers, perhaps partially due to necessity. Nearly everyone has a need for some sort of hair care, whether it's length maintenance, color touch-ups, or preventing hair loss. Prioritization of hair care isn't likely to change, especially since many beauty brands are continuing their focus on this space. In particular, some brands are emphasizing damage repair and prevention, with products that help strengthen hair to prevent future or further damage, as well as those that work to treat and prevent hair loss. Two examples of such products are pictured below- Olaplex, which uses a patented technology to help keep hair strong and healthy by repairing broken bonds, and Keranique, which focuses on treating and preventing women's hair loss and uses prestige packaging to help combat some of the shame or embarrassment associated with loss.

Figure 18: Sephora email campaign, August 2018

Source: *Mintel Comperemedia, media id 20180805-052725*

Figure 19: Sephora email campaign, October 2017



Source: *Mintel Comperemedia, media id 20171031-052166*

In a different vein, other brands are turning their attention to color maintenance, particularly for blondes, and offering products aimed to prevent breakage. Balmain created a line focused entirely on treating blonde hair, including various shampoos and sprays designed to protect hair. Amika launched a violet leave-in treatment foam that works as a no-rinse condition treatment to maintain a brass-free blonde hue. And finally, hair care can also be applied to lashes, and some brands, like Grandelash, are finding ways to boost lash growth. This line uses vitamins and antioxidants to increase growth and expanded its products to include serums and primers.

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The Consumer – What You Need to Know

Salons are top destinations, but at-home services on the rise

Out-of-home professional destinations are the most sought, with independent salons and chains being the top locations consumers are visiting for salon services. However, at-home service can't be overlooked, especially since just as many consumers performed services themselves in their homes as went to chain locations. As more products become available to enable performing services at home, this could increase (see Destinations).

Hair care is a top priority, but some seek other treatments more frequently

The majority of consumers receive hair care services, especially haircuts, but since routine maintenance is the main motivation for seeking these services, they don't always drive frequency. Others, such as nail care, facials, and massages, are sought less overall, but those who do receive such treatments are doing so frequently, often for reasons other than routine touch-ups. Aside from self-care, treating oneself or updating one's style are important to some engaged consumers, who are also using salon services to prepare for or participate in social activities (see Types and Frequencies of Services).

Professional preference fuels loyalty

Those who receive salon services display a preference for professional treatment, often resulting in loyalty. The majority of consumers like to receive routine treatments from the same professional, with many even trusting the recommendations of their stylists. Consequently, some also prefer visiting traditional salons instead of in-and-out destinations, but many consumers appear willing to seek more convenient locations on occasion. It's likely most consumers would rather go to the same destination and see the same professionals, but will seek other locations if necessary, posing a possible challenge to maintaining loyalty (see Preferences for Receiving Salon Services).

A bad experience could be detrimental

Consumers overwhelmingly agreed that a bad experience could cause them not to revisit a salon, nor would most be willing to retry a service after an initial disappointing experience. This is crucial, as salons could not only risk losing current customers after a bad experience, but potential customers as well. With many consumers, especially younger adults, turning to peers and/or social media for opinions and feedback, a negative word-of-mouth review could cost a location or professional more potential clients (see Attitudes toward Receiving Salon Services).

Destinations

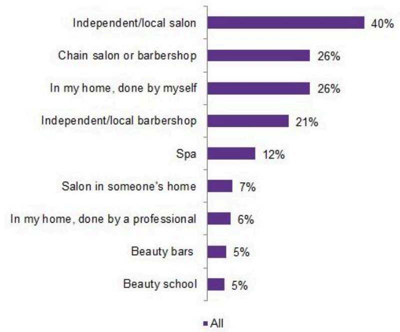
More consumers seek expert service

When it comes to salon services, more consumers seek professional treatment over demonstrating a DIY (do-it-yourself) mentality. Services performed by an expert are preferred, and more consumers are seeking treatments at out-of-home destinations over other options, which isn't too surprising given that haircuts are the top sought service, which most people would likely be more comfortable receiving from someone else, especially an expert. This is indicative of a larger trend of consumers looking to category experts to help them discover what works best for them, similar to a fitness trainer or dietician, and that's no exception in the beauty industry (see Mintel Trend *Return to the Experts*). This is supported by where consumers are receiving salon services, with independent or local salons the most popular locations, followed by chain salons and independent barbershops, while in-home treatments done by a professional were used by less than 10% of consumers. However, one quarter are not only receiving treatments in their home, but are doing so themselves, indicating some adults are willing to experiment on their own.

Key analysis: The good news for salons and professionals in the industry is most consumers show a preference for wanting expert service and help, rather than performing services themselves. While this is a positive indication for the future, with out-of-home destinations continuing to top in-home options, that doesn't necessarily mean consumers will visit the same locations for all their salon services each time, possibly because of time or money restrictions.

Figure 20: Destinations, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

Older women head to the salon, while young men seek services at chains and barbershops

Women traditionally have sought services at salons, and older women are especially likely to head to local or independent salons. This is likely a habit driven out of routine, with older women having established a relationship with a particular salon or professional and displaying a preference for maintaining loyalty to the same professional (see Preferences for Receiving Salon Services). They might also be receiving more routine services (eg haircut, coloring, or professional treatments like keratin) and might prefer to go to destinations they trust.

On the other hand, young men are seeking such services at chain salons and local barbershops, perhaps motivated by two reasons. Men aged 18-44 demonstrate higher frequency of certain services like haircuts and styling on a monthly basis compared to women the same age (see Types and Frequency of Services), which might influence them to prioritize convenience and/or value when determining where to go. Additionally, resurgence in independent barber shops and a trend of men pampering themselves (see Mintel Trend *Man in the Mirror*) might be causing some to seek out independent locations dedicated to their needs so they can treat themselves without care or judgment in a place where they might feel less uncomfortable, versus a destination women tend to frequent.

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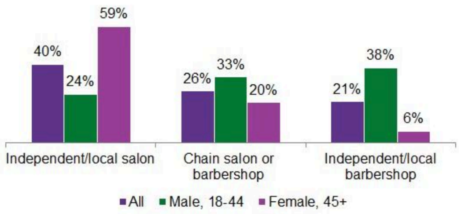
Figure 21: Destinations, by gender and age, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

Moms and younger generations have a DIY attitude

Not all consumers are seeking services from professionals. Moms and those in younger generations are among the most likely to have received treatments in their home and performed treatments themselves, with more than 30% of both groups receiving in-home services. A combination of being pressed for time and an interest among younger generations in at-home beauty treatments is likely driving this activity. While moms likely see the time savings and convenience value at-home treatments provide, younger generations may be more inclined to use devices because of the knowledge-sharing social community they've been exposed to on platforms like YouTube and Instagram, where experts often share tips and tricks for performing services.

Salons and brands can still engage with these consumers by marketing the ease of performing such treatments at home and especially by incorporating tools like social media to aid consumers in the process (eg YouTube tutorials). Additionally, salons should consider promoting any tools or treatments that enable these consumers to perform services at home following a salon visit, in order to encourage flexibility between in- and out-of-home treatments, or reaching out with such information to customers who haven't returned to a salon for a follow-up service for a significant period of time. Such messaging could include promoting products like hair masks or keratin treatments, as well as tools such as high-performing curling or straightening irons.

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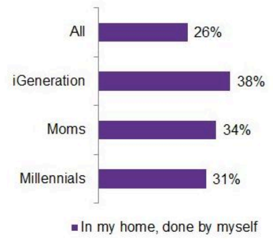
Key analysis: Moms and younger generations are more comfortable receiving services in their home, but also at beauty bars, suggesting they have less allegiance to a specific salon or professional. They're still interested in salon services, but a combination of time and comfort with experimenting on their own likely causes them to seek other destinations. Salons should consider offering these consumers a promotional incentive for purchasing products or tools to be used at home. Alternatively, salons could consider offering a flex day, where customers can schedule last-minute appointments for a specific service on certain days of the week; for example, one Friday a month customers can schedule last minute eyebrow waxing from 3-5pm. These efforts could prevent some consumers from heading to beauty bars and still maintain connections if they choose to perform services at home.

Figure 22: Destinations, by select demographics, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

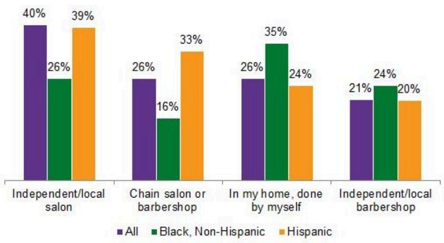
Source: *Lightspeed/Mintel*

Hispanic consumers prefer chain salons, while Black consumers opt for in-home services and barbershops

Hispanic and Black consumers seek professional services, but where they do so differs. Although they visit independent salons, Hispanic consumers are the most likely to head to chains for salon services. Some Black consumers are seeking services at barbershops, doing so more than any other race/ethnicity, but they're also doing services in their homes independently, perhaps partially due to the time and money savings, but also in order to more easily experiment with trends. Salons can try to maintain loyalty among these customers by leveraging at-home products that could be more appealing to Black consumers. They appear to care about salon services but might not be able to regularly seek them professionally, especially if they receive more treatments than other consumers (see Market Factors). Selling at-home products (reasonably priced) suitable for Black consumers could enable them to stay on top of their needs more frequently, and might help persuade them to maintain loyalty to a specific salon on the occasions they head out-of-home. Hispanic consumers appear to prefer professional services, but also possess a value-seeking behavior, especially as the price they consider to be a bargain is lower than the price overall consumers consider (see Price Sensitivity Analysis).

Figure 23: Destinations, by race and Hispanic origin, July 2018

"Where have you received salon services (eg haircuts/hair treatments, nail services, facial/body treatments) in the last 12 months? Please select all that apply."



Base: *2,000 internet users aged 18+*

Source: *Lightspeed/Mintel*

Hair care is a top priority

Not surprisingly, haircare is a top sought service for a majority of consumers, driven by haircuts, but such services don't drive as much frequency as others. While the majority of consumers cut their hair, most doing so every few months, other services such as styling and coloring are also popular. These services might be done in conjunction with haircuts, although they might require less or more maintenance, resulting in varying frequency of service. Salons and other destinations should consider offering promotions for trying new services during routine visits, such as a discounted price on a hair color treatment when receiving a routine cut or blowout, in order to encourage additional trips. Additionally, offering such promotions on future visits, as in a special price on a new or first-time waxing treatment received separately from a routine haircut could drive more frequency among certain customers.

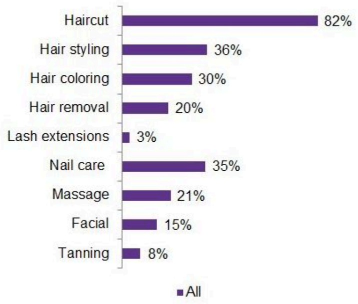
Nail care is also a popular service and is also one of the most frequently sought, with more than 60% doing so at least monthly. It's possible those who are seeking these services regularly are doing so at locations other than their normal salons (motivated by convenience or value), or doing so at a variety of locations, flexing between their preferred salons and other locations that might be easier on certain occasions. Bundled service offers, such as the promotions suggested above, could encourage consumers to receive nail care treatments at their preferred location and do so more frequently if they have an incentive. Other promotions to consider are events that encourage socialization, such as a discount for bringing in a friend or special salon events offering customers the opportunity to sample or try new products and services. Not only could this give customers a reason to visit aside from routine treatment, it also caters to social reasons some customers seek services (see Reasons for Receiving Services) and might encourage new customers to consider receiving services or existing customers to consider new treatments.

Other services, such as tanning and anti-aging treatments, are less popular overall, with less than 10% receiving these treatments (see *Databook)*; however, those who do are doing so regularly. In fact, of those who sought both tanning and anti-aging services, 70% did so at least monthly and more than 40% did so weekly. Those who are seeking these services are likely more engaged in the category and could be open to trying new products or services.

Key analysis: Most consumers are active in the category, receiving a variety of services. However, frequency is likely associated with routine maintenance and care, and could cause customers to avoid visiting consistently or cause them to seek more convenient destinations for in-between touch-ups or quick fixes. Those looking to foster more loyalty and frequency should appeal to the value-seeking mentality some consumers demonstrate, as well as the other reasons consumers seek services, including self-care and socialization.

Figure 24: Types of services, July 2018

"Which of the following salon services have you received in the last 12 months? Please select all that apply."

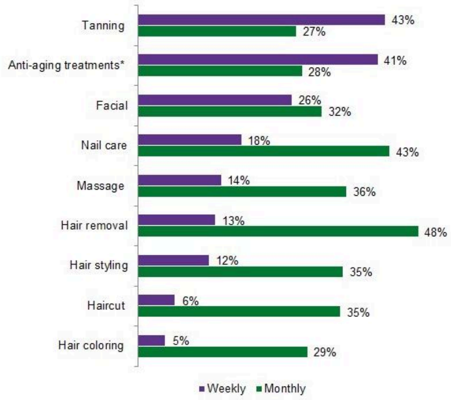


Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Figure 25: Frequency of services, July 2018

"How often have you received each of the following services in the last 12 months?"



** low sample size under 100*

Base: *internet users aged 18+ who received salon services in the last 12 months: haircut: 1,470; hairstyling: 643; hair coloring: 528; hair removal: 352; nail care: 629; massage: 370; facial: 268; tanning: 143; anti-aging: 92*

Source: *Lightspeed/Mintel*

Dads and young men experiment with tanning, anti-aging services

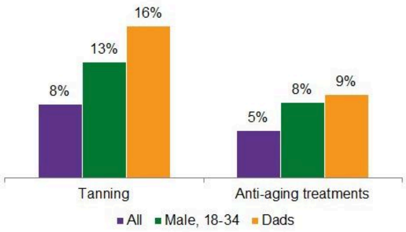
While few consumers overall received tanning and anti-aging treatments in the past year, some appear more interested in these services, and those who do are somewhat surprising. Younger adults were more likely to receive tanning services, which is somewhat expected, with young men especially (and dads) the most likely to do so, as well as receive anti-aging treatments. This suggests younger generations, especially men, might be more concerned with appearance and beauty and could be more willing or interested in a variety of services to maintain their appearance (see What's Working?).

It's possible more men are interested in or would be interested in other salon services but either are unaware they exist or feel uncomfortable receiving them. As more men grow proud and confident in taking care of their appearance, there could be an increasing need for these types of services among this group of consumers (see Mintel Trend *Man in the Mirror*). Such men could be drawn to products and locations that promote the idea of self-care and male grooming and help them feel more comfortable pampering themselves.

Key analysis: Destinations looking to connect with more men or increase use of such services should consider targeting men in their messaging. Promoting that services are available to men and perhaps offering a free trial day exclusively for men and featuring more men in marketing could connect with these consumers and help reduce any hesitation or discomfort with trying such services.

Figure 26: Types of services, by select demographics, July 2018

"Which of the following salon services have you received in the last 12 months? Please select all that apply."



***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

Older women routinely seek hair and nail maintenance, while younger women pamper themselves in other ways

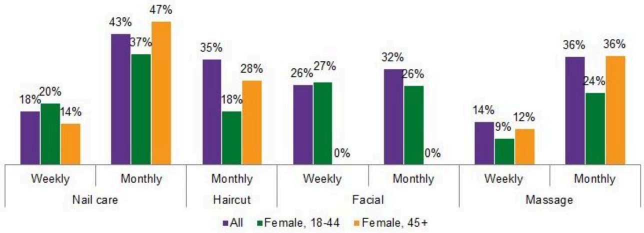
Women generally seek a number of services on a consistent basis, but the types of services vary with age. Older women receive hair care services, such as cuts, color, and styling, mostly monthly along with nail care. This is likely driven out of necessity, perhaps requiring services more often with age, but it's also possibly out of habit and enjoyment. Older women prefer to seek services from the same person (see Preferences for Receiving) and this habit could be an activity they look forward to, that offers them interaction and a sense of community they might not find elsewhere from other activities, such as grocery shopping. Salons could consider teaming with third parties, like Lyft or Uber, to offer transportation for senior citizens to and from their locations so they're able to routinely receive treatments without any issues or hassles.

Young women under the age of 45 are also routinely seeking salon services; however, they're more likely to receive other, perhaps less necessary, treatments – like facials and nail care – frequently, with some doing so weekly. Young women are more likely to splurge on beauty services more than other consumers (see Mintel's *The Budget Shopper- US, November 2017*), so while they might be more concerned with maintaining appearance, they could also be routinely receiving such services as a way to treat themselves, relax, or spend time with friends. Offering rewards for bringing a friend to try a new service or bundled promotions for receiving more than one service during one visit could encourage more exploration and eventually lead to consistent visits for more services, such as nail care and facials.

Figure 27: Types and frequency of services, by gender and age, July 2018

"Which of the following salon services have you received in the last 12 months? Please select all that apply."

"How often have you received each of the following services in the last 12 months?"



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** low sample size (under 100) for women 18-44 facial and women 45+ massage*

***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

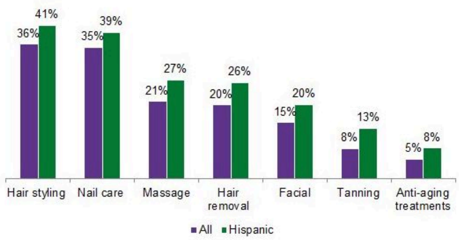
Hispanic consumers seek a variety of services

Many Hispanic consumers place an emphasis on their appearance, and some Hispanic women show a greater willingness to try new beauty products (see Mintel's *Hispanic Beauty Consumers – US, March 2018*). That behavior appears to impact the types of salon services they receive, with many seeking a variety. They're more likely than other race/ethnicities to have received hair styling and removal, nail care, massage, tanning, facials, and anti-aging treatments. However, this increased interest in beauty products and services doesn't overshadow Hispanic consumers' emphasis on value, and that's evidenced by the destinations they choose to receive salon services, as they prefer chain salons more than overall consumers. They're likely budget conscious because of the variety of services they receive, some frequently, and this could pose a challenge for brands and destinations to establish long-term relationships with Hispanic customers.

Key analysis: Hispanic consumers are interested in beauty and salon services. That interest motivates them to try a variety of products and services, but that creates challenges for brands and destinations. Not only does this make them less loyal to a specific location, they're likely making decisions based on value. Those looking to engage with these customers should consider loyalty programs that offer promotional incentives, like punch cards offering a free service once five or 10 have been purchased. Hispanic consumers will likely see the value in such offers and appreciate the opportunity to receive a variety of services.

Figure 28: Types of services, by Hispanic origin, July 2018

"Which of the following salon services have you received in the last 12 months? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Reasons for Receiving Services

Routine maintenance and pampering drive salon services

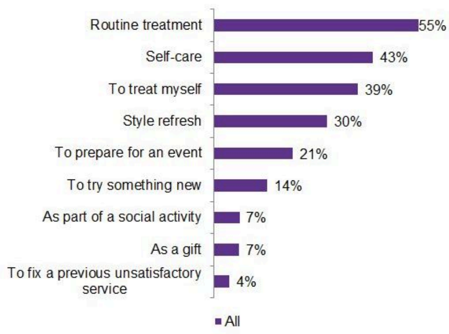
Routine maintenance is the top reason most consumers receive salon services, with more than half citing this as a reason, which could create potential challenges for salons and professionals in terms of growth. However, an optimistic indication is the number of consumers who also receive such services out of enjoyment and interest in self-care, or as a part of social activities. These reasons can be used as motives to encourage more visits for reasons other than maintenance and even entice visitors to try new services or make repeat visits to a location they'd otherwise not be familiar with.

Another interesting point is the role that exploration plays in motivating consumers to receive salon services. Some showcase an interest in exploring new services or desiring a new look, motivating them to seek certain services for reasons other than routine maintenance. Those who received services as part of a style refresh or just to try something new are likely looking to sources to inform them of what's new, trendy or stylish, such as social media or peers. Salons or destinations that maintain an online community showcasing the latest trends and styles, on both their professional staff and their customers, could help to reach new customers who might be actively looking for such content. This can also help existing clients to trust their salon and professional as a verified source of what's stylish and trendy in the beauty world.

Key analysis: Routine maintenance will very likely always be the top reason consumers seek salon services, but that's not enough to foster long-term growth or innovation. Salons, destinations, brands, and others looking to drive engagement and/or reach new clients should cater to the adventurous nature some consumers possess for beauty/personal care – and their interest to try a new style or service – as well as appeal to the social aspect that's often a motivating factor for receiving services. Since many consumers are pursuing services out of enjoyment and interest, there's an opportunity to create events or explore offering at-home services and parties. Leveraging social media could be impactful, not only for showcasing new products and services, but also to share the voice of those who've had a positive experience and encourage their peers to consider such services.

Figure 29: Reasons for receiving services, July 2018

"Which of the following are reasons you have had a salon service done in the last 12 months? Please select all that apply."



***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

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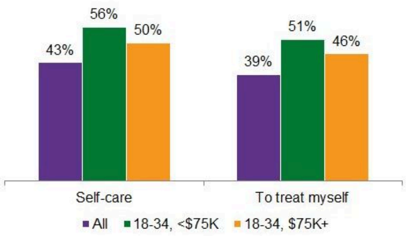
Younger generations prioritize pampering, regardless of income

Aside from routine treatment, other reasons regarding pampering also drove many to receive salon services, with more than 40% seeking services as part of self-care and nearly 40% doing so to treat themselves. Younger consumers are especially likely to seek salon services for these reasons, regardless of their income, with more than half of service seekers aged 18-34 with HHI (household income) less than $75K doing so for either reason. Not only does this indicate younger consumers value their appearance and prioritize their beauty routines (and ultimately, their beauty treatments), it's also reflective of a larger trend of consumers focusing on experiences over buying tangible items (see Mintel Trend *Experience Is All*). Younger adults, despite having budget restrictions or not, could see more value in spending their money on services like routine hair styling and manicures over buying a new outfit.

Key analysis: These customers, especially those with limited income or spending money, might be good candidates for loyalty program opportunities, where they can receive special rewards or discounts for receiving certain services. Such programs would enable them to receive numerous services while still getting value, which could create more loyalty to a specific stylist, destination or product.

Figure 30: Reasons for receiving services, by age and household income, July 2018

"Which of the following are reasons you have had a salon service done in the last 12 months? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Style and self-care are important to moms

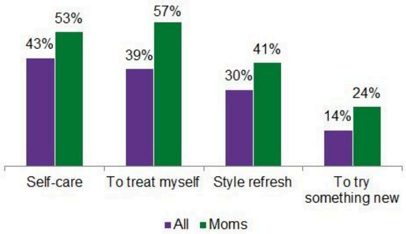
Some consumers, especially young women and mothers, are seeking services as a way to practice self-care. It's very likely that women and especially moms, who are often responsible for household needs and childcare (see Mintel's *Marketing to Moms- US, September 2017*), are making time for themselves and prioritize spending that time (and money) in ways that boost their self-confidence or allow them to focus on their role as a woman and not solely a parent. More than half of moms and 60% of women aged 18-34 sought services because of self-care, and similarly to treat themselves, suggesting that some services could be considered essential, and therefore fall under "self-care" while they might also be tying in other, unplanned services, such as a facial, during routine trips as a way to treat themselves.

These adults also appear to have a genuine interest in beauty trends and are also receiving services to refresh their style or experiment. Women and moms are staying up to date on beauty trends and looking to sources such as social media, bloggers, and salon professionals for beauty trends and inspiration, highlighting an opportunity for salon professionals or brands to use these mediums as a way to reach women and encourage them to visit more frequently or try new services.

Key analysis: Since so many women are prioritizing salon services as a way to care for and treat themselves, they're likely interested in beauty trends and styles. Thus, they would likely appreciate opportunities or promotions to try new treatments or services and then share their post-service treatments on social media. Doing so could not only boost their confidence and offer them a chance to showcase their style to others, but also give them the opportunity to express their identity beyond their role as "mom". This interaction could increase both salon and/or brand or product exposure to other interested women or similar consumers in their customers' social networks.

Figure 31: Reasons for receiving services, by parental Status, July 2018

"Which of the following are reasons you have had a salon service done in the last 12 months? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Multicultural adults cite social activity, pampering as reasons for choosing salon services

Multicultural consumers are driven to seek services to treat and care for themselves, but they're also more likely to be prompted by a social occasion, indicating they see value in making themselves look their best for certain occasions. Consumers were asked to describe what occasions would prompt them to go to a salon for services, and below are some of their answers.

What occasions usually prompt you to visit a salon for certain services? What, if any, are some services you typically do at home but will visit a salon for a special occasion?

"Occasions such as graduations ,sometimes birthdays , and other special events would prompt me to visit a walk . Overall I typically straighten and style my own hair. Every now and again I would treat myself to a salon visit ."

Black or African American woman, aged 18-24, with HHI of $100-$149K

"Parties, like marriages, birthdays, baby showers, congratulations will of course prompt me to go in for a new head style.

The services I usually do at home include nails keeping and feet care. In occasions, I could have my nails done too at a salon but certainly not my feet."

Black or African American woman, aged 25-34, with HHI of less than $25K

"All occasions because it is best to look your best at all times."

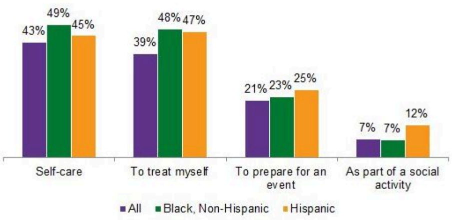
Black or African American woman, aged 25-34, with HHI of less than $25K

Note: Responses are verbatim and may include spelling and grammatical errors.

Key analysis: Rewards or referral programs that reward them for trying new treatments and/or for recommending them to others would likely resonate with multicultural consumers. They also might be more willing to share their experiences, especially if they take pride in their appearance, and could be interested in salon influencer programs that allow them to share their style and experiences, while also generating awareness for the salon.

Figure 32: Reasons for receiving services, by race and Hispanic origin, July 2018

"Which of the following are reasons you have had a salon service done in the last 12 months? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

A preference for professionals

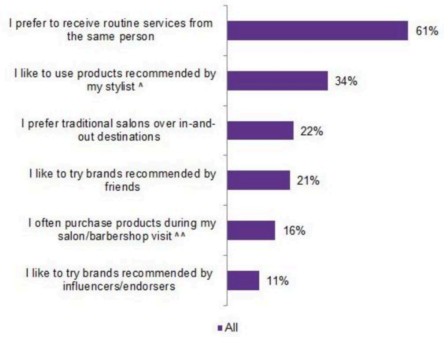
Most of those who've received salon services prefer professional service and opinions, when it comes to determining where to seek services, what to receive, and which products to buy. More than 60% of service seekers are loyal to the same person when receiving routine treatments, which is a positive indication for the industry. Not only do they prefer receiving treatments from the same person, but more than one third also prefer using the products their stylist recommends, and roughly 15% often buy products during their visit, but there's room to grow. Professionals can use their role as category experts not only to make styling recommendations, but also to promote products and additional services to their repeat clients, which might encourage more frequent visits even for additional treatments. Salons and stylists need to be cautious of their recommendations, as an unsatisfactory experience could cause some customers not to return or not to revisit the particular service (see Attitudes toward Receiving Salon Services).

Others prefer to seek outside sources for opinions, and more than 20% like trying brands or products recommended by their friends, while more than 10% feel the same about influencer recommendations. Perhaps salon destinations and professionals can explore brand ambassador options, knowing some clients would be interested in outside opinion, but could also view brand ambassadors as a stamp of approval from their salon or stylist. However, salons and professionals could consider alternative opportunities designed to allow their clients to try new products or services, especially those that are new to a salon or are still in the trial phase. This would enable their customers to explore what's new and voice their opinions, allowing salons and professionals to grow their social media presence, gain feedback, and make product or service decisions, while also building trust.

Key analysis: The client's relationship with stylists and salons is important to many, affecting not only when and where consumers receive services, but also what they buy. Salons and stylists need to embrace their role as experts to build trust with clients and use that relationship to try and encourage incremental sales and visits. However, that relationship is also based on credibility, and salons and stylists need to be cautious of supporting or promoting products or services for the wrong reasons or those that haven't been verified. They could risk jeopardizing customer trust if they convince them to use a product or receive a service that delivers unsatisfactory results.

Figure 33: Preferences for receiving services, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply.'



^ 1,586 internet users aged 18+ who received professional treatments in the last 12 months, ^^ 1,557 internet users aged 18+ who visited a salon or barber shop in the last 12 months

***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

Women display a loyalty to their stylist

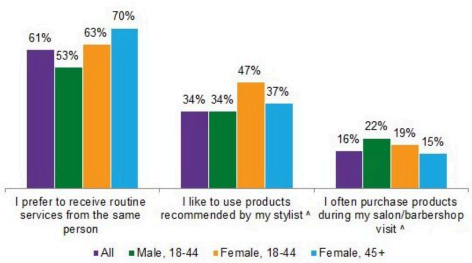
Women are more likely than men to prefer receiving their routine services from the same person and are also more likely to buy the products their stylist recommends. A preference for loyalty to the same stylist increases with age, while younger women prefer using stylists' recommendations. Younger women might be more engaged in the category and have more interest in trends, which could make them more receptive to recommendations, but might also influence them to seek services at non-traditional destinations like blow dry bars or lash salons, or even experiment with services at home (see Destinations).

However, that doesn't mean they're often making purchases during their visits, and young men aged 18-34 were actually the most likely to do so. Women receive services for a variety of reasons, perhaps causing them to visit salons more frequently than men, meaning they might not have as much of a need to buy products at every visit, or their budget won't allow it. Salons should be careful about making recommendations for helpful products or services for certain female clients, without making them feel pressured to purchase at every visit. Perhaps sending e-mail or text reminders about available products or purchase replenishments are a way to encourage incremental sales in a less pressured environment.

Key analysis: It's important to remember the reasons why women seek services, with younger women especially likely to do so to remain stylish and also to practice self-care (see Reasons for Receiving Salon Services). Their reasons for receiving suggest they prioritize spending time and money on these routines and likely place more trust in their stylist and value their opinion, because they want to ensure they're receiving not only what's stylish, but what's best for them. Salons and stylists should recognize young women, not only for their loyalty, but for the value they place on client/stylist relationships, and look to grow that relationship, and ultimately the types and frequency of services their clients receive, by making the experience more personal.

Figure 34: Preferences for receiving services, by gender and age, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply."



^ 1,586 internet users aged 18+ who received professional treatments in the last 12 months, ^^ 1,557 internet users aged 18+ who visited a salon or barber shop in the last 12 months

***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

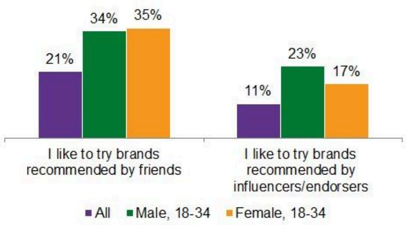
Outside sources influence younger generations

Although they still demonstrate a preference for using stylist-recommended products, the youngest generations also like to turn to other sources for recommendations on brands and products. More than 30% of Millennials and one third of iGeneration consumers like trying products or brands recommended by their peers, while social media also impacts what both generations try. Customers in these age groups are more digitally native and are likely more accustomed to not only interacting on social media, but to using it as a resource for product discovery. Moms are especially likely to turn to Facebook to discover beauty products online, while young women aged 18-34 are using a mix of YouTube, Facebook, and Instagram for beauty product discovery (see Mintel's *How Consumers Discover Products Online- US, April, 2018*). In fact, younger generations may find the opinions of their peers, whether shared face-to-face or through social media, more impactful than messages from the brands or salons themselves (see Mintel Trend *Influentials*).

Although young men and women appear to turn to these sources similarly, it's worth noting that men are also more likely than young women to make a purchase during their visit, and also prefer to look at social media for recommendations more than women. It's possible women have a clearer sense of their preferred style and trust the opinion of their friends or stylist who share a similar aesthetic, while men might be looking for more direction to determine what's "in" and prefer looking to multiple sources for recommendations. Salon destinations and stylists who promote their services or products on social media might reach beyond engaged women clientele, but could also reach men who are perhaps looking for guidance and might feel more inclined to visit a particular location or try a service if they discover it through what they consider to be a trusted source through their peers or social media connections.

Figure 35: Preferences for receiving services, by gender and age, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Multicultural consumers prefer using products from trusted sources

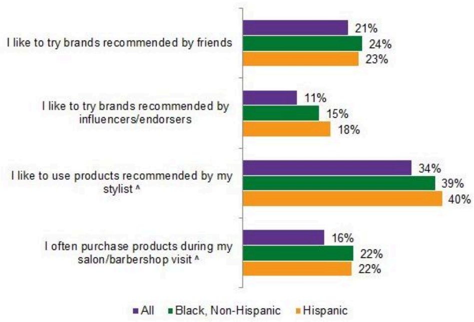
Both Black and Hispanic consumers prefer sticking to the recommendations of experts and/or trusted sources, preferring stylist recommendations above all else, while also demonstrating a preference for friend or influencer recommendations. Since they're also more likely than overall consumers to make purchases during their visit, these sources could be crucial to encouraging incremental sales during visits. Salons and stylists can turn to their social media presence to engage with existing Black and Hispanic customers to establish deeper connections and potentially encourage loyalty.

An example of such relationships can be found outside the beauty industry at Neiman Marcus, which encourages its sales associates to interact with existing clients via Instagram, notifying them of new or exclusive products and enabling their followers, also potential customers, to contact them to reserve or purchase an item. The same concept could be applied to salons and stylists, who can use social media to highlight new products or available services, spotlight other customer results, and even broadcast potential openings or special events. Doing so could help these consumers view their salons and stylists more like friends, and trust their expertise, which might motivate them to try or buy new products and services.

Key analysis: Salons or stylists that post social media content regarding new products and exclusive sales or promotions provide a more transparent relationship with these customers and potentially increase trust and a willingness to try more services.

Figure 36: Preferences for receiving services, by race and Hispanic origin, July 2018

"Which of the following statements about salon services do you agree with? Please select all that apply."



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

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Negative experiences and stylist recommendations strongly influence consumers' decisions

Most consumers don't feel that at-home devices are as effective as receiving treatments at a salon, and, similarly, most are less comfortable getting treatments at home versus in a salon. Certainly, some consumers may be more inclined to give services a try at home, especially if price is a hindrance (see Price Sensitivity Analysis), but most seem to appreciate the experience of going to a salon and consulting with their stylist. In fact, the majority of consumers (72%) trust their stylist's recommendations, and few feel pressured during their visit. While this is good news for professionals and out-of-home destinations, there are some factors, such as a poor experience or unsatisfactory service, that could cause consumers to turn to at-home devices or treatments rather than revisit a salon or try new services. Three quarters of consumers would never revisit a salon where they had a bad experience and 40% wouldn't retry a service if they had an initial unsatisfactory experience. This suggests that while some might be willing to give a particular service a second chance, they'd likely consider doing so at a different salon.

Key analysis: Even more than losing the unsatisfied customer, a negative experience could result in negative feedback by way of reviews, social media, or even word-of-mouth comments, which can be just as impactful and prevent others from visiting a salon or trying a service. For these reasons, salons and even stylists should be consistently monitoring their public profiles for such feedback and quickly addressing any dissatisfied customers. While not all can be persuaded to give the salon or service a second chance, they might at least be inclined to share follow-up feedback that they were contacted by the salon or stylist, helping to restore brand image.

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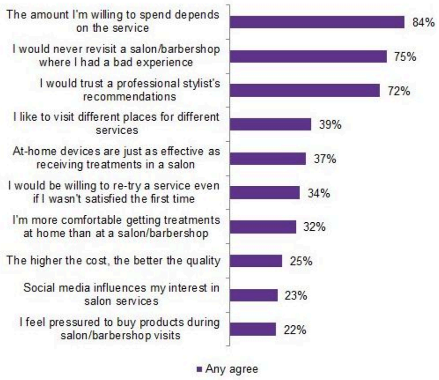
Figure 37: Attitudes toward receiving salon services, July 2018

"Which of the following statements about salon services do you agree with?" [Any agree]



***Base:** 1,788 internet users aged 18+ who received salon services in the last 12 months*

***Source:** Lightspeed/Mintel*

Young men are more forgiving

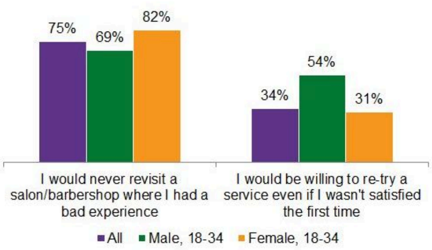
Consumers are mostly not willing to revisit a salon where they had a bad experience or retry a service after an initial unsatisfactory experience. Women are tougher critics and are less likely to give salons or services a redeeming chance, while young men are more forgiving. This is especially true of younger women aged 18-34, with more than 80% agreeing they would never revisit a salon after a bad experience, and only 31% willing to retry a service that didn't meet their satisfaction. Women in this age group are more likely than overall consumers to seek a variety of services at a variety of destinations (see Destinations), which might give them less reason to be loyal, at least for some types of salon services. A bad experience or unsatisfactory treatment could prompt them to move on and not look back, while young men might be looking for more guidance from salons and stylists, making them more willing to revisit.

Salons and other destinations should ask customers, especially first-time visitors or those who received a treatment for the first time, to share their feedback either through reviews or social media, and should consider offering them incentives for doing so. Incentives in exchange for feedback don't have to equal discounts; rather, these could take the form of other perks, such as the chance to sample new products at home, be featured on the salon's social media pages, or even receive a one-time special booking offer, such as an at-home stylist visit or preferential booking for their next service. These offers could signal to customers that both the salon and stylist care about their relationship and could help to build the trust that many customers seek.

Key analysis: ***Salons*** *should also review their bookings and look for customers who haven't scheduled a follow-up visit or haven't made a return visit and consider offering them a unique promotion for a return visit or new service, such as special bundled pricing on a haircut and color, or the option to receive better rates if they pre-book their follow up visits in advance. Additionally, those who've shared a less than satisfactory experience on social media or customer reviews should be contacted directly and asked to provide further feedback. Doing so would likely require some additional incentives, and* ***salons*** *could develop second-chance promotions designed to persuade customers not only to come back, but perhaps even to bring a friend in order to convince others who might be hesitant. An offer of a second chance at a service and the opportunity to do it with a friend appeals to the social aspect some consumers enjoy when receiving* ***salon*** *services and helps to boost a* ***salon's*** *image to more potential customers.*

Figure 38: Attitudes toward receiving salon services, by gender and age, July 2018

"Which of the following statements about salon services do you agree with?" –Any agree



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

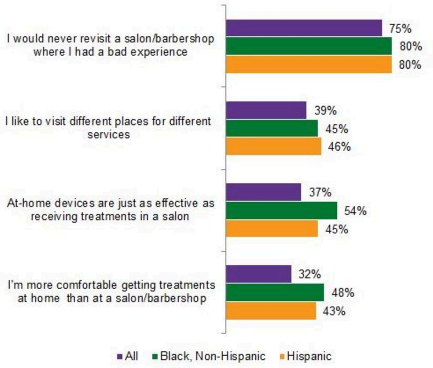
Multicultural consumers don't stick to the salon

Black and Hispanic consumers expressed similar sentiments regarding where they receive salon services and what influences their decisions and interests. Both are more likely to not revisit a salon after a bad experience, with 80% of both consumer groups agreeing. This is perhaps in part because they tend to visit numerous destinations as opposed to just traditional salons (see Destinations) and almost half like to visit different locations for different services, making them less obligated to a destination where they had a bad experience. At-home solutions are also of interest to both Black and Hispanic consumers, and they're more comfortable with such treatments than overall consumers, which could give them less reason to go back to a salon following a bad experience or service. Since both consumer groups receive a variety of services, they might be more influenced by value and could be seeking destinations or other options that are more cost efficient than traditional salons. A bad experience or unsatisfactory service might be more than just disappointing to these consumers; it could cause them to feel they wasted money they can't get back. However, salons or individual stylists that contact these customers following such an experience could prompt them to reconsider if they see value. Offering a reward or incentive for second-chance visits could resonate with these consumers and make them feel valued and appreciated.

Key analysis: Although they are more unwilling to revisit a salon or retry a service, the desire for value and general interest in a variety of salon services might prompt both Black and Hispanic consumers to reconsider if they feel it's worthwhile. Both consumer groups are more receptive of at-home treatments than other consumers and are also influenced by social media. Salons and stylists should consider these factors when addressing customers who've had bad experiences and should leverage these factors to prompt a return visit or service. Offering perks such as complimentary products for clients to use at home, a one-time at-home stylist visit or even the chance to act as a brand or salon ambassador via social media could entice these customers to offer a second chance.

Figure 39: Attitudes toward receiving salon services, by race and Hispanic origin, July 2018

"Which of the following statements about salon services do you agree with?" –Any agree



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

In their own words

Consumers describe past unsatisfactory experiences receiving salon services.

Tell us about a time that you had a disappointing or unenjoyable experience at a salon. What type of service did you receive and was it you first time doing so? Have you received that service again at the same salon or did you go elsewhere after the bad experience? Have you revisited the same salon for something else? Why or why not?

"There was a time when the lady who was doing my hair was very rude and made remarks about my hair line. It really surprised me how rude she was. I never went back to that salon for anything ever again."

Native American or Alaskan native woman, age 18-24 with HHI of $50-$74.9K

"One time I had a disappointing evelroebcd at a salon was when I was getting my hair done and the stylist didn't make my hair look the way I wanted it to. I was getting my hair straighten and styled and it looked very simple and I was upset. My picture day was the next day. I had to wake up early next morning to go to a new stylist and she did a great job. I still thanked the stylist kindly but I didn't visit the salon again I learn from one bad experience."

Black or African American woman, age 18-24 with HHI of $100-$149.9K

Note: responses are verbatim and may include spelling and grammatical errors.

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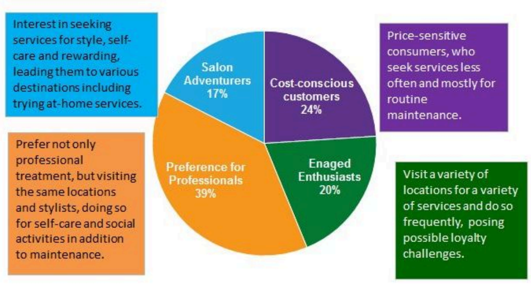
Cluster Analysis

Consumer attitudes split between adventurous, cost-conscious, enthusiastic, and professional preference

Mintel conducted a cluster analysis based on consumers' attitudes toward receiving salon services, identifying four groups of potential customers based on their responses toward salon services. The results can be used to identify how and why different groups approach seeking salon services, helping brands, salon destinations, and salon professionals better tailor messaging to directly appeal to various targets. The four clusters identified are: Cost-conscious Customers (24%), Engaged Enthusiasts (20%), Preference for Professionals (39%), and Salon Adventurers (18%).

Figure 40: Cluster analysis – Attitudes toward receiving salon services, July 2018

"Which of the following statements about salon services do you agree with?"

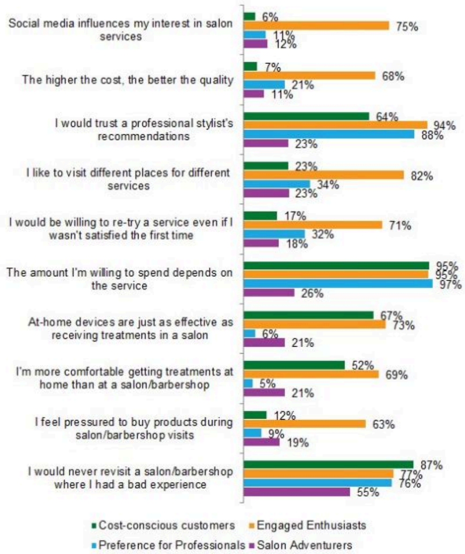


Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Figure 41: Attitudes toward receiving salon services, by attitudes toward receiving salon services clusters, July 2018

"Which of the following statements about salon services do you agree with?"



Base: *1,788 internet users aged 18+ who received professional treatment services in the last 12 months*

Source: *Lightspeed/Mintel*

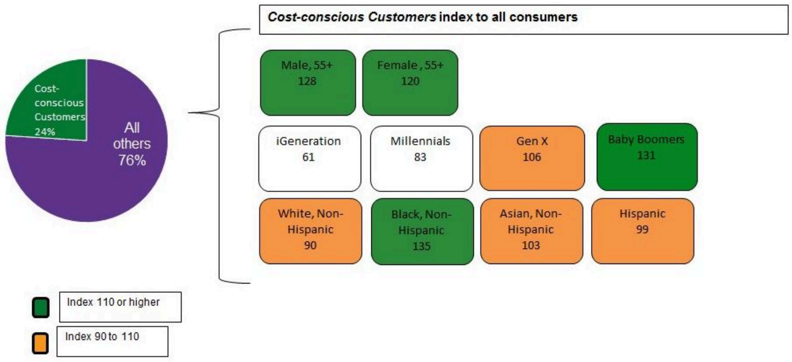
Cost-Conscious Customers

Consumers in this cluster group tend to be more price-sensitive, as their name suggests, and may have lower thresholds for what they consider to be inexpensive or even a bargain, compared to other consumers. For these reasons, they're not necessarily going to equate higher prices with higher value or quality, and are likely not going to seek services for reasons other than routine maintenance or self-care. Their price sensitivity likely influences them to seek services less frequently than others; however, they might be more loyal and voice a preference for seeking the same stylist and visiting the same destination rather than a variety of locations.

Since they're also conscious of stretching their dollar, they're less willing to return to or retry a salon or service if they've had a bad experience, but perhaps could be enticed if offered something that provides value, such as a one-time offer or product trial. They're more interested in at-home products and devices and appear more comfortable receiving services at home, but don't feel pressured to buy items during their visits. Salons or professionals that encourage or recommend certain products or services that allow them to maintain their treatments at-home in between visits could appeal to these consumers and keep them engaged and keep them returning to the same salon/stylist, even if it's less frequently than others.

Consumers in this cluster skew toward older adults aged 55+, especially men and/or those with HHI under $75K, and Black consumers.

Figure 42: Profile of cost-conscious customers, July 2018



Source: *Lightspeed/Mintel*

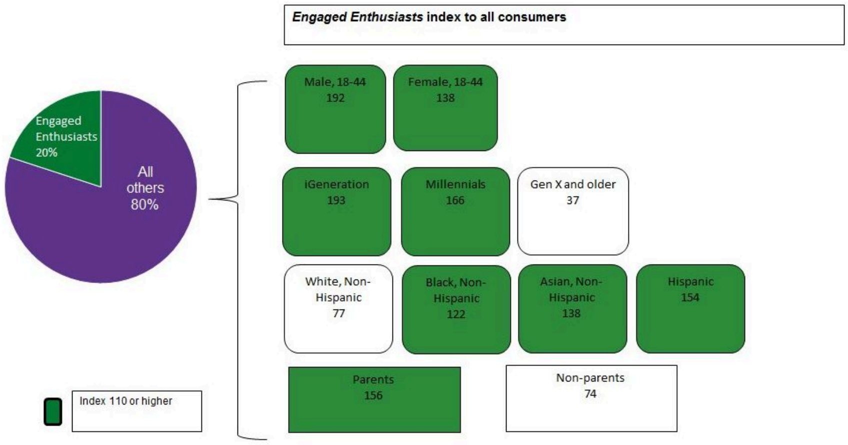
Engaged Enthusiasts

Consumers in this cluster are highly engaged, as their name suggests, and they're more likely to visit a variety of locations, including beauty bars and at-home treatments performed themselves, for a variety of services and to do so frequently. They appear to prioritize looking and feeling their best, which keeps them seeking many services often, but that could also represent loyalty challenges with consumers in this group. Programs that encourage loyalty while also allowing these adults the chance to try new products or services could foster more loyalty. Ideas include rewards for piloting new treatments or products that salons are considering carrying, or even the opportunity to represent the salon as an influencer or brand ambassador, especially since these options cater to engaged enthusiasts' tendency to seek services for style refreshes or just to try something new.

These consumers are influenced by recommendations of others and trust their stylists' recommendations, so they might appreciate at-home product or tool suggestions that enable them to receive services frequently, but do so at home when they're not at their preferred salon. Options to reserve online or via a mobile app and/or options to schedule last-minute appointments for certain services, such as waxing or hair styling, would likely appeal to Engaged Enthusiasts and could be used as loyalty program rewards to encourage future return visits (eg a reward for a walk-in waxing appointment on the customer's day of choice). They're less price sensitive than other consumers, having higher perceptions of what they consider to be a bargain or getting expensive, so that should be kept in mind if they're asked to provide feedback for new products or services.

Consumers in this cluster skew toward younger adults aged 18-34, especially young men, iGeneration consumers and Millennials, Hispanic consumers, and parents.

Figure 43: Profile of engaged enthusiasts, July 2018



Source: *Lightspeed/Mintel*

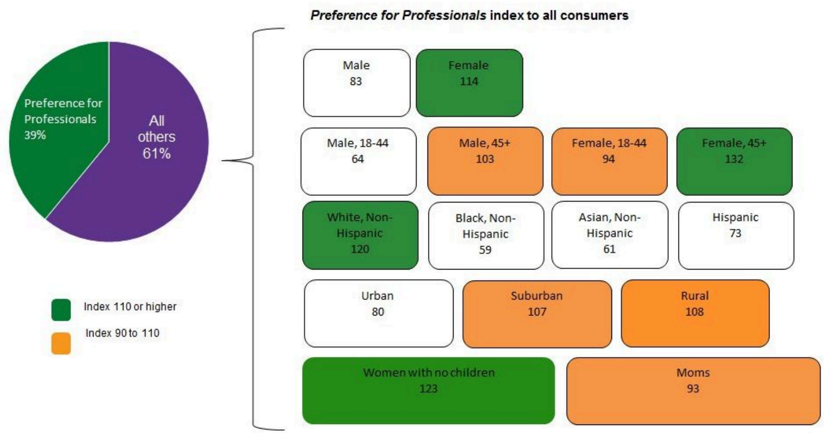
Preference for Professionals

Consumers in this cluster unsurprisingly prefer to seek professional treatment versus doing so at home and mostly prefer independent or local salons, but also do seek chain destinations. In addition to hair treatments, they seek a variety of other services including nail care, facials, and massages, but prefer to do so at the same location, while also demonstrating loyalty to the same professional, indicating these consumers are valuable and crucial for future growth. However, they're more trusting of their stylist's opinion (especially compared to other outside influences) and might be influenced to leave a salon in order to follow their stylist, so salons should also consider this when exploring ways to retain their employees.

Routine treatment is a top motivation for seeking services among these consumers, but so are self-care and self-rewarding, as well as preparing for social activities. These adults are likely more inclined to seek a number of services when preparing for a social event and could appreciate rewards for bringing a friend to make the experience more special, or the option to have a stylist come to their home to prepare for a special occasion (doing so might prevent them from having to go to another location out of convenience). They are willing to pay more for certain services and aren't price sensitive, so these consumers might accept higher fees for having a stylist travel to them or having the option to visit a salon after hours to prepare for an event.

Consumers in this cluster include adults aged 35+ and especially women, Gen X and older generations, White, non-Hispanic consumers, urban and rural residents, and married women.

Figure 44: Profile of preference for professionals, July 2018



Source: *Lightspeed/Mintel*

Salon Adventurers

Consumers in this cluster mostly seek professional services at independent salons, but are also willing to try other destinations like chains and beauty bars, in addition to doing treatments at home independently. Aside from routine treatment, their motivation to seek services includes an interest in self-care and rewarding, as well as refreshing their style. Yet, they're mostly receiving services on an every few months basis, possibly restricted by price, and could be interested in opportunities that allow them to try more services, more frequently. Perhaps offering advanced booking prices could not only encourage these consumers to plan more frequent visits, but might motivate them to do so for more treatments.

Loyalty is also an issue among these consumers: they're less likely to always prefer traditional salons over in-and-out destinations, and they care less about seeking the same treatment from the same person. It's possible they operate more in the moment, preferring to spontaneously seek services rather than plan in advance, which might cause them to be more adventurous when deciding on destinations. Salons looking to retain these customers should consider offering bundled options, such as a better rate for booking a hair color treatment and a blowout in addition to their next haircut, which might help them see more value, especially since they tend to be more price-conscious. Such options could also encourage them to think long-term with their treatments and plan in advance, preventing them from heading to a walk-in or more convenient location when they find themselves in need of a service.

Consumers in this cluster include adults aged 55+, especially men and those with household income under $50K, Asian, non-Hispanic adults, and single men.

Figure 45: Profile of salon adventurers, July 2018

Source: *Lightspeed/Mintel*

Price Sensitivity

Price influences the types of services and destinations consumers seek

Price is one of the most important factors regarding receiving salon services, with a majority feeling that price depends on the treatment and that high cost doesn't always equal high quality (see Attitudes toward Receiving Salon Services). This flexible attitude toward price and service could be causing a split regarding how consumers view certain destinations, with sentiment regarding visiting different places for different services divided equally. Those who are comfortable visiting different places for different services could be doing so based on price, finding it more economical to go to various types of destinations in order to save money, or finding service-specific locations – such as a blow dry bar – less expensive than traditional salons.

This fluctuating attitude not only indicates a possible issue with loyalty, caused by price sensitivity, but could also influence some consumers to use at-home devices or DIY products at home rather than receiving services from a professional in order to save on services. Hair care services are among the most sought by consumers, and 30% of consumers received hair color services specifically (see Types and Frequencies of Services). Since such services are often sought on a monthly or every few months basis, it's important to understand consumers' price perception to avoid causing lower frequency and identify opportunities to reduce consumer hesitation regarding receiving such services professionally and perhaps drive not only more frequency, but loyalty as well.

$40 is the sweet spot for hair color services

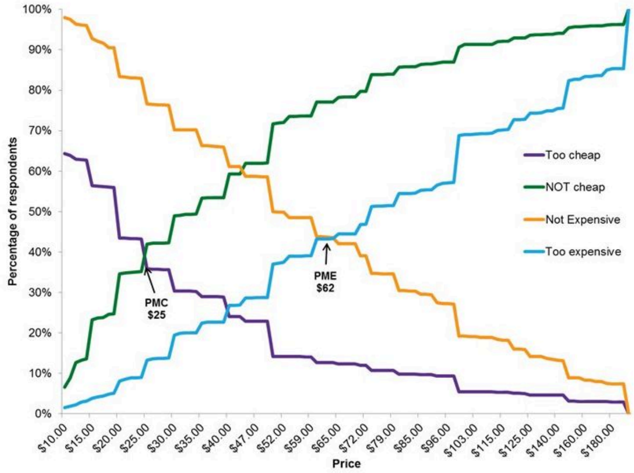
Mintel conducted a price sensitivity analysis specifically regarding hair color services, gauging the prices consumers consider to be too cheap, too expensive and ultimately, appropriate for hair color. The outcome suggests hair color is best priced between $25-$62, with most consumers viewing anything lower than $25 for such services as too cheap and anything over $62 as too expensive to consider.

When asked what price would be considered a bargain for hair color services, the median response was $35, while $51 was considered the price that most consumers would consider to be getting expensive, but still worth consideration. This makes $40 the optimal price for hair color services in order to appeal to most consumers. There are some varying price perceptions, which are likely influenced by certain factors like DPI or area of residence influencing consumers' thresholds. For example, urban and rural residents both appear willing to pay more, likely because they're limited either by proximity or ease of transportation, while suburban consumers, who might have more options at their disposal, have lower thresholds of what they consider to be a bargain.

Key analysis: Since consumers prioritize haircare among all salon services, but are seeking services like haircuts and hair styling on a similarly frequent basis, most consumers might not be able to spend more than the OPP (optimal price point) in addition to spending on cuts and styling, as well as other services they frequently seek, such as nail care. Salons should consider their location and the demographics of their core clientele and tailor pricing accordingly, in order to not only increase frequency of hair color services, but ensure clients are able to visit them consistently for a variety of services as well. Making sure they stay above the PMC (point of marginal cheapness) is crucial in order to maintain a valuable image, convincing clients they deliver on quality and value, but salons should consider staying between the bargain price and OPP for services like hair color. Even more, they should explore offering a mix of bargain and optimal pricing for other services, offering perhaps a lower price point on services received most frequently and staying in a slightly higher price range (between OPP and PME) for services consumers seek less frequently in order to maximize sales and profit for the salon.

Figure 46: Price sensitivity analysis- threshold price chart, July 2018

"Specifically thinking about the price of getting your hair professionally colored (eg any color treatment you receive from a professional, either at a salon or in-home)…"



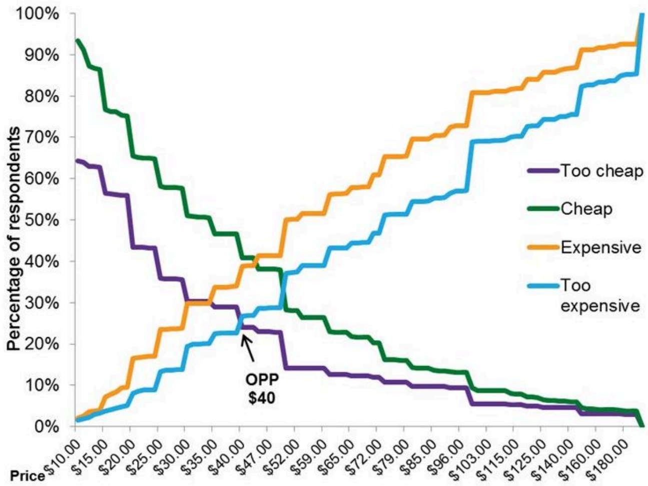
PMC = Point of marginal cheapness; PME = Point of marginal expensiveness

Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

Figure 47: Price sensitivity analysis- Optimal price point (opp), July 2018

"Specifically thinking about the price of getting your hair professionally colored (eg any color treatment you receive from a professional, either at a salon or in-home)…"



OPP = Optimal price point

Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

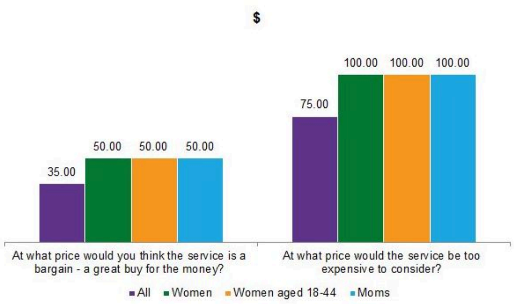
Source: *Lightspeed/Mintel*

Women are willing to spend more

Women place a priority on hair care services and even receive hair coloring more than average consumers, with 46% of women seeking hair color services compared to 30% of overall consumers, and they're willing to pay for it. Their views on what's considered a bargain, getting expensive, and too expensive are much higher than all consumers' price perceptions. As previously mentioned, women and especially moms are prioritizing "me time" and are likely using salon services as a way to not only make time for themselves, but to practice self-care. Their price perceptions suggest they're not only willing to make time for salon services, but are also willing to spend money. Because they value this time to themselves and place an emphasis on their style and appearance, it's possible they want to ensure they're investing in the right services and at the right locations. Salons that offer prices they consider to be too inexpensive could risk appearing not as valuable to these customers, but as cheap, and could prevent them from visiting or returning to their salon or destination.

Figure 48: price sensitivity analysis, by select demographics, July 2018

"Specifically thinking about the price of getting your hair professionally colored (eg any color treatment you receive from a professional, either at a salon or in-home)…"



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

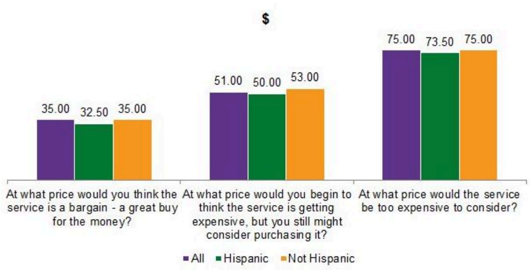
Hispanic consumers are more price sensitive

Hispanic consumers have differing views than overall consumers regarding the price they consider to be a bargain or what they consider to be expensive for hair color services. They tend to be more price sensitive, viewing each level with a less expensive threshold than average. This attitude is reflected in the destinations they seek salon services, with Hispanic consumers more likely to visit chain salons, which tend to be less expensive than traditional or independent salons (see Destinations). But they also receive a larger variety of services compared to overall consumers, likely prompting them to be more price sensitive or thrifty, since they seek more than others. Hispanic consumers might be more responsive to bundled promotions, such as a lower price for services booked together and/or in advance, like a special price on receiving a haircut, styling, and color service at the same time. Additionally, loyalty programs could be a good way to appeal to both the variety of services Hispanic consumers seek and their value-seeking mentality, allowing them to earn rewards and save more for receiving more services.

Key analysis: Hispanic consumers are engaged in the category, evidenced by the types of salon services they receive, but that behavior also makes them more price-sensitive. They likely have to be more conscious of what they're spending , and have lower price thresholds, in order to receive all the services they desire. These consumers are willing to try and experiment with services, and that willingness should be encouraged by salons by offering some flexible pricing options, like bundled service promotions or loyalty programs. Providing such flexibility could enable these consumers to receive more treatments more frequently and give them a reason to maintain loyalty to a specific location.

Figure 49: Price sensitivity analysis, by race and Hispanic origin, July 2018

"Specifically thinking about the price of getting your hair professionally colored (eg any color treatment you receive from a professional, either at a salon or in-home)…"



Base: *1,788 internet users aged 18+ who received salon services in the last 12 months*

Source: *Lightspeed/Mintel*

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How much, and for what, consumers are willing to pay

Consumers were asked to describe their spending limits and which service they'd prioritize spending on, if they could only receive one per month. Most prioritize hair care in some form, expressing a preference for professional service. However, expensive prices on such services might cause some consumers to perform other treatments at home, limiting the frequency and types of services they seek from salons.

Let's talk about spending limits. If you were limited to receiving one salon *service per month, what would you choose to have? In general, which services are you willing to spend on and which do you feel aren't worth the investment? How likely are you to upgrade an existing service (eg add more time to a massage) or impulsively get an extra service while receiving a planned one (eg deciding to also get a manicure when planning to just get a pedicure)?*

"I would choose treatments to revitalize my hair that looks healthier, stronger and more abundant besides dyeing my hair to a color that reflects my personality"

White female of Hispanic origin, age 35-44 with HHI of $100-$149.9K

"I would definitely choose a free press and curl because the stylist does a better job me at the moment .im willing to spend my money on services that's too risky such as hair coloring dealing with those type of chemical I would prefer to have it done by a professional. Hair blowouts aren't always worth the investment. I would upgrade on a special occasion such as wedding special birthday graduation etc."

Black or African American female, age 18-24 with HHI of $100-$149.9K

"have my hair colored and highlighted because this is something I want done right by a professional."

White female, age 35-44 with HHI of $100-$149.9K

Note: responses are verbatim and might include spelling and grammatical errors.

Appendix – Data Sources and Abbreviations

Data sources

Sales data

- *The Market*: The business categories included in these numbers are: barber shops, beauty salons, nail salons, and other personal care services. The "other" category includes businesses that provide tanning, message services, skin care, hair removal, and a few other services that collectively account for a very small amount of the category. Diet and weight reducing centers are covered in the broad NAICS category for personal services, but are excluded from these calculations. According to the 2012 Economic Census, the majority of revenues from tanning services are in the "other personal care services" category.

Value figures throughout this Report are at retail selling prices (rsp) excluding sales tax unless otherwise stated.

Fan chart forecast

Mintel has produced this forecast using advanced statistical techniques including stepwise, multivariate regression, and the autoregressive procedure using the statistical software package SPSS.

The model is based on historical market size data taken from Mintel's own market size database and supplemented by published macroeconomic and demographic data from various private and public sources including the Federal Reserve Board, the US Commerce Department, the Census Bureau, the Council of Economic Advisers, and the Congressional Budget Office. The model searches for relationships between actual market sizes and a selection of relevant and significant macroeconomic and demographic determinants (independent variables) to identify those predictors having the most influence on the market.

Next to historical market sizes and a current year estimate, the fan chart illustrates the probability of various outcomes for the market value over the next five years.

The future uncertainty within this market is illustrated by the colored bands around the five year forecast. The widening bands successively show the developments that occur within 95%, 90%, 70%, and 50% probability intervals. Statistical processes predict the central forecast to fall within the darker shaded area, which illustrates 50% probability, ie, a five in 10 chance.

At a 95% confidence interval, Mintel is saying that 95 out of 100 times, the forecast will fall within these outer limits, which Mintel calls the best- and worst-case forecasts, as these, based on the statistically driven forecast, are the highest (best case) and lowest (worst case) market sizes the market is expected to achieve.

Consumer survey data

For the purposes of this Report, Mintel commissioned exclusive consumer research through Lightspeed to explore consumer attitudes and behaviors toward Salon Services. Mintel was responsible for the survey design, data analysis, and reporting. Fieldwork was conducted in July 2018 among a sample of 2,000 adults aged 18+ with access to the internet.

Mintel selects survey respondents by gender, age, household income, and region so that they are proportionally representative of the US adult population using the internet. Mintel also slightly oversamples, relative to the population, respondents that are Hispanic or Black to ensure an adequate representation of these groups in our survey results and to allow for more precise parameter estimates from our reported findings. Please note that Mintel surveys are conducted online and in English only. Hispanics who are not online and/or do not speak English are not included in our survey results.

Starting in July 2017, Mintel's consumer research has been conducted using a device-agnostic platform for online surveys (ie respondents can now take surveys from a smartphone in addition to a computer or tablet). This methodology change may result in data differences from previous years; any trending should be done with caution.

While race and Hispanic origin are separate demographic characteristics, Mintel often compares them to each other. Please note that the responses for race (White, Black, Asian, Native American, or other race) will overlap those that also are Hispanic, because Hispanics can be of any race.

Consumer qualitative research

In addition to quantitative consumer research, Mintel also conducted an online discussion group among a demographically mixed group of female beauty consumers aged 18-54. This discussion group was asynchronous (ie, not run in real time), functioning like a blog or bulletin board, with questions remaining posted for a predetermined period of time. This method allows participants to respond reflectively, at their leisure, or to log off to think about any issues raised, and return later to respond. Participants were recruited from Lightspeed's online consumer panel with responses collected in May 2018. Relevant quotes are included verbatim, and, as such, include typos and other grammatical errors as they originally appeared.

Direct marketing creative

All estimated mail volume data and consumer direct mail marketing creatives are provided by Mintel Comperemedia.

Mintel Comperemedia is a searchable competitive database tracking direct mail, print, and online advertising in the US and Canada, as well as email in the US. Comperemedia tracks information across twelve sectors: Banking, Credit Card, Investments, Insurance, Mortgage and Loan, Telecom, Travel and Leisure, Retail, Shopping, Technology, Tobacco, and Automotive.

For more information, please contact Account Services Management at 312.450.6353 or www.mintel.com.

Abbreviations and terms

Abbreviations

The following is a list of abbreviations used in this Report.

DPI	Disposable Personal Income
HHI	Household Income
MSA	Metropolitan Statistical Area
OPP	Optimal price point
PMC	Point of marginal cheapness
PME	Point of marginal expensiveness
YOY	Year over Year

Generations, if discussed within this Report, are defined as:

World War II/Swing Generation	Members of the WWII generation were born in 1932 or before and are aged 86 or older in 2018. Members of the Swing Generation were born between 1933 and 1945 and are aged 73-85 in 2018.
Baby Boomers	The generation born between 1946 and 1964. In 2018, Baby Boomers are between the ages of 54 and 72.
Generation X	The generation born between 1965 and 1976. In 2018, Gen Xers are between the ages of 42 and 53.
Millennials	The generation born between 1977 and 1994. In 2018, Millennials are between the ages of 24 and 41.
iGeneration	The generation born between 1995 and 2007. In 2018, iGens are between the ages of 11 and 23.
Emerging Generation	The newest generation began in 2008 as the annual number of births declined sharply with the recession. In 2018 members of this as-yet unnamed generation are younger than age 11.

When split into two groups, Millennials are defined as:

Younger Millennials	Millennials born between 1987 and1994. In 2018, Younger Millennials are between the ages of 24 and 31.
Older Millennials	Millennials born between 1977 and1986. In 2018, Older Millennials are between the ages of 32 and 41.

In order to provide an inflation-adjusted price value for markets, Mintel uses the CPI to deflate current prices. The CPI is defined as follows:

CPI

The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The CPI and its components are typically used to adjust other economic series for price changes and to translate these series into inflation-free dollars. Examples of series adjusted by the CPI include retail sales, hourly and weekly earnings, and components of the national income and product accounts. In addition, and in Mintel Reports, the CPI is used as a deflator of the value of the consumer's dollar to find its purchasing power. The purchasing power of the consumer's dollar measures the change in the value to the consumer of goods and services that a dollar will buy at different dates.

The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. It is also the best measure to use to translate retail sales into real or inflation-free dollars.

Based on Bureau of Labor Statistics definition.

Appendix – The Market

Figure 50: Total US sales and forecast of salon services, at inflation-adjusted prices, 2013-23

Year	$ billion	% change	Index (2013 = 100)	Index (2018 = 100)
2013	61.72	-	100	84
2014	64.71	4.8	105	88
2015	68.00	5.1	110	93
2016	70.67	3.9	114	96
2017	71.90	1.7	116	98
2018 (est)	73.31	2.0	119	100
2019 (fore)	74.99	2.3	121	102
2020 (fore)	77.02	2.7	125	105
2021 (fore)	78.50	1.9	127	107
2022 (fore)	79.96	1.9	130	109
2023 (fore)	81.46	1.9	132	111

Source: *based on US Census Bureau: Service Annual Survey, County Business Patterns, Non-Employer Revenues, and Economic Census/Mintel*

APPENDIX: FILES AVAILABLE TO DOWNLOAD

Report highlights

Report highlights

Report files available to download

Executive Summary for Salon Services - US - September 2018.pdf

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Brochure for Salon Services - US - September 2018.pdf

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