

Other Services (except Public Administration) • 81211

# Hair & Nail Salons in the US

Nailing it: Continued growth in disposable income will fuel revenue growth



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# About

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# About This Industry

## Definition

The Hair and Nail Salon industry offers hair and nail care services, which include manicures, pedicures, hair cuts, colors and styling. In addition to retailing beauty products, these companies may provide facials, eyelash extensions, waxing, makeup styling and other beauty services.

## Codes

2022	81211-Hair, Nail, and Skin Care Services
2022	812111-Barber Shops
2022	812112-Beauty Salons
2022	812113-Nail Salons
2017	81211-Hair, Nail, and Skin Care Services
2017	812111-Barber Shops
2017	812112-Beauty Salons
2017	812113-Nail Salons

## What's Included

- Haircut and styling services
- Hair coloring and tinting services
- Permanent hair and texture modification services
- Nail care services
- Merchandise sales
- Skin care services
- Eyelash and eyebrow tinting

## Companies

- Regis Corp

## Related Industries

### Domestic industries

#### Competitors

- No data available

#### Complementors

- Trade & Technical Schools in the US
- Specialist Doctors in the US
- Weight Loss Services in the US
- Hair Loss Treatment & Removal in the US
- Tanning Salons in the US

## International industries

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

## Related Terms

### **PERMANENT HAIR TEXTURE MODIFICATION**

Applying chemicals, heat or liquid that alters hair's internal structure to change its shape, like straightening or curling it.

### **COLORED GELS**

A type of nail polish that is more resistant to smudges and chipping and dries faster.

### **KERATIN TREATMENT**

Also known as the Brazilian Blowout. Product used to eliminate frizz, curls or waves from hair for three to four months.

### **OCCUPATIONAL SAFETY & HEALTH ADMINISTRATION (OSHA)**

Agency of the US Department of Labor that aims to prevent work-related injuries, illnesses and occupational fatality by issuing and enforcing standards for workplace safety and health.

## Additional Resources

- Association of Cosmetology Salon Professionals
- Professional Beauty Association
- American Skin Association
- US Census Bureau

## At a Glance

Revenue		Employees		Businesses	
<b>\$89.4bn</b>	'19-'24 <b>↑ 2.2 %</b>	<b>2m</b>	'19-'24 <b>↑ 0.9 %</b>	<b>1m</b>	'19-'24 <b>↑ 1.8 %</b>
	'24-'29 <b>↑ 1.3 %</b>		'24-'29 <b>↑ 1.4 %</b>		'24-'29 <b>↑ 1.6 %</b>
Profit		Profit Margin		Wages	
<b>\$8.2bn</b>	'19-'24 <b>↑ 3.6 %</b>	<b>9.2%</b>	'19-'24 <b>↑ 0.6 pp</b>	<b>\$35.2bn</b>	'19-'24 <b>↑ 1.3 %</b>
					'24-'29 <b>↑ 1.4 %</b>

Five-year growth rates display historic and forecast CAGRs

### ➔ Major Players

Company	Revenue	Market Share
Regis Corp	\$160.8m	<b>0.2%</b>
Other Companies	\$89.3bn	<b>99.8%</b>

### ⌚ Products and Services

Item	Revenue	Market Share
Haircut and styling services	\$38.8bn	<b>43.4%</b>
Nail care services	\$18.1bn	<b>20.2%</b>
Hair coloring and tinting services	\$14.6bn	<b>16.3%</b>
Merchandise sales	\$5.5bn	<b>6.1%</b>
Skin care services	\$4.0bn	<b>4.5%</b>
Other hair care services	\$3.9bn	<b>4.4%</b>

### 📊 Key External Drivers

Key External Drivers	Impact
Consumer spending	<b>Positive</b>
Number of adults aged 20 to 64	<b>Positive</b>
Per capita disposable income	<b>Positive</b>
Number of households	<b>Positive</b>
Business sentiment index	<b>Positive</b>

## Key Takeaways

### Performance

- Hair and nail salons are offering more services to cater to consumers with varying budgets. Heightened consumer spending will continue shifting more consumers toward more premium personal care services.
- Expanding environmental sustainability concerns have driven hair and nail salons to offer eco-friendly products, supporting revenue. Salons have been incorporating products without harmful chemicals and finding ways to reduce water consumption.

### External Environment

- Regulations ensure salon safety and honesty. These rules cover everything from workplace hazards to cleanliness and accurate advertising, maintaining high standards for customers and workers.
- Consumer spending drives salon revenue. People with more disposable income are more inclined to spend on haircuts, treatments and manicures, giving salons a financial boost.

## SWOT

<b>Strengths</b>	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	Low Capital Requirements
<b>Weaknesses</b>	Low & Steady Barriers to Entry
	None & Steady Level of Assistance
	High Competition
	High Volatility
	Low Profit vs. Sector Average
<b>Opportunities</b>	Low Revenue per Employee
	High Revenue Growth (2019-2024)
	High Revenue Growth (2024-2029)
	Number of adults aged 20 to 64
<b>Threats</b>	Low Revenue Growth (2005-2024)
	Low Outlier Growth
	Low Performance Drivers
	Business sentiment index

## Executive Summary

**Nailing it: Continued growth in disposable income will fuel revenue growth**

Consumer preferences and economic conditions shape revenue patterns for hair and nail salons. Salons adapt to these changes to maintain financial stability by adjusting their service offerings and investing in products that align with current market trends. Small, independent service providers who had previously stopped or scaled back operations due to health and safety mandates have returned, leading to a competitive and thriving market. Increased disposable income amid economic recovery has encouraged spending on discretionary services like manicures and haircuts, boosting industry revenue. Hair and nail salon revenue is estimated to rise at an estimated CAGR of 2.2% and reach \$89.4 billion through the end of 2024, with a 0.2% drop in revenue in 2024 alone.

Over the past five years, numerous challenges have occurred, but salons have managed to innovate and adapt. Operators enhanced their service offerings and launched promotional activities to attract more consumers and add revenue streams. The rising demand for eco-friendly beauty products and water conservation measures appealed to a more environmentally conscious clientele. Despite fluctuating product and supply costs, these adaptations helped many salons improve their profitability.

The industry appears set for continued growth over the next five years. Economic expansion will likely raise disposable incomes, encouraging more frequent salon visits. Salon owners are expected to reinvest in their businesses by upgrading equipment and adopting the latest beauty technologies. New salon openings fueled by favorable economic conditions could cause intense competition, compelling existing companies to diversify their offerings. A growing population, particularly women aged 20 to 64, is expected to raise demand for grooming services, positioning salons for sustained success in the coming years. Revenue for hair and nail salons is projected to climb at a CAGR of 1.3% to \$95.6 billion by the end of 2029.

## Industry Structure

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

# Performance

## Key Takeaways

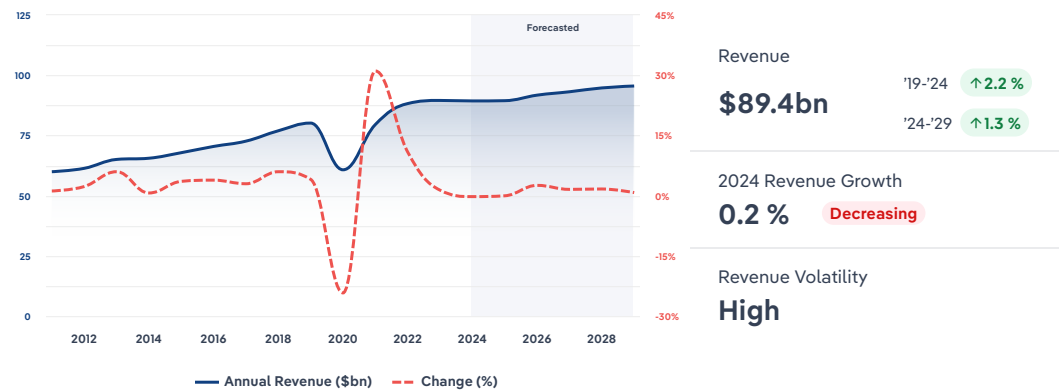
Hair and nail salons are offering more services to cater to consumers with varying budgets. Heightened consumer spending will continue shifting more consumers toward more premium personal care services.

Expanding environmental sustainability concerns have driven hair and nail salons to offer eco-friendly products, supporting revenue. Salons have been incorporating products without harmful chemicals and finding ways to reduce water consumption.

## Performance Snapshot

### Revenue

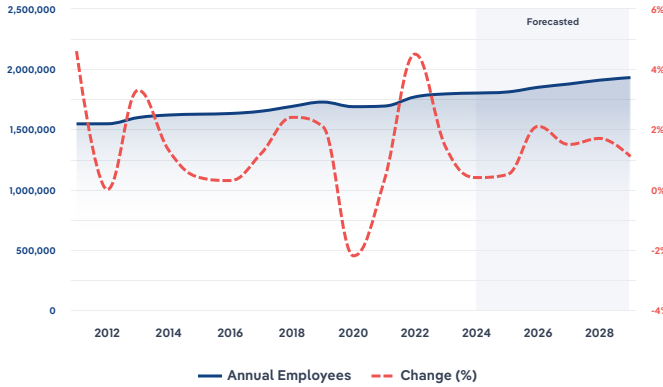
Total value (\$) and annual change from 2011 – 2029. Includes 5-year outlook.





## Employees

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



### Employees

**2m**

'19-'24 **↑ 0.9 %**

'24-'29 **↑ 1.4 %**

### Employees per Business

**1**

'19-'24 **↓ 0.9 %**

'24-'29 **↓ 0.3 %**

### Revenue per Employee

**\$49,643**

'19-'24 **↑ 1.3 %**

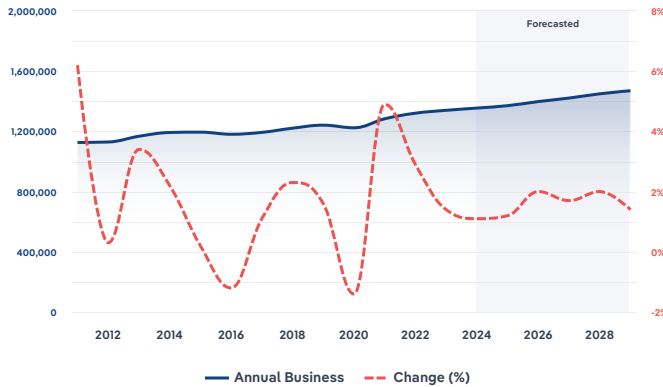
'24-'29 **↓ 0.1 %**

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Source: IBISWorld

## Business

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



### Businesses

**1m**

'19-'24 **↑ 1.8 %**

'24-'29 **↑ 1.6 %**

### Employees per Business

**1**

'19-'24 **↓ 0.9 %**

'24-'29 **↓ 0.3 %**

### Revenue per Business

**\$66,010.0**

'19-'24 **↑ 0.4 %**

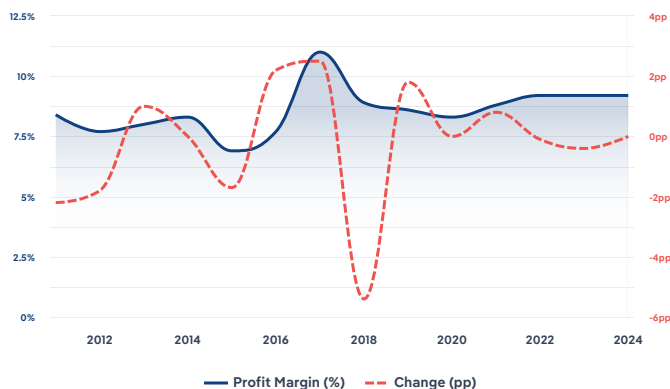
'24-'29 **↓ 0.3 %**

IBISWorld

Source: IBISWorld

## Profit Margin

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



Total Profit

**\$8.2bn**

'19-'24 **↑ 3.6 %**

Profit Margin

**9.2%**

'19-'24 **↑ 0.6 pp**

Profit per Business

**\$6,073**

IBISWorld

Source: IBISWorld

## Current Performance

↑ 2019-24 Revenue CAGR +2.2%

### What's driving current industry performance?

#### Expanded product offerings appeal to customers

- Expanding product offerings have catalyzed growth, with nail salons thriving by introducing premium gel services. Variants like brush-on, soak-off, hard and traditional gels offer a broad range of manicure experiences, attracting diverse clientele.
- Increasing awareness about nail health propels the demand for less harmful alternatives, such as dipping powders with mineral ingredients. Consumers often view these as better options than traditional gel polishes.
- The growing popularity of blow-dry services and keratin treatments reflects evolving hair styling trends. These offerings appeal to clients seeking a comprehensive beauty experience, generating additional revenue pathways for salons and attracting a wider customer base.
- As nail and hair services diversify, the industry benefits from increased customer engagement and spending. Salons leverage innovative services and strategic customer engagement methods to stay competitive in an evolving beauty landscape.

#### Economic rebound fuels revenue surge for hair and nail salons

- The improved economic conditions have enabled salons to enhance their service offerings and increase promotional activities, attracting customers and boosting overall industry performance.
- Independent service providers who scaled back or stopped operations during the pandemic are returning. They are resuming business as restrictions lift, making a solid revenue stream.
- More disposable income drives demand for discretionary services like haircuts and manicures. Higher-income people are more willing to spend money on personal grooming, which boosts salon visits.
- Salon owners leverage the warmer financial climate to ramp up marketing efforts and promotions. Offering discounts and package deals entice new and returning clients to indulge in their services more frequently, boosting revenue.

#### Eco-conscious consumers drive sustainable options

- Non-toxic nail products attract eco-conscious clients. Salons now offer OPI nail products that exclude harmful chemicals like dibutyl phthalate, toluene and formaldehyde. These products cater to an increasing number of consumers concerned about the environmental and health impacts of their beauty routines.
- Traditional pedicure sessions use between 13.0 and 18.0 gallons of water, prompting many salons to reduce water waste. Salons aim to conserve resources and adopt more sustainable practices by going waterless.

- The growing demand for eco-friendly beauty services reflects a broader trend of consumers making choices that align with their values. This shift has pushed salons to adapt and innovate, ensuring they meet the expectations of a more environmentally conscious clientele.
- Companies focusing on sustainable solutions can attract a growing population concerned about the ecological effects of their beauty habits. This focus provides avenues for differentiation in a competitive market and can improve brand loyalty.

#### **Social media and tech platforms boost salon industry performance**

- Social media allows stylists and independent professionals to enhance visibility and appeal to a broader audience. This digital visibility opens opportunities for increased client engagement and potential revenue growth.
- Online booking platforms offer convenience for clients and operational efficiency for salon owners. Customers enjoy the ease of scheduling from their homes, while salons can better manage appointment flow, minimizing wasted time on administrative duties.
- Technology-driven solutions have eased clients' access to salon services while streamlining salon operations. This efficiency translates to improved customer satisfaction and heightened productivity for salon owners.
- A shift toward flexible work models allows professionals within the industry to independently manage their hours and services, catering to personal goals and market demands.

Volatility High

Consumer preferences lead to long-term shifts in volatility

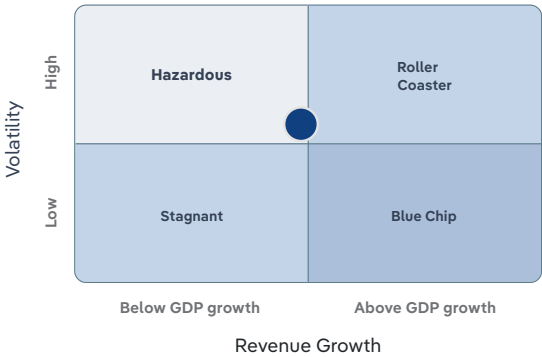
- The constant introduction of new products often changes revenue patterns in hair and nail salons. These innovations cater to shifting customer preferences, influencing financial stability over the long term.
- Consumer tastes frequently evolve, leading salons to adjust their service offerings. This constant adaptation can cause revenue fluctuations as businesses strive to meet new demands and stay competitive.
- Major trends, such as the rise of natural and organic products, can take root and redefine the market landscape. These shifts result in long-term financial implications as salons invest in these new products to attract more customers.

Economic performance impacts customer choices

- Trends in per capita disposable income affect client spending habits. When economic conditions improve, clients opt for more premium services and products that salons offer.
- Conversely, during economic downturns or periods of financial uncertainty, people often cut back on discretionary expenditures, particularly high-end salon services. This reduction in spending shifts demand to essential services, impacting overall revenue.

Hazardous

Industry volatility vs. revenue growth (2018-24 CAGR)



☆ Key Success Factors

How do successful businesses overcome volatility?

Develop a loyal customer base

Building a loyal customer base ensures consistent revenue, helping salons weather economic downturns. Satisfied clients also often provide word-of-mouth referrals, generating new potential customer streams.

Provide services to groups with high disposable income

Catering to groups with high disposable income ensures a reliable revenue stream since these clients are more likely to spend on premium services and products. This clientele helps buffer the business during economic fluctuations.

Outlook ↑ 2024-29 Revenue CAGR +1.3%

### A growing economy will encourage more revenue and renovations

- The economy is expected to expand in the next five years, contributing to rising disposable incomes and consumer spending. This trend may prompt salon owners to reinvest in their businesses by upgrading equipment, enhancing the ambiance and adopting cutting-edge beauty technologies.
- With higher disposable income expected, people may visit salons more frequently. Regular patrons can book more appointments for maintenance and additional services such as manicures, pedicures and specialized hair treatments, boosting overall demand for salon services.
- Favorable economic conditions will stimulate new salon openings, making the market more lucrative and appealing. Intense competition can push existing salons to innovate and enhance their offerings, elevating industry standards and attracting a broader customer base.
- Salon owners might also focus on marketing strategies to leverage increased consumer spending, utilizing social media and partnerships to reach new clients. Staff training programs could become more prevalent to ensure high-quality service and stay updated with the latest trends, driving customer loyalty and business growth.

### Continued product expansion will aid revenue growth

- Salons are expanding nail service options to meet the latest trends and customer demands. New offerings include mood-changing gels, magnetic polish and natural lacquer strips that can be quickly applied. Holographic color and "caviar" nails with tiny beads for texture attract trend-conscious clients.
- Premium nail polish options will cater to clients seeking a luxurious experience. Polishes featuring rare ingredients like black diamonds provide a unique, exclusive look. These high-end offerings add an element of luxury, appealing to customers willing to pay more for a distinctive service.
- Salons are diversifying their services to include anti-aging treatments and advanced skincare. Offerings now encompass facials, facial peels and microdermabrasion. The integration of ultrasonic technology further enhances these beauty treatments, improving overall service quality.
- CBD oil-infused products are emerging in beauty salons due to reported pain relief and mood stabilization properties. This new addition will attract clients interested in holistic wellness and natural ingredients, enriching the salon experience.

### Price hikes and supply costs will affect salons' profitability

- Rising supply and product costs are expected to impact salons' profitability. Increasing prices for various supplies and services mean salons must adjust their pricing structures. However, raising prices risks potential customer loss, which makes balancing financial health and customer retention crucial.
- Boosted costs will leave salons with limited options, forcing them to decide on essential services. While slight changes in individual services might seem negligible, the cumulative effect over time can be substantial for both the salon and its clients.
- Salons can explore alternative cost-saving measures like sourcing products affordably or optimizing operational efficiencies. Focusing on resourceful strategies better mitigates the financial pressures of higher supply prices.
- Bundling services could be a strategic move for salons, offering more value for customers while increasing overall revenue. This approach ensures that clients receive better deals, making it easier for salons to justify the higher costs.

### A boost in the population will push up demand for hair and nail salons

- Hair and nail salons primarily target women aged 20 to 64. This demographic shows the most interest in beauty and grooming services and marketing campaigns typically focus on attracting this group.
- Women in this age bracket often have more stable income sources, which allows them to spend more on discretionary services such as haircuts, manicures and pedicures. Their economic stability significantly contributes to the industry's robust outlook.
- A surge in population will result in increased demand for hair and nail services as a larger customer base emerges. This trend could lead to more salon openings and expanding services to meet the growing needs.
- Urban areas experiencing population surges will become hot spots for new salon openings. This trend could lead to an inflow of skilled professionals, contributing to job growth and evolving service standards.

## Life Cycle

Mature

### Contribution to GDP

Although growth is slowing while the broader economy expands, hair and nail salons continue to contribute consistently to GDP. Better economic conditions drive consumers to spend more at these establishments, maintaining their economic relevance.

## Market Saturation

Urban areas show high market saturation, but suburban and rural regions provide expansion opportunities. Salons can capture untapped demand in these less-served areas, potentially boosting market presence and profitability.

## Innovation

High-tech tools and styles sustain salon profitability. Online booking options and rewards systems attract more customers, increasing revenue by streamlining customer interactions and enhancing service offerings. These ongoing innovations keep the consumer demand for higher-cost services.

## Consolidation

Salons remain highly fragmented, with numerous small players. By acquiring existing salons in popular or emerging markets, businesses can broaden their reach and tap into new client bases, facilitating overall growth and market consolidation.

## Technology & Systems

Loyalty programs and mobile applications offer substantial benefits. Point-of-sales systems streamline operations, while mobile credit card payment platforms lower transaction fees, helping salons cut operating costs and improve efficiency.

## Life Cycle

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



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

# Products and Markets

## Key Takeaways

**Hair services dominate salon revenue.** People see regular haircuts, styling and coloring as essential, so demand remains strong regardless of economic ups and downs.

**Older consumers crave practical hair care over luxurious or trendy styling.** Weekly hair washing and styling cater to those with arthritis or mobility issues, emphasizing convenience and ease.

Largest Market

**\$38.8bn**

Haircut and styling services

Product Innovation

**Moderate**

## Products and Services

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

#### Hair-related services maintain a dominant share of industry revenue

- Hair-related services, including haircuts, styling, coloring and tinting, represent a significant share of industry revenue. Barber services for beard and mustache trims also fall under this category. Consumers view regular haircuts and styles as essential, keeping demand stable regardless of economic conditions.
- Hair coloring and tinting involve applying agents to change hair color temporarily, permanently, demi-permanently or semi-permanently. Temporary colors are often brighter than permanent options. This segment often bundles shampooing, blow-drying and styling with the coloring service.
- The popularity of at-home hair coloring products temporarily reduced demand for professional services, but consumer preference for expert care has rebounded with rising per capita disposable income. An upswing in the aging baby boomer generation's focus on maintaining appearance also contributes to more demands.

#### New product offerings spur demand for nail care services

- Nail care services are evolving, including manicures, pedicures and nail extensions. This category also features nail polishing and artwork, which have become increasingly popular among clients seeking comprehensive treatments.
- Salons offer innovative products like acrylic, shellac and gel nails, which attract more customers seeking variety and durability. These advanced nail techniques continue to boost salon visits and client satisfaction.
- Press-on nails provide an affordable alternative, drawing some customers away from salons. However, they can't fully replace salons' diversified professional services, ensuring ongoing demand for in-person treatments.

#### High-end skincare services thrive amid increasing disposable incomes

- Salons offer skincare services such as temporary makeup, facial treatments, masks and body wraps. These services cater to clients

looking for expert care and specialized therapies.

- Consumers with increasing personal income visit spas to indulge in premium skincare services. This trend reflects greater financial freedom and a growing interest in personal wellness and beauty.
- The demand for sophisticated skincare services has risen, indicating a heightened consumer preference for professional treatments over at-home solutions. Clients seek comprehensive care that combines luxury with noticeable results.

#### Salon merchandise sales shift to online channels

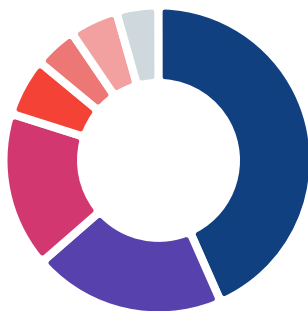
- Salons often sell exclusive hair and nail products supplied by distributors. These products are typically high-end and not commonly found in general retail stores.
- Consumers increasingly prefer purchasing alternatives online due to competitive pricing and convenience, dropping merchandise sales in salons. This trend indicates a shift towards e-commerce, impacting the traditional distribution model of salon-exclusive products.

#### Other services are not the primary focus for hair and nail salons

- Other hair care services include permanent hair and texture modification services, like the Brazilian Blowout and keratin treatments. Other beauty care services include eyelash and eyebrow tinting.
- Although consumer spending on personal care services rises, these services are gaining traction slower than hair and nail care offerings. Most salons prioritize haircuts and manicures, causing the market share for other services to decline.

## Products & Services Segmentation

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



## What are innovations in industry products and services?

Moderate

### Online scheduling software transforms salon efficiency

- E-platforms have surged in popularity, allowing customers to make appointments from their homes conveniently. This trend enhances customer satisfaction by providing a streamlined scheduling process.
- Short-staffed salons can effectively manage consumer demand and minimize employees' time answering calls. This approach boosts overall productivity and allows staff to focus on delivering quality services.

### Social media drive sales for hair and nail salons

- Salons can swiftly inform customers about closures, reopenings and promotions using social media platforms. This quick dissemination of essential information helps maintain a steady flow of patrons and retain customers even if the location changes.
- Customer review posts on social media or sites like Yelp significantly influence potential clients. Positive reviews build trust and encourage new visitors, expanding the salon's customer base.

### ☆ Key Success Factors

## What products or services do successful businesses offer?

### Secure qualified designers

Hiring experienced and talented designers ensures that hair and nail salons can offer high-quality and innovative styles that attract and retain clients, setting them apart from competitors and driving long-term success.

### Present products attractively

Salons can entice clients to purchase additional services or retail items by showcasing hair and nail styles in an appealing and organized manner. Attractive displays enhance the overall aesthetic and create a more professional environment.



## Major Markets

### What's influencing demand from the industry's markets?

#### Older consumers look toward hair salon services

- Consumers aged 55 and older seek more hair care services than nail care. Essential services such as haircuts and hair coloring dominate their choices over luxury styling options, resulting in lower average sales per customer within this segment.
- Many elderly individuals, especially those with arthritis or reduced mobility, prefer having their hair washed and styled weekly for convenience. This practice highlights the importance of practical services tailored to ease daily routines for older clients.
- The baby boomer population drives the expansion of hair care services for older consumers, presenting opportunities for the market to cater to this demographic's specific needs and preferences.

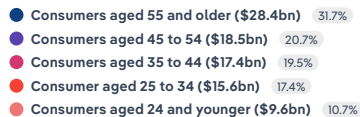
dramatically change their hairstyle.

#### Lower discretionary income limits demand from younger consumers

- Younger consumers under age 25 have limited discretionary income as many have just entered the workforce or lack a steady income stream, making them less inclined to spend on costly salon services.
- This age group often prioritizes essential hair and nail services over luxury items. Their spending habits reflect their limited financial capacity and focus on necessities.

### Major Markets Segmentation

Industry revenue in 2024 broken down by key markets



IBISWorld

Source: IBISWorld

#### Higher disposable income from middle aged consumers encourages appearance enhancement spending

- Consumers aged 45 to 54 often seek high-quality salon services, driving growth in the industry. This age group tends to have established sources of income, enabling them to afford premium options and specialized treatments.
- Many middle-aged consumers frequently request hair coloring services to manage graying hair. This trend contributes to a substantial share of the salon market's revenue, as these services often come with higher prices.

#### Stabilized income stream from consumers aged 25 to 44 heightens demand

- Consumers aged 25 to 44 spend more on personal care than the other age groups. This demographic often enjoys established income streams, leading to greater discretionary spending power than younger or older age groups.
- Women in this age bracket frequently opt for regular haircuts and are more inclined to invest in routine hair coloring. They also prefer high-value services, such as perms or straightening, that

## International Trade

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

# Geographic Breakdown

## Key Takeaways

**Highly populated urban areas are ideal locations for hair and nail salons.** Consumers are encouraged to visit salons that offer a one-stop shop for multiple services.

**Regions with large consumer markets have higher overall disposable income, providing more opportunities for hair and nail salon operators in these locations.** These salons are shielded from seasonal fluctuations, allowing them to stay afloat year-round.

## Business Locations

State	Establishments Units	Establishments %	Revenue \$m	Revenue %	Wages \$m	Wages %	Employment Units	Employment %
California	176,090	12.9	7,892.4	8.8	2,772.2	7.9	220,287	12.2
New York	160,376	11.7	6,360.0	7.1	2,366.3	6.7	191,404	10.6
Florida	112,116	8.2	4,773.4	5.3	1,757.4	5.0	119,726	6.6
Pennsylvania	85,267	6.2	3,523.3	3.9	1,664.5	4.7	128,059	7.1
Texas	84,261	6.2	4,547.0	5.1	1,950.8	5.5	123,630	6.9
New Jersey	78,414	5.7	3,349.1	3.7	1,438.1	4.1	119,515	6.6
Illinois	56,313	4.1	2,552.2	2.9	1,094.4	3.1	74,328	4.1
Ohio	42,518	3.1	2,054.1	2.3	996.9	2.8	89,520	5.0
Massachusetts	45,978	3.4	2,338.8	2.6	1,069.2	3.0	71,105	3.9
Virginia	46,970	3.4	2,189.7	2.4	953.7	2.7	62,063	3.4
Georgia	46,482	3.4	1,940.6	2.2	713.7	2.0	48,476	2.7
Washington	44,792	3.3	2,171.2	2.4	1,048.3	3.0	58,806	3.3
Colorado	37,236	2.7	1,842.0	2.1	873.4	2.5	50,189	2.8
Minnesota	27,748	2.0	1,383.6	1.5	750.5	2.1	43,877	2.4
North Carolina	36,469	2.7	1,573.1	1.8	741.1	2.1	46,444	2.6
Maryland	26,508	1.9	1,495.8	1.7	680.0	1.9	44,516	2.5
Michigan	30,442	2.2	1,276.1	1.4	681.9	1.9	45,226	2.5
Arizona	30,085	2.2	1,452.2	1.6	654.1	1.9	40,615	2.3
Connecticut	23,437	1.7	1,328.2	1.5	546.8	1.6	38,684	2.1
Wisconsin	25,632	1.9	1,095.2	1.2	539.0	1.5	39,139	2.2
Tennessee	17,734	1.3	1,072.8	1.2	509.2	1.4	31,666	1.8
Indiana	21,566	1.6	866.3	1.0	421.3	1.2	30,381	1.7
Missouri	20,660	1.5	914.7	1.0	431.3	1.2	30,795	1.7
South Carolina	18,266	1.3	697.6	0.8	301.8	0.9	20,302	1.1
Oregon	16,339	1.2	710.0	0.8	308.3	0.9	20,726	1.2
Utah	16,246	1.2	645.1	0.7	268.2	0.8	22,224	1.2

## Hair &amp; Nail Salons in the US

State	Establishments Units	Establishments %	Revenue \$m	Revenue %	Wages \$m	Wages %	Employment Units	Employment %
Louisiana	16,075	1.2	680.2	0.8	273.7	0.8	19,311	1.1
Nevada	11,760	0.9	614.9	0.7	236.7	0.7	16,606	0.9
Alabama	13,179	1.0	542.5	0.6	239.2	0.7	16,511	0.9
Kansas	11,141	0.8	523.6	0.6	251.2	0.7	17,979	1.0
Iowa	11,833	0.9	450.0	0.5	193.0	0.5	13,758	0.8
Oklahoma	11,352	0.8	487.0	0.5	190.5	0.5	13,757	0.8
Kentucky	10,059	0.7	424.7	0.5	181.6	0.5	13,993	0.8
New Hampshire	7,181	0.5	353.4	0.4	180.8	0.5	11,203	0.6
Nebraska	8,507	0.6	314.4	0.4	141.7	0.4	10,397	0.6
Arkansas	7,230	0.5	263.4	0.3	111.9	0.3	7,952	0.4
Hawaii	5,349	0.4	298.6	0.3	109.9	0.3	7,918	0.4
Delaware	5,630	0.4	292.1	0.3	130.7	0.4	9,646	0.5
Idaho	6,273	0.5	265.0	0.3	124.7	0.4	8,401	0.5
Rhode Island	6,215	0.5	208.4	0.2	92.1	0.3	6,851	0.4
Mississippi	6,030	0.4	246.5	0.3	100.2	0.3	6,555	0.4
New Mexico	5,486	0.4	216.7	0.2	88.3	0.3	6,046	0.3
Maine	4,368	0.3	192.2	0.2	97.5	0.3	5,834	0.3
North Dakota	3,908	0.3	174.1	0.2	87.7	0.2	5,391	0.3
West Virginia	3,973	0.3	162.4	0.2	71.7	0.2	5,586	0.3
Montana	3,391	0.2	133.3	0.1	60.8	0.2	3,894	0.2
South Dakota	2,491	0.2	112.7	0.1	61.0	0.2	3,778	0.2
Alaska	2,500	0.2	123.5	0.1	57.8	0.2	3,138	0.2
Vermont	2,321	0.2	93.2	0.1	45.0	0.1	2,653	0.1
Wyoming	1,940	0.1	57.8	0.1	22.4	0.1	1,940	0.1

## Where are industry businesses located?

### The Mid-Atlantic dominates in the hair and nail salons

- The Mid-Atlantic region dominates hair and nail salon businesses, leveraging the large consumer markets in metropolitan areas like New York City and Philadelphia. These regions are attractive due to their dense populations and consumer demand for salon services.
- New York, Pennsylvania and New Jersey contain nearly one-fifth of all hair and nail salons in the US. This concentration reflects both the population density and market opportunities within these states.
- Businesses often prefer high-traffic areas like shopping malls, strip centers and nearby department stores. These locations offer increased visibility and accessibility for potential customers.
- The Mid-Atlantic boasts a slightly higher than average per capita income, enhancing its appeal to businesses aiming for more financially secure clientele. The region's economic profile

contributes significantly to its dominant share of the salon industry.

### Population density in the Southeast supports the demand

- The Southeast region hosts nearly one-fifth of the nation's hair and nail salons, reflecting a robust market presence. This concentration results from the area's significant demand driven by its large population.
- The Southeast's high population density makes it a prime location for new salon businesses. The densely packed urban areas and growing suburbs create opportunities for industry growth and competition.

### Disposable income contributes to demand in the West

- Hair and nail salons are also heavily concentrated in the West,

particularly California. The state attracts businesses due to its large consumer bases in cities like Los Angeles, San Francisco and San Diego. Los Angeles is the center of the US film industry and demand for beauty services is uniquely high and competitive.

- The West region generally boasts higher per capita income, suggesting that consumers in the West are more likely to spend on discretionary services like nail care and specialty hair treatments.

#### ☆ Key Success Factors

### How do businesses use location to their advantage?

#### Operate in a highly visible location

Being in a highly visible area attracts more walk-in clients, enhancing foot traffic and boosting business. Salons often thrive on visibility to entice new customers and create a solid local presence.

#### Ensure car parking availability

Convenient parking options make it easier for clients to visit the salon, improving customer satisfaction and generating repeat business as clients appreciate easy access.

# Competitive Forces

## Key Takeaways

**Due to their fragmented nature, hair and nail salons are highly competitive.** Most operators are self-employed or small business owners, making customer experience and reputation crucial for standing out.

**Competition for locations in urban areas is intense.** Some salons are responding by offering bundled services, providing consumers with a one-stop shop at a reasonable price.

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

## Concentration Low

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

- The hair and nail salon industry is highly fragmented landscape.
- The salon industry experiences fierce competition because of its highly fragmented nature, primarily driven by independent operators. Many hairstylists and nail technicians work for themselves or run small businesses, which prevents major companies from gaining market dominance.
  - Nearly half of the industry's revenue comes from nonemployer businesses like solo hairstylists and individual nail technicians. These proprietors thrive by offering tailored services, catering to specific customer needs and forming strong personal connections with clients, which adds another layer to the already competitive
- Low barriers to entry provide an easy way to enter the business**
- The beauty service sector has low barriers to entry, allowing new salons to launch businesses easily. Complying with state-specific regulations and hiring skilled professionals are straightforward processes, enabling a steady introduction of newcomers.
  - Individual hair and nail salons struggle to capture a significant market share. High fragmentation results in stiff competition among many small players, making it challenging for salons to dominate the industry.

☆ Key Success Factors

### How do successful businesses handle concentration?

**Maintain excellent customer relations**

Building strong client relationships encourages loyalty and repeat business, crucial in a concentrated market where customer retention can make a salon stand out.

**Hire an experienced workforce**

Skilled hair and nail technicians attract clients who seek quality and professional services. Experienced staff also provide consistent service quality, enhancing customer satisfaction and salon reputation.

## Barriers to Entry Low Steady

### What challenges do potential industry entrants face?

- Legal**
- Hair and nail salons are subject to industry-specific government regulations, including FDA standards, labor laws, wage regulations and

Occupational Safety and Health Administration (OSHA) standards. Hair stylists and nail techs must also be licensed and insured, which can require up to 500 hours of training.

### Start-Up Costs

- The cost of new businesses for hair and nail salons can vary. Securing a rental space and purchasing styling chairs, salon mats and specialized equipment can add up. Investing in facial steamers for additional spa services further escalates expenses.

### Differentiation

- Operators can stand out through superior quality, unique product offerings, strategic marketing and excellent customer service. Convenient parking and the competitive landscape also play crucial roles.

### Labor Expenses

- Hiring licensed professionals, including barbers, stylists and nail technicians is essential. Administrative and management staff also contribute to labor expenses.

### ☆ Key Success Factors

## How can potential entrants overcome barriers to entry?

### Ensure proper licensing

Proper licensing guarantees that the salon meets all local regulations and professional standards. Having licenses builds customer trust and protects the business from legal issues, fostering a reputable and stable operating environment.

### Attract local support

Gaining the support of the local community can drive customer loyalty and word-of-mouth referrals. Local consumers are likelier to become repeat customers and advocate for the business within their social circles.

## Substitutes

Moderate

Steady

## What are substitutes for industry services?

### Do-It-Yourself

- Many consumers are still working from home, leading them to learn and practice nail and hair care at home. This approach saves money and time. It also provides the convenience of performing these tasks according to personal schedules.
- Various hair and nail products and numerous online tutorials empower customers to perform these services themselves, providing an alternative to professional salon services. Performing these services at home offers flexibility and a sense of personal accomplishment.

### Day Spas

- Consumers seeking a more luxurious experience may choose day spas, which typically offer additional salon services alongside massages and other wellness treatments. This comprehensive suite of services often appeals to those looking for personalized beauty and relaxation.
- Some consumers turn to spas because traditional salons lack privacy. Day spas provide services in more private settings, such as closed-off treatment rooms. The exclusive spa environment creates an atmosphere of tranquility that cannot easily be found in the open settings of most salons.

## ☆ Key Success Factors

**How do successful businesses compete with substitutes?****Leverage the company's business expertise**

By using specialized knowledge and industry experience, salons can offer unique, high-quality services that competitors may not match. Expertise in the latest trends and techniques attracts customers seeking professional and reliable results.

**Generate positive word-of-mouth recommendations**

Encouraging satisfied clients to share their experiences boosts the salon's reputation and attracts new customers. Personal endorsements are powerful and trusted, making potential clients more likely to choose a salon over others.

**Buyer & Supplier Power****What power do buyers and suppliers have over the industry?**

High

Increasing

**Buyers: convenience and comparison shape decisions**

- Easily accessible salons with ample parking and proximity to popular businesses attract more customers. Convenience is crucial, as clients prefer locations that minimize travel and parking hassle while allowing them to combine errands. This accessibility boosts foot traffic and repeat visits.
- Consumers compare prices, service quality and locations to make informed decisions. Online reviews and word-of-mouth give buyers the leverage to select the salons that best match their price or service quality preference.
- Unique salon designs and interiors can captivate consumers, making standard comparisons less relevant. Distinctive aesthetics strongly incentivize customers to choose these salons, diminishing price negotiating power.

High

Increasing

**Suppliers: stabilizing costs**

- Landlords can raise rents for properties in prime locations. Salons should negotiate stable rent prices in desirable areas to avoid potential customer turnover. A stable rent agreement ensures businesses can maintain their client base without the risk of disruption due to a forced move.
- Investing in new technologies and designs allows salons to meet evolving consumer demands despite rising costs. By adopting advanced tools and innovative design trends, salons can enhance their service offerings and maintain a competitive edge in the market.

## ☆ Key Success Factors

**How do successful businesses manage buyer & supplier power?****Forward sell production when appropriate**

Salons can secure future revenue and encourage customer loyalty by offering discounted prices for loyalty programs. This strategy provides immediate cash flow and helps manage costs, mitigating supplier power.

**Become a member of an industry organization**

Becoming a member of an industry organization, such as the Professional Beauty Association, helps salons by providing access to industry insights, training and networking opportunities. Membership can strengthen negotiating power with suppliers, build credibility and attract more customers.

# Companies

## Key Takeaways

No single salon garners 5.0% or more of the market. Most salons are nonemployers, including sole proprietors and those that rent out chairs to individual stylists.

➔ Major Players

Company	Revenue	Market Share
Regis Corp	\$160.8m	0.2%
Other Companies	\$89.3bn	99.8%

## Companies

Company	Market Share (%) 2024	Revenue (\$m) 2024	Profit (\$m) 2024	Profit Margin (%) 2024
Regis Corp	0.2	160.8	-15.3	-9.5

## Regis Corp

### Company Details

Industry Revenue (2024)	\$160.8m
Industry Profit (2024)	-\$15.3m
Total Employees (2024)	435
Industry Market Share (2024)	0.2%

### Description

Regis Corp is a public company headquartered in Minnesota with an estimated 435 employees. In the US, the company has a notable market share in at least one industry: Hair & Nail Salons, where they account for an estimated 0.2% of total industry revenue.

### Brands & Trading Names

- Beauty Supply Outlet
  - BoRics
  - Carlton Hair
  - City Looks Salons
  - Cool Cuts 4 Kids
  - Cost Cutters
  - Famous Hair
- First Choice Haircutters
  - Head Start Haircare
  - Holiday Hair
  - Island Haircutting Co.'s
  - Magicuts
  - MasterCuts
  - Pro-Cuts
- Regis Salons
  - Roosters
  - SmartStyle Hair Salon
  - Style America
  - Supercuts
  - TGF Hair Salon



Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)	Profit (\$m)	Profit Margin (%)
2016	1.7	916.6	99.2	10.8
2017	1.8	1,056.2	114.4	10.8
2018	1.8	1,132.0	32.6	2.9
2019	1.5	973.0	14.7	1.5
2020	1.2	613.7	30.1	4.9
2021	0.5	380.5	-87.5	-23.0
2022	0.3	249.3	-26.1	-10.5
2023	0.2	160.8	-15.3	-9.5
2024	0.2	160.8	-15.3	-9.5

You can view and download more company details on [my.ibisworld.com](https://my.ibisworld.com).

# External Environment

## Key Takeaways

**Regulations ensure salon safety and honesty.** These rules cover everything from workplace hazards to cleanliness and accurate advertising, maintaining high standards for customers and workers.

**Consumer spending drives salon revenue.** People with more disposable income are more inclined to spend on haircuts, treatments and manicures, giving salons a financial boost.

Regulation & Policy

Moderate

Increasing

Assistance

None

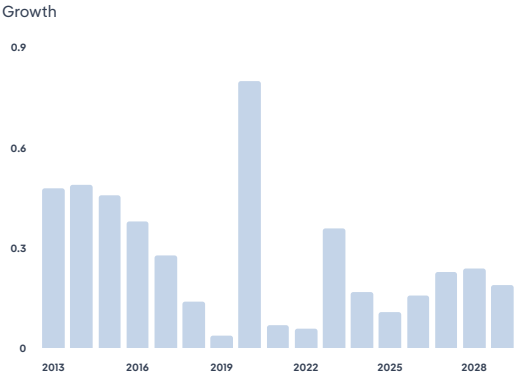
Steady

## External Drivers

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

Consumer spending habits directly impact revenue in hair and nail salons. Individuals with more disposable income are likelier to invest in personal care services and products these establishments offer. More consumer spending power can lead to higher sales and service bookings, encouraging more revenue and businesses to operate in the hair and nail salon industry.

#### Number of adults aged 20 to 64

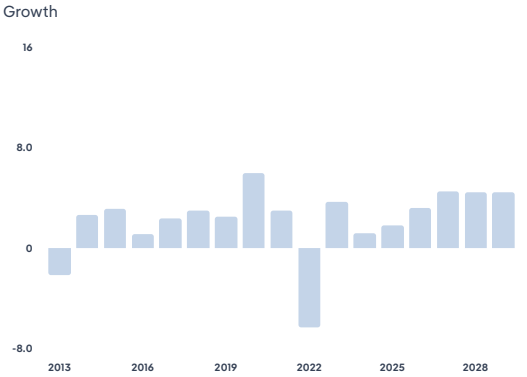


IBISWorld

Source: IBISWorld

Because of their higher disposable incomes, adults aged 20 to 64 constitute the largest demand for salon services. Growth in this demographic and rising income levels strengthen demand for hair and nail care. As this population segment expands, salons have an opportunity to cater to increasing needs, impacting overall market dynamics.

#### Per capita disposable income



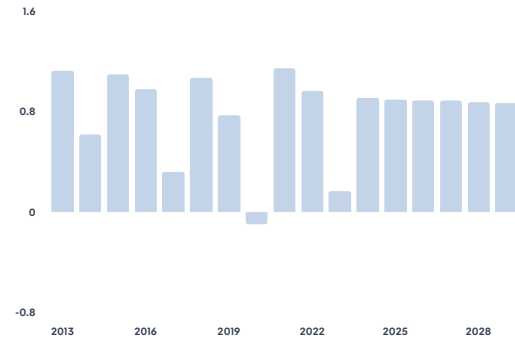
IBISWorld

Source: IBISWorld

Trends in per capita disposable income directly impact the hair and nail salon sector. As disposable income strengthens, consumers have more funds for discretionary services, including haircuts, treatments, coloring and manicures. Higher income boosts spending on these personal care services, reflecting a more robust demand. This relationship underscores the industry's reliance on economic conditions and consumer spending habits.

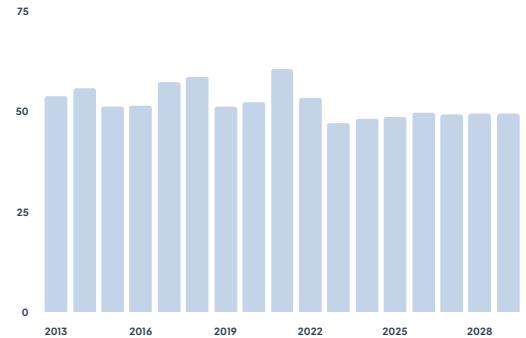
## Number of households

Growth



## Business sentiment index

Index



IBISWorld

Source: IBISWorld

IBISWorld

Source: IBISWorld

The number of households directly impacts revenue for hair and nail salons. Population growth leads to more households, embodying potential clients. As communities expand, salons see a broader customer base, spurring revenue and service diversification. This expansion often drives localized competition, pushing salons to adjust to current trends and cater to diverse needs, ultimately enhancing service quality and customer satisfaction.

The business sentiment index positively correlates with the performance of hair and nail salons. Prospective operators are likely less inclined to open new establishments when the index plunges, leading to diminished revenues. Low business sentiment reflects economic uncertainty, which can deter investments and consumer spending, posing a threat to the growth and stability of salons in the industry.

## Regulation & Policy

Moderate

Increasing

### What regulations impact the industry?

#### Advertising and Consumer Protection Laws

Federal Trade Commission (FTC) regulations impact salons by taking legal action against misleading ads. Zoning and real estate land use restrictions also apply, requiring landlords to secure approvals and salon operations permits. Franchise salons must adhere to the FTC's Trade Regulation Rule on Franchising. These rules ensure consumer protection and proper use of commercial spaces, maintaining industry standards.

#### Health and Safety in Employment Act of 1992

Hair and nail salon owners must identify workplace hazards and take practical steps to prevent harm. Regulations mandate compliance with public health codes, encompassing cleanliness, construction, sterilization of equipment and staff hygiene. Federal labor laws such as Equal Employment Opportunity, Federal Minimum Wage and Job Safety and Health Protection also govern salon operations. These regulations ensure safe conditions, benefiting employees and customers.

#### Licensing Regulations

Many states mandate licenses for barbers and stylists, requiring completion of a program in a state-authorized school. Estheticians need around 600 hours of training and must pass a state exam. Manicurists and pedicurists also need licenses, although their programs are shorter. States usually impose a license fee and necessitate periodic renewals. Shampooers, however, don't need a permit. These regulations ensure quality standards and consumer safety in hair and nail salons.

## Assistance

None

Steady

### What assistance is available to this industry?

#### Government

Public support doesn't apply to the industry

The Hair and Nail salon industry doesn't receive any public support.

#### *Non-government*

##### **Industry associations empower hair and nail salon professionals**

The Professional Beauty Association and the Association of Cosmetology Salon Professionals provide services such as education, government advocacy and charitable outreach for hair and nail salons. The American Skin Association advances research and promotes skin health and awareness of skin diseases. These organizations enhance industry standards and provide essential resources to professionals, helping business operators stay informed and meet regulatory and consumer expectations.

# Financial Benchmarks

## Key Takeaways

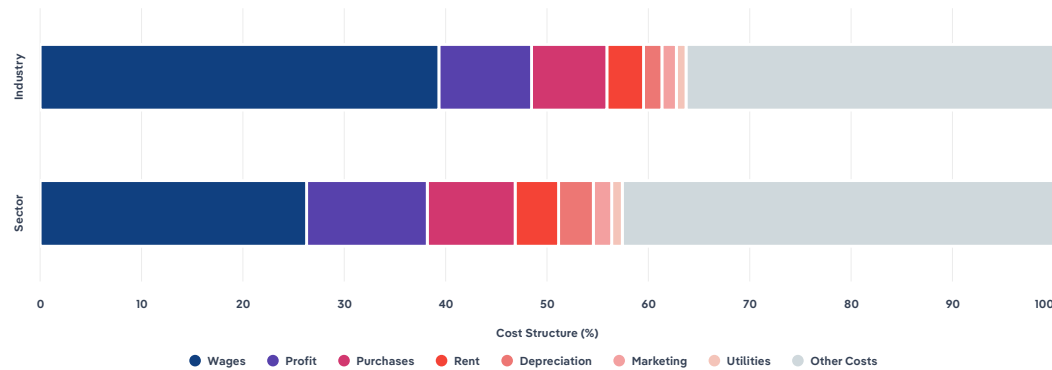
**Salon profits are riding the wave of economic recovery.** As disposable incomes rise, more people splurge on salon services, boosting revenues and encouraging previously shut salons to reopen for business.

**Skilled labor is crucial, leading to higher wages.** Salons need experienced staff to deliver quality services, resulting in rising pay to attract and retain talent.



## Cost Structure Benchmarks

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



## What trends impact industry costs?

**Profit regains the share with dropping wage costs from more labor supply**

- Salon profit swings along with economic trends. Consumers cut back on discretionary spending like salon services when the economy contracts. Conversely, as the economy improves, disposable income rises, leading to higher revenues and boosted profit for salons.
- Salons expand their offerings by incorporating retail sales and premium services. This diversification strategy adds new revenue streams and helps maintain profit levels during the pandemic downturn.
- Wages account for reduced revenues, allowing for increased profit. This trend encourages previously closed salons to resume operations as market opportunities and potential profitability improve with shifting economic conditions.

- The push for higher expertise in services like hairstyling and cosmetology leads salons to hire more skilled professionals. Specialized training becomes necessary to meet customer expectations, resulting in higher average earnings as a key revenue element.
- Operators were forced to raise wages during the pandemic while cutting labor to keep their businesses alive. As more labor returned to the market after the pandemic, hiring costs dropped, causing wages to become a smaller revenue share.
- Despite reduced hiring costs, maintaining high service quality remains crucial, keeping skilled labor essential. The ongoing rise in average wages reflects that skilled labor is crucial for maintaining competitiveness and client satisfaction.

**Purchases contribute to higher salon operational costs with returning businesses**

- As more businesses return, demand for salon equipment and

**Average wages rise as labor skills advance**

necessary products rises. These increased operations lead to higher purchase costs, and salons face steep prices when acquiring high-quality tools and consumables.

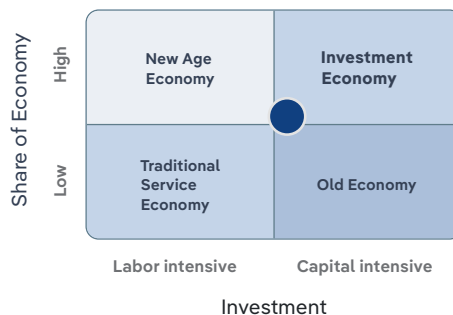
- Inflation rates haven't fully stabilized, adding to the financial pressure on salons. Rising inflation affects the cost of advanced equipment and common products like shampoos, conditioners and hair color.
- Salons usually buy additional necessary products as needed, often without contracts. This lack of long-term agreements gives them little price negotiating power during fluctuating economic conditions.

#### Rent costs vary based on numerous factors

- Rent costs vary based on multiple factors, including economic conditions and location desirability. Many house owners have adjusted their rent prices periodically to attract or retain salon operators. Salon operators renting spaces in prime locations often see higher costs.
- Many salon operators mitigate the impact of market changes by signing long-term leases. These agreements often lock in rent prices, offering financial predictability and stability.
- Home-based salon operators have minimal rent overhead. By operating from home, they redirect savings towards boosting other aspects of their business. This setup allows increased profitability and a larger share of their revenue remains unaffected by rent.

### Investment Economy

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

## Financial Ratios

Days' Receivables

**31.4** Higher than sector

Interest Coverage

**2.4** Higher than sector

Debt/Net Worth

**5.2** Higher than sector

## Industry Multiples

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
EBIT/Revenue	3.9	5.7	5.9	4.5	5.6	5.3	5.1	4.9
EBITDA/Revenue	7.3	8.7	10.2	7.3	9.5	9.0	8.6	7.9
Leverage Ratio	9.7	8.5	9.8	13.8	10.5	11.4	10.5	10.4

## Industry Tax Structure

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Taxes Paid/Revenue	1.4	1.5	1.7	1.9	1.9	1.9	1.7	1.3

## Income Statement

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	97.7	94.9	96.9	67.8	113.0	92.6	94.0	91.5
Cost of goods	59.2	53.9	56.9	30.7	29.3	39.0	46.0	50.9
Gross Profit	40.8	46.1	43.1	69.3	70.7	61.0	54.0	49.1
Expenses								
Salaries and wages	15.3	16.0	16.2	19.2	16.0	17.1	16.5	15.9
Advertising	1.8	2.2	2.1	2.1	2.0	2.1	2.0	1.9
Depreciation	2.1	1.5	2.7	2.2	2.3	2.4	2.2	1.7
Depletion	0.1	0.0	0.4	0.0	0.1	0.2	0.1	0.1
Amortization	1.1	1.4	1.2	0.6	1.6	1.1	1.2	1.2
Rent paid	3.4	3.5	3.6	4.1	3.7	3.8	3.7	3.5
Repairs	0.1	0.7	0.1	0.2	0.1	0.2	0.3	0.4
Bad debts	0.6	1.2	0.6	0.6	0.5	0.6	0.7	0.8
Employee benefit programs	2.7	2.5	3.1	1.5	1.3	1.9	2.2	2.3
Compensation of officers	2.6	2.3	2.7	1.4	2.7	2.3	2.3	2.3
Taxes paid	1.4	1.5	1.7	1.9	1.9	1.9	1.7	1.3
Interest Income	0.6	0.7	0.6	0.3	0.8	0.6	0.6	0.6
Other Income								
Royalties	0.1	0.4	0.2	0.1	0.2	0.2	0.2	0.3
Rent Income	0.8	0.1	1.2	0.1	0.1	0.5	0.5	0.3
Net Income	0.7	2.3	1.9	1.4	1.4	1.6	1.6	2.0

## Balance Sheet

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
<b>Assets</b>								
Cash and Equivalents	9.3	9.4	9.4	9.7	8.4	9.2	9.2	8.3
Notes and accounts receivable	6.4	6.1	4.9	8.3	8.6	7.3	6.9	6.6
Allowance for bad debts	0.4	0.2	0.2	0.4	0.5	0.3	0.3	0.3
Inventories	6.3	7.7	5.8	6.1	7.0	6.3	6.6	6.4
Other current assets	5.2	3.3	2.1	6.1	6.2	4.8	4.6	4.8
Other investments	1.4	6.9	1.8	8.3	7.8	6.0	5.2	8.2
Property, Plant and Equipment	73.1	81.2	61.4	41.9	34.9	46.1	58.5	64.7
Accumulated depreciation	46.5	48.9	33.2	27.5	21.8	27.5	35.6	39.5
Intangible assets (Amortizable)	34.8	34.7	34.7	26.0	20.5	27.0	30.1	31.6
Accumulated amortization	13.9	9.5	11.2	9.2	8.8	9.7	10.5	10.2
Other assets	8.8	7.8	7.7	6.6	6.1	6.8	7.4	7.9
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	3.2	4.0	2.9	6.0	6.4	5.1	4.5	4.8
<b>Liabilities and Net Worth</b>								
Mort, notes, and bonds under 1 yr	8.2	6.7	4.2	9.9	9.6	7.9	7.7	9.4
Other current liabilities	1.9	7.8	11.3	10.1	9.9	10.5	8.2	8.1
Loans from shareholders	7.7	3.5	4.6	5.9	5.9	5.5	5.5	5.6
Mort, notes, bonds, 1 yr or more	55.8	54.2	29.0	43.7	36.4	36.4	43.8	54.7
Other liabilities	17.7	20.6	22.3	10.5	9.7	14.2	16.2	16.3
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	1.4	1.6	2.3	2.5	2.0	2.3	2.0	1.9
Additional paid-in capital	7.5	5.6	11.1	12.1	11.3	11.5	9.5	8.5
Retained earnings, appropriated	0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.1
Retained earnings-unappropriated	13.0	25.8	15.4	16.3	14.9	15.6	17.1	18.0
Cost of treasury stock	26.3	31.2	25.2	20.5	16.3	20.7	23.9	26.8
Net worth	11.3	19.0	22.0	19.6	19.3	20.3	18.2	17.8



## Liquidity Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Current Ratio	2.1	1.4	1.2	1.2	1.2	1.2	1.4	1.2
Quick Ratio	1.6	1.0	0.9	1.0	0.9	0.9	1.1	0.9
Sales/Receivables	22.3	22.3	20.4	12.0	11.6	14.7	17.7	19.8
Days' Receivables	16.4	16.4	17.9	30.4	31.4	26.5	22.5	19.6
Days' Inventory	27.6	38.4	37.4	72.5	87.1	65.7	52.6	41.2
Inventory Turnover	13.2	9.5	9.7	5.0	4.2	6.3	8.3	10.3
Payables Turnover	25.9	18.3	19.9	5.1	4.6	9.9	14.8	14.8
Days' Payables	14.1	20.0	18.3	71.3	80.0	56.5	40.7	32.7
Sales/Working Capital	14.0	12.9	12.1	7.7	11.7	10.5	11.7	13.8

## Coverage Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Interest Coverage	2.2	3.1	2.7	3.9	2.4	3.0	2.8	3.2
Debt Service Coverage Ratio	2.1	2.5	2.4	0.5	0.7	1.2	1.6	2.5

## Leverage Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	15.5	9.5	6.6	5.6	4.7	5.6	8.4	8.9
Debt/Net Worth	8.9	5.3	4.5	5.1	5.2	4.9	5.8	5.9
Tangible Net Worth	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2

## Operating Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Return on Net Worth, %	48.7	41.0	26.9	22.8	29.2	26.3	33.7	36.5
Return on Assets, %	5.5	7.8	5.9	4.5	5.6	5.3	5.9	6.1
Sales/Total Assets	1.4	1.4	1.0	1.0	1.0	1.0	1.2	1.3
EBITDA/Revenue	7.3	8.7	10.2	7.3	9.5	9.0	8.6	7.9
EBIT/Revenue	3.9	5.7	5.9	4.5	5.6	5.3	5.1	4.9

## Cash Flow & Debt Service Ratios (% of sales)

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Cash from Trading	41.6	44.1	44.5	69.3	69.7	61.2	53.8	49.0
Cash after Operations	13.6	24.9	24.8	37.1	44.9	35.6	29.1	25.1
Net Cash after Operations	18.1	20.1	20.6	37.2	44.8	34.2	28.2	24.4
Debt Service P&I Coverage	1.7	1.9	2.1	2.4	2.9	2.5	2.2	1.9
Interest Coverage (Operating Cash)	10.2	10.7	9.2	32.3	19.1	20.2	16.3	16.0

## Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2004	45,842	0.1	1.5	1.6	19,872	43.3	1.0	51.0
2005	45,828	0.1	1.5	1.5	19,528	42.6	1.0	51.8
2006	45,042	0.1	1.5	1.5	19,581	43.5	1.0	51.8
2007	45,123	0.1	1.5	1.5	18,871	41.8	1.0	49.9
2008	44,099	0.1	1.4	1.5	18,753	42.5	1.0	49.9
2009	41,121	0.1	1.4	1.4	18,321	44.6	1.0	50.7
2010	40,101	0.1	1.4	1.4	17,110	42.7	1.0	51.8
2011	38,807	0.1	1.4	1.4	17,113	44.1	1.0	54.9
2012	39,700	0.1	1.4	1.4	16,980	42.8	1.0	52.4
2013	40,742	0.1	1.4	1.4	15,948	39.1	1.0	48.9
2014	40,475	0.1	1.3	1.4	16,689	41.2	1.0	51.2
2015	41,747	0.1	1.3	1.4	17,538	42.0	1.0	50.7
2016	43,209	0.1	1.4	1.4	18,155	42.0	1.0	51.4
2017	44,010	0.1	1.4	1.4	18,367	41.7	1.0	54.8
2018	45,560	0.1	1.4	1.4	18,616	40.9	1.0	51.5
2019	46,428	0.1	1.4	1.4	19,063	41.1	1.0	51.5
2020	35,984	0.0	1.4	1.4	15,387	42.8	1.0	52.9
2021	47,024	0.1	1.3	1.3	19,307	41.1	1.0	51.6
2022	49,900	0.1	1.3	1.3	19,534	39.1	1.0	50.2
2023	49,916	0.1	1.3	1.3	19,534	39.1	1.0	50.2
2024	49,643	0.1	1.3	1.3	19,512	39.3	1.0	50.3
2025	49,417	0.1	1.3	1.3	19,495	39.4	1.0	50.4
2026	49,622	0.1	1.3	1.3	19,511	39.3	1.0	50.3
2027	49,672	0.1	1.3	1.3	19,515	39.3	1.0	50.3
2028	49,655	0.1	1.3	1.3	19,513	39.3	1.0	50.3
2029	49,513	0.1	1.3	1.3	19,502	39.4	1.0	50.4
2030	49,518	0.1	1.3	1.3	19,503	39.4	1.0	50.4

# Key Statistics

## Industry Data

### Values

Year	Revenue (\$ Million)	IVA (\$ Million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2004	52,488.5	26,794.2	749,546	738,022	1,144,978	22,752.5
2005	54,559.5	28,267.6	794,404	783,073	1,190,523	23,248.2
2006	55,960.6	28,972.7	832,408	819,984	1,242,404	24,327.9
2007	57,604.5	28,757.2	868,304	855,067	1,276,608	24,091.3
2008	58,609.0	29,261.0	918,105	905,288	1,329,036	24,924.0
2009	56,767.2	28,755.1	980,893	968,422	1,380,494	25,292.3
2010	59,282.7	30,688.2	1,072,848	1,060,539	1,478,321	25,293.5
2011	59,999.9	32,937.6	1,138,791	1,126,661	1,546,100	26,457.7
2012	61,406.5	32,158.6	1,142,495	1,129,556	1,546,761	26,263.6
2013	65,107.5	31,866.3	1,180,290	1,167,636	1,598,030	25,485.7
2014	65,550.6	33,582.9	1,205,408	1,192,793	1,619,514	27,027.8
2015	67,898.0	34,431.2	1,207,436	1,194,973	1,626,427	28,524.1
2016	70,520.9	36,259.1	1,193,463	1,181,078	1,632,089	29,630.1
2017	72,669.1	39,846.8	1,206,907	1,193,549	1,651,201	30,327.2
2018	77,040.2	39,644.7	1,233,229	1,221,395	1,690,953	31,478.4
2019	80,182.7	41,261.6	1,253,391	1,241,388	1,727,020	32,922.6
2020	60,771.7	32,142.7	1,234,726	1,224,072	1,688,870	25,986.6
2021	79,649.9	41,117.3	1,293,827	1,283,939	1,693,800	32,702.5
2022	88,328.4	44,321.3	1,333,491	1,321,038	1,770,103	34,577.2
2023	89,592.8	44,949.1	1,352,767	1,340,159	1,794,880	35,061.3
2024	89,444.9	45,007.4	1,366,666	1,355,013	1,801,779	35,157.1
2025	89,485.6	45,092.3	1,381,735	1,370,959	1,810,831	35,301.6
2026	91,789.0	46,173.9	1,409,669	1,398,206	1,849,746	36,090.3
2027	93,242.1	46,883.7	1,433,047	1,421,493	1,877,162	36,632.5
2028	94,787.5	47,669.9	1,461,105	1,449,621	1,908,927	37,249.8
2029	95,581.2	48,136.3	1,481,377	1,470,260	1,930,422	37,647.8
2030	96,900.2	48,797.9	1,503,015	1,491,854	1,956,863	38,164.2

#### Note

Figures are inflation adjusted to 2024

## Industry Data

## Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages %
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	3.9	5.5	6.0	6.1	4.0	2.2
2006	2.6	2.5	4.8	4.7	4.4	4.6
2007	2.9	-0.7	4.3	4.3	2.8	-1.0
2008	1.7	1.8	5.7	5.9	4.1	3.5
2009	-3.1	-1.7	6.8	7.0	3.9	1.5
2010	4.4	6.7	9.4	9.5	7.1	0.0
2011	1.2	7.3	6.1	6.2	4.6	4.6
2012	2.3	-2.4	0.3	0.3	0.0	-0.7
2013	6.0	-0.9	3.3	3.4	3.3	-3.0
2014	0.7	5.4	2.1	2.2	1.3	6.1
2015	3.6	2.5	0.2	0.2	0.4	5.5
2016	3.9	5.3	-1.2	-1.2	0.3	3.9
2017	3.0	9.9	1.1	1.1	1.2	2.4
2018	6.0	-0.5	2.2	2.3	2.4	3.8
2019	4.1	4.1	1.6	1.6	2.1	4.6
2020	-24.2	-22.1	-1.5	-1.4	-2.2	-21.1
2021	31.1	27.9	4.8	4.9	0.3	25.8
2022	10.9	7.8	3.1	2.9	4.5	5.7
2023	1.4	1.4	1.4	1.4	1.4	1.4
2024	-0.2	0.1	1.0	1.1	0.4	0.3
2025	0.0	0.2	1.1	1.2	0.5	0.4
2026	2.6	2.4	2.0	2.0	2.1	2.2
2027	1.6	1.5	1.7	1.7	1.5	1.5
2028	1.7	1.7	2.0	2.0	1.7	1.7
2029	0.8	1.0	1.4	1.4	1.1	1.1
2030	1.4	1.4	1.5	1.5	1.4	1.4

## Note

Figures are inflation adjusted to 2024

# Key Success Factors

## How do successful businesses overcome volatility?

### Develop a loyal customer base

Building a loyal customer base ensures consistent revenue, helping salons weather economic downturns. Satisfied clients also often provide word-of-mouth referrals, generating new potential customer streams.

### Provide services to groups with high disposable income

Catering to groups with high disposable income ensures a reliable revenue stream since these clients are more likely to spend on premium services and products. This clientele helps buffer the business during economic fluctuations.

## What products or services do successful businesses offer?

### Secure qualified designers

Hiring experienced and talented designers ensures that hair and nail salons can offer high-quality and innovative styles that attract and retain clients, setting them apart from competitors and driving long-term success.

### Present products attractively

Salons can entice clients to purchase additional services or retail items by showcasing hair and nail styles in an appealing and organized manner. Attractive displays enhance the overall aesthetic and create a more professional environment.

## How do businesses use location to their advantage?

### Operate in a highly visible location

Being in a highly visible area attracts more walk-in clients, enhancing foot traffic and boosting business. Salons often thrive on visibility to entice new customers and create a solid local presence.

### Ensure car parking availability

Convenient parking options make it easier for clients to visit the salon, improving customer satisfaction and generating repeat business as clients appreciate easy access.

## How do successful businesses handle concentration?

### Maintain excellent customer relations

Building strong client relationships encourages loyalty and repeat business, crucial in a concentrated market where customer retention can make a salon stand out.

### Hire an experienced workforce

Skilled hair and nail technicians attract clients who seek quality and professional services. Experienced staff also provide consistent service quality, enhancing customer satisfaction and salon reputation.

## How can potential entrants overcome barriers to entry?

### Ensure proper licensing

Proper licensing guarantees that the salon meets all local regulations and professional standards. Having licenses builds customer trust and protects the business from legal issues, fostering a reputable and stable operating environment.

### Attract local support

Gaining the support of the local community can drive customer loyalty and word-of-mouth referrals. Local consumers are likelier to become repeat customers and advocate for the business within their social circles.

## How do successful businesses compete with substitutes?

### Leverage the company's business expertise

By using specialized knowledge and industry experience, salons can offer unique, high-quality services that competitors may not match. Expertise in the latest trends and techniques attracts customers seeking professional and reliable results.

**Generate positive word-of-mouth recommendations**

Encouraging satisfied clients to share their experiences boosts the salon's reputation and attracts new customers. Personal endorsements are powerful and trusted, making potential clients more likely to choose a salon over others.

## How do successful businesses manage buyer & supplier power?

**Forward sell production when appropriate**

Salons can secure future revenue and encourage customer loyalty by offering discounted prices for loyalty programs. This strategy provides immediate cash flow and helps manage costs, mitigating supplier power.

**Become a member of an industry organization**

Becoming a member of an industry organization, such as the Professional Beauty Association, helps salons by providing access to industry insights, training and networking opportunities. Membership can strengthen negotiating power with suppliers, build credibility and attract more customers.

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