

Economic Snapshot of the Salon Industry



Professional
Beauty
Association

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Salon Industry Snapshot

- The salon and spa industry is a vibrant and growing component of the U.S. economy, with more than 1.2 million total establishments and annual sales of more than \$62 billion.

Salon Establishments With Payroll Employees

2019 Establishments	106,227
2018 Sales	\$31.5 billion

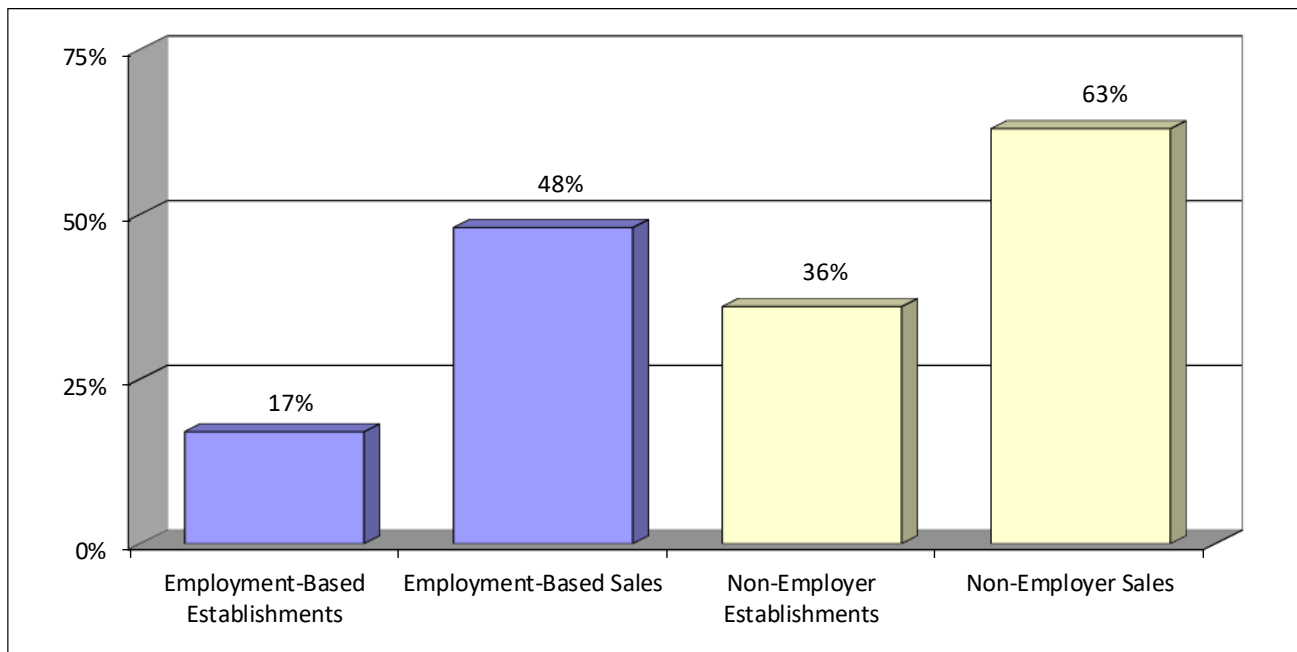
Non-Employer Salon Establishments*

2018 Establishments	1,123,045
2018 Sales	\$30.6 billion

Sources: Bureau of Labor Statistics, U.S. Census Bureau

- The salon and spa industry registered steady growth over the last decade (2008 – 2018), with the strongest gains seen in the non-employer sector. The number of non-employer salon and spa establishments increased 36 percent in the last decade, while their sales jumped 63 percent. In comparison, the number of employment-based salon and spa establishments increased 17 percent over the last decade, with their sales rising 48 percent.

Salon Industry Establishment and Sales Growth Over the Last Decade Employment-Based Salons versus Non-Employer Salons



Sources: Bureau of Labor Statistics, U.S. Census Bureau

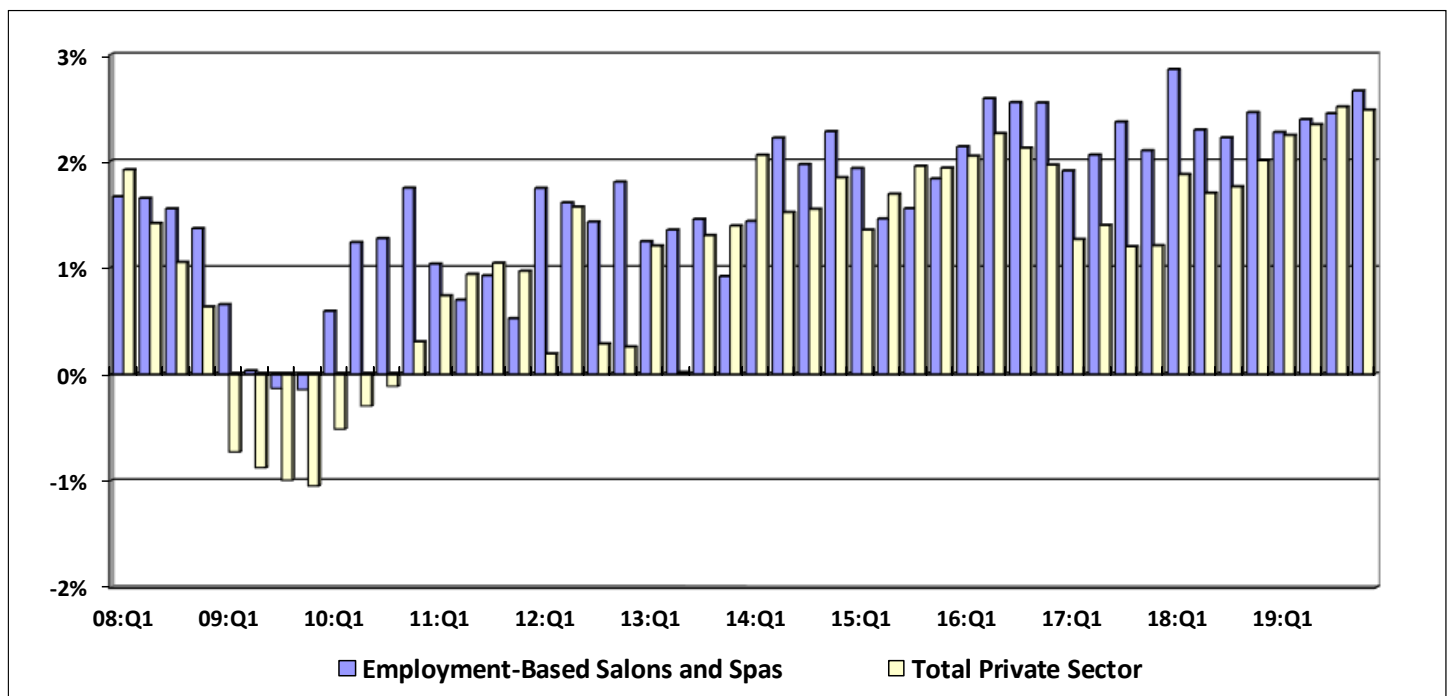
*A Non-Employer Establishment is a business entity that has no paid employees. For data purposes the federal government counts each distinct business income tax return filed by a non-employer business as an establishment. As a result, an individual such as an independent contractor could be classified as a non-employer establishment. Non-employer businesses may operate from a home address or a separate physical location. Examples of non-employer establishments in the salon industry could include 1) a small salon business owned and operated by one individual, where this individual provides all of the services, 2) a salon business of any size that does not have regular paid employees, but may have independent contractors working in their establishment, 3) an individual that leases a chair as an independent contractor, 4) an individual that cuts hair out of their home, and 5) an individual that provides salon-related services as an independent contractor in the entertainment or fashion industries.

The Salon and Spa Industry Grew Faster than the Overall Private Sector in Recent Years

- The Great Recession of the late 2000s took a significant toll on the nation’s private sector. At the depth of the recession, the national economy was losing tens of thousands of businesses each quarter. Between the fourth quarters of 2008 and 2009, the national economy experienced a net loss of more than 92,000 private-sector business establishments – a decline of 1 percent.
- In comparison, the nation’s salon and spa industry performed relatively well during the recession. Although growth in the number of employment-based salons and spas slowed during the recession and briefly turned negative, the declines were much less severe than the overall private sector. Between the fourth quarters of 2008 and 2009, the salon and spa industry experienced a net decline of only 130 establishments – or just 0.1 percent.
- The nation’s salon and spa industry also performed comparatively well coming out of the recession. Between the fourth quarters of 2009 and 2010, the salon and spa industry grew by nearly 1,600 locations nationwide – an increase of 1.7 percent. During the same four-quarter period, the overall economy experienced a net increase of 26,500 private-sector business establishments – a gain of only 0.3 percent.
- Growth in the nation’s salon and spa industry continued to outpace the overall economy in recent years. During the last nine years, the salon and spa industry added more than 16,700 locations – a strong 18.4 percent gain. In comparison, the overall economy added a net 1,309,500 private-sector business establishments during the same period – an increase of 14.9 percent.
- The number of salon-industry establishments increased 2.7 percent between the fourth quarters of 2018 and 2019, which outpaced the 2.5 percent gain in business establishments in the overall private sector.

Salon and Spa Industry Outperformed the Private Sector During and Since the Great Recession

Number of Establishments with Payroll Employees: Salons/Spas vs. Total U.S. Private Sector
Percent Change From Same Quarter in Previous Year



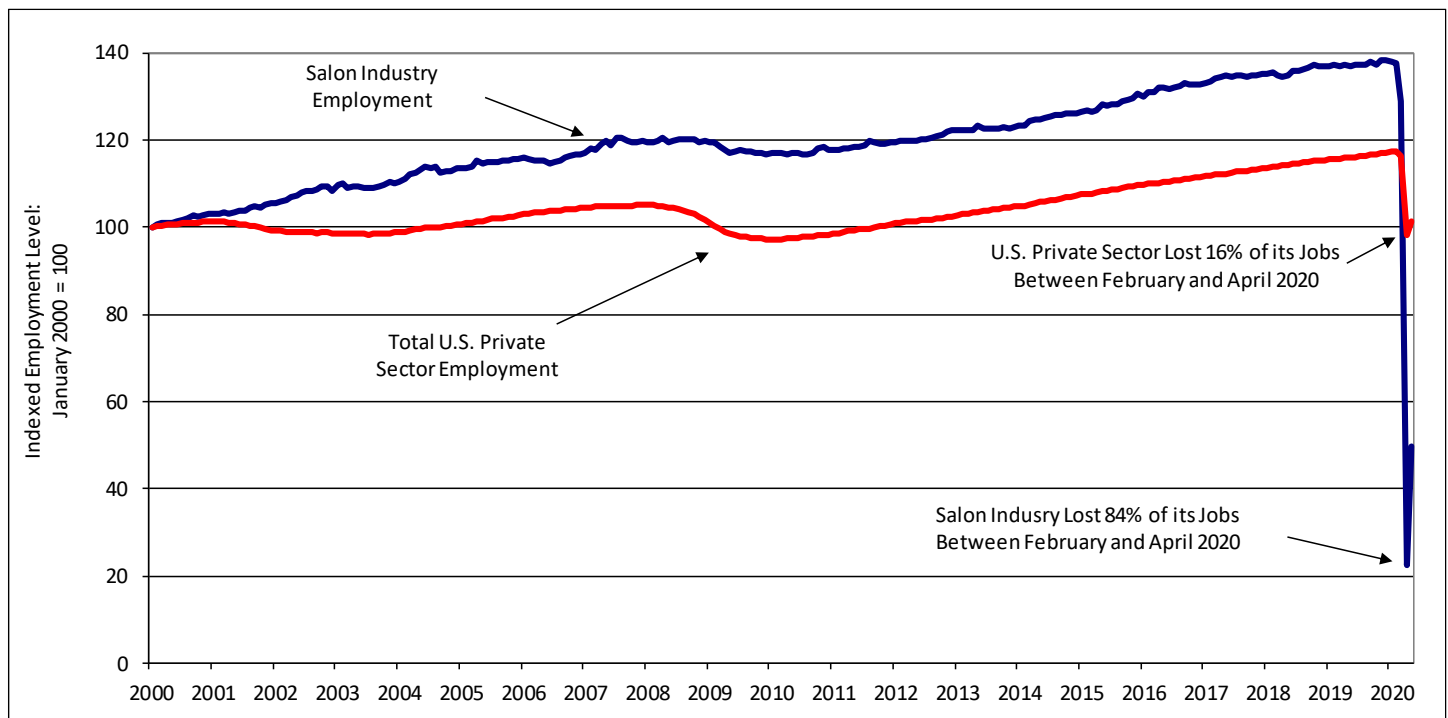
Source: Professional Beauty Association analysis of data from the Bureau of Labor Statistics

The Coronavirus is Having a Devastating Impact on the Salon Industry

- The salon industry has been significantly impacted by the coronavirus. Between February and April 2020, the number of jobs at employment-based salons plunged by 84 percent, according to data from the Bureau of Labor Statistics.
- Only 93,000 people were on payroll at employment-based salons in April – down from 569,000 in February. [This represented the fewest number of salon jobs in well over five decades. In January 1972 (the earliest available data), there were 259,000 employees working at Beauty Shops (SIC Code 723).]
- The salon industry began to gradually recover in May, adding 113,000 jobs at employment-based salons. However, the industry’s employment level still remained 64 percent below its pre-coronavirus level in February.
- In comparison, the nation’s overall private sector lost more than 21 million jobs between February and April – a decline of 16 percent. The private sector added 3.2 million jobs in May, but still remained 14 percent below its February level.

Salon Industry Lost 84% of Its Jobs Between February and April 2020

Employment Trends from January 2000 to May 2020: Salon Industry vs. Total U.S. Private Sector



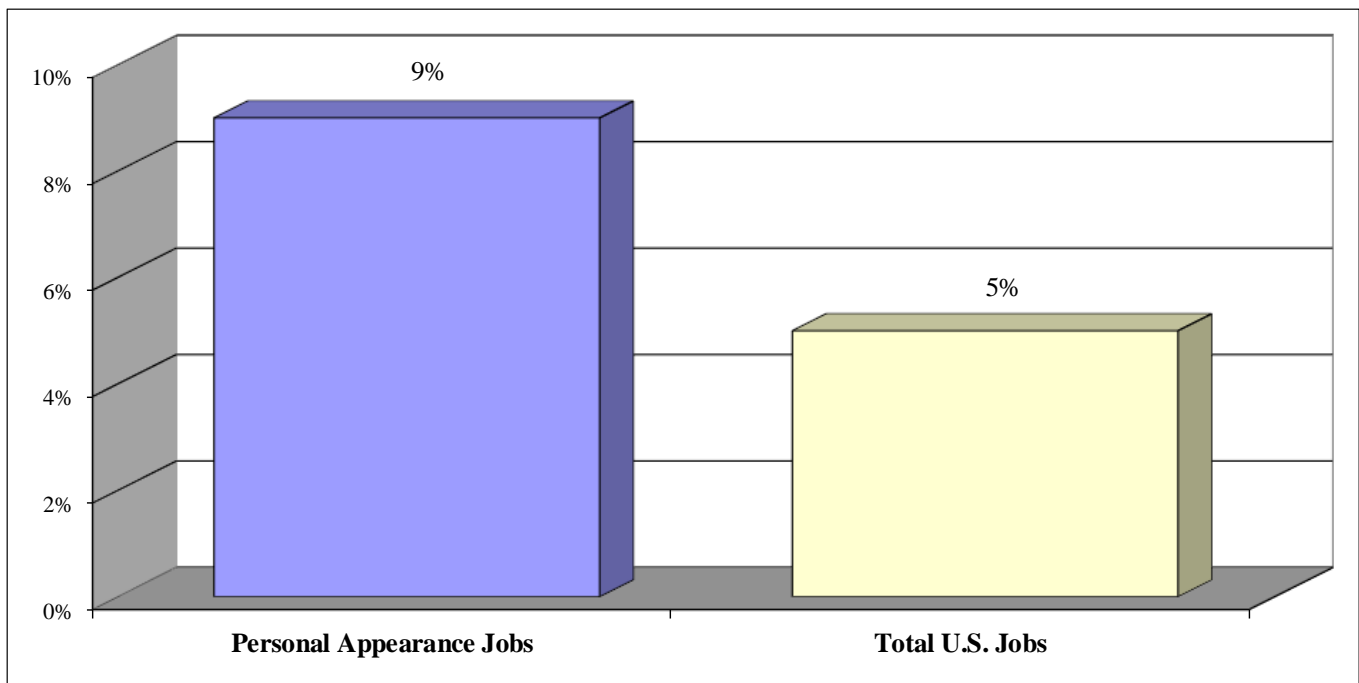
Source: Professional Beauty Association analysis of data from the Bureau of Labor Statistics

Note: These figures represent payroll employees in the salon industry, and exclude self-employed individuals.

The Salon and Spa Industry is Projected to Post Steady Job Growth in the Future

- Not only did the salon and spa industry provide much needed job growth during the last several years, it is poised to post steady growth well into the future. According to the Bureau of Labor Statistics, the number of personal appearance jobs is projected to increase 9 percent between 2018 and 2028, which is nearly double the projected 5 percent growth in total U.S. employment during the same period.
- All of the major personal appearance occupations are projected to post job growth stronger than the overall economy between 2018 and 2028. The number of skin care specialist jobs is projected to increase 11 percent, while the number of manicurist and pedicurist jobs is projected to rise 10 percent.
- The number of hairdresser, hairstylist and cosmetologist positions is expected to increase 9 percent between 2018 and 2028.

Projected Job Growth: 2018 to 2028



Source: U.S. Department of Labor, Bureau of Labor Statistics

Note: These projections were made prior to the coronavirus pandemic.

Projected Salon Industry Job Growth: 2018 to 2028

Occupation	Job Growth: 2018 to 2028
Skin Care Specialists	11%
Manicurists and Pedicurists	10
Shampooers	10
Hairdressers, Hairstylists, and Cosmetologists	9
Barbers	7
Makeup Artists, theatrical and performance	7
TOTAL PERSONAL APPEARANCE JOBS	9%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Three out of Ten Salon-Industry Professionals are Self-Employed

- More than 1.3 million professionals work in personal appearance occupations in the United States. Individuals in these occupations have a much higher rate of self-employment, as compared to the overall workforce.
- Twenty-nine percent of all individuals in personal appearance occupations are self-employed. In comparison, only six percent of the overall U.S. workforce is self-employed.
- Of the 803,000 Hairdressers, Hairstylists and Cosmetologists, 33 percent (or 269,000) are self-employed.
- Thirty-four percent of Barbers are self-employed, while 17 percent of individuals in the Miscellaneous Personal Appearance Worker category are self-employed.

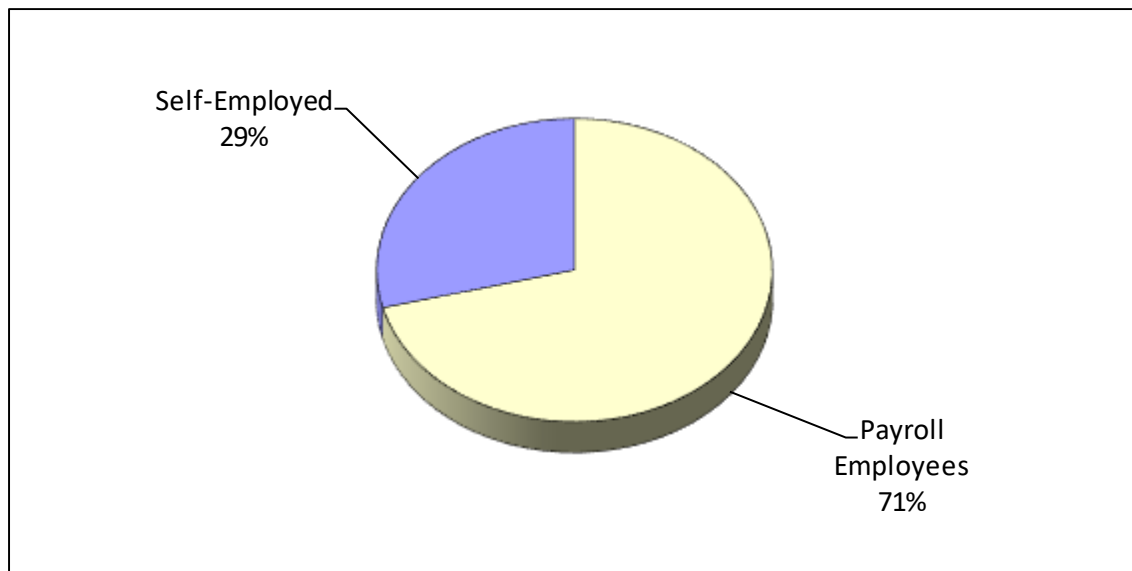
Number of Individuals in Personal Appearance Occupations

Personal Appearance Occupation	Total Employees in Occupation	Self-Employed Proportion	Total Self-Employed in Occupation
Hairdressers, Hairstylists, and Cosmetologists	803,000	33%	269,000
Barbers	137,000	34	46,000
Miscellaneous Personal Appearance Workers*	409,000	17	70,000
TOTAL INDIVIDUALS IN PERSONAL APPEARANCE OCCUPATIONS	1,349,000	29%	385,000

Source: U.S. Department of Labor, Bureau of Labor Statistics; 2019 data

*Includes the following occupations: Makeup Artists, theatrical and performance; Manicurists and Pedicurists; Shampooers; and Skin Care Specialists

Distribution of Individuals in Personal Appearance Occupations
Payroll Employees versus Self-Employed

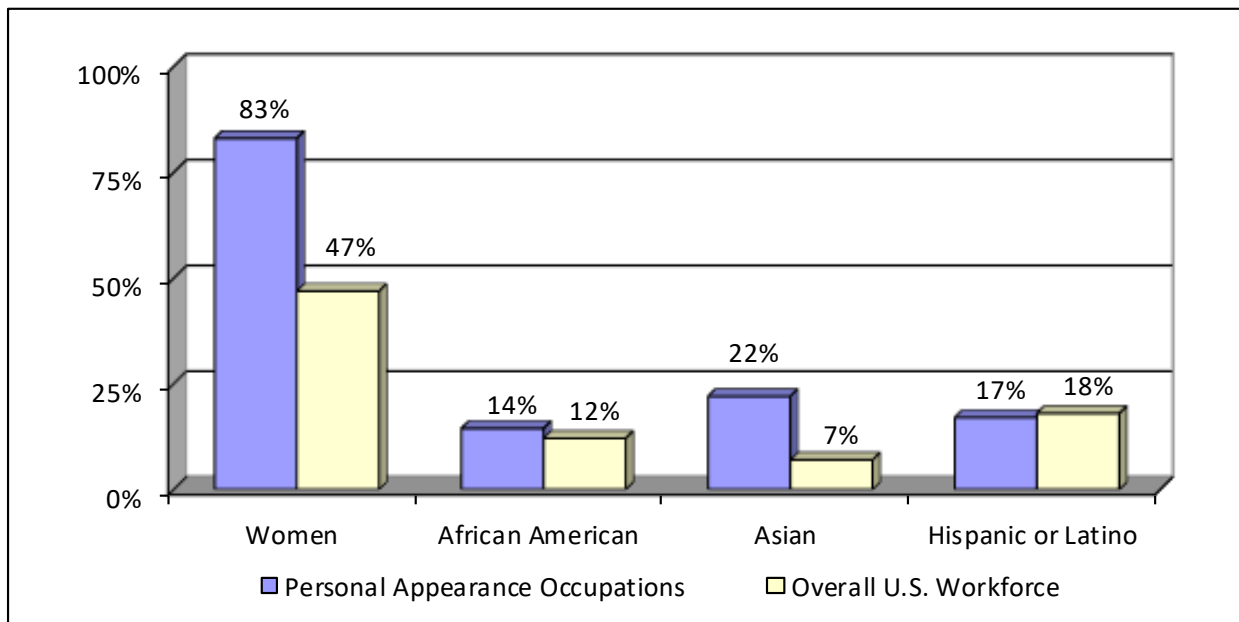


Source: U.S. Department of Labor, Bureau of Labor Statistics; 2019 data

The Salon and Spa Industry Provides Career Opportunities for Individuals of All Backgrounds

- The nation’s salon and spa industry provides first jobs and career opportunities for individuals of all backgrounds, and has a broader representation of women and minorities than the overall U.S. workforce.
- Eighty-three percent of individuals in personal appearance occupations are women, compared to 47 percent of employed individuals in the overall U.S. workforce.
- Fourteen percent of individuals in personal appearance occupations are Black or African American, compared to a national average of 12 percent.
- Twenty-two percent of individuals in personal appearance occupations are Asian, compared to just seven percent of the overall U.S. workforce.
- Seventeen percent of individuals in personal appearance occupations are of Hispanic origin, compared to the national average of 18 percent.

Breakdown of Employed Individuals by Gender, Race and Ethnicity
Personal Appearance Occupations versus Overall U.S. Workforce

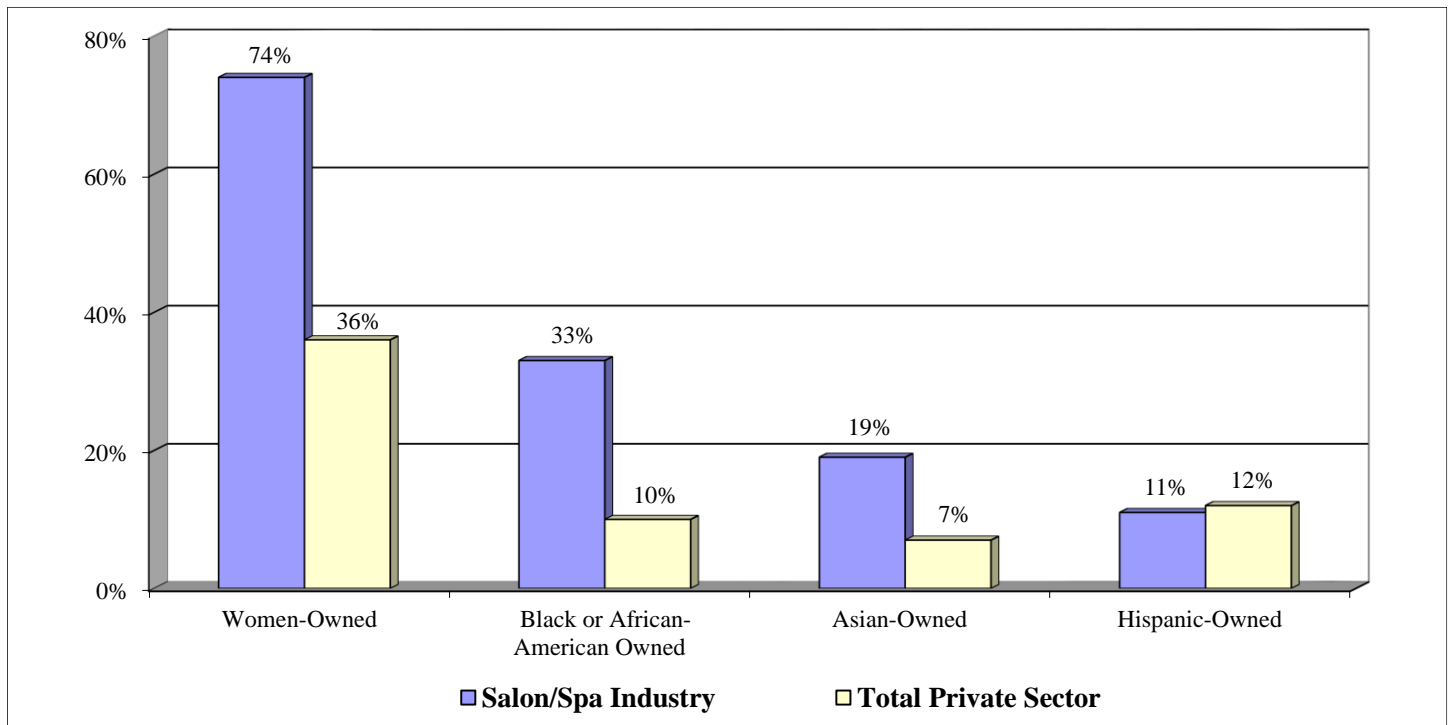


Source: Bureau of Labor Statistics; 2019 data

The Salon and Spa Industry Provides a Path to Ownership Opportunities

- Not only do salons and spas provide employment opportunities for individuals of all backgrounds, they also give individuals the experience to own businesses of their own.
- Seventy-four percent of all salon businesses* are owned by women, compared to just 36 percent of businesses in the overall private sector.
- Thirty-three percent of businesses in the salon industry are Black or African-American-owned, versus just 10 percent of total private sector businesses.
- Nineteen percent of salon businesses are Asian-owned, compared to a 7 percent Asian-ownership rate for businesses in the overall private sector.
- Eleven percent of salon businesses are owned by individuals of Hispanic origin, compared to 12 percent in the overall private sector.

The Salon and Spa Industry Provides Ownership Opportunities for Women and Minorities *Proportion of Businesses* Owned by Women and Minorities*



Source: U.S. Census Bureau; 2012 Survey of Business Owners

*Figures represent all salon industry businesses: employment-based businesses and non-payroll businesses