

*Economic Snapshot
of the
Salon and Spa Industry*



May 2014

Salon Industry Snapshot

- The salon and spa industry is a vibrant and growing component of the U.S. economy, with more than 1.1 million total establishments and annual sales of \$46 billion.

Salon Establishments With Payroll Employees

2012 Establishments	92,157
2012 Sales	\$22.9 billion

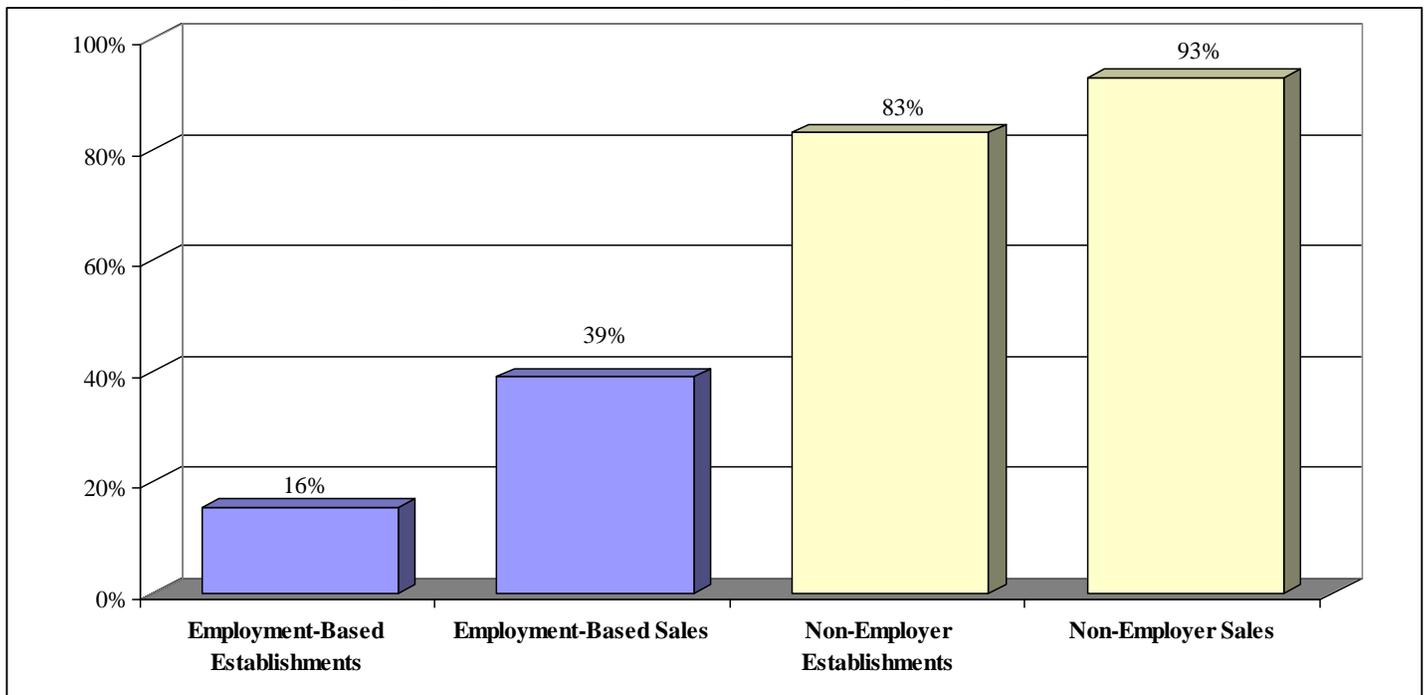
Non-Employer Salon Establishments*

2012 Establishments	1,045,288
2012 Sales	\$23.0 billion

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

- The salon and spa industry registered steady growth over the last decade, with the strongest gains seen in the non-employer sector. The number of non-employer salon and spa establishments increased 83 percent in the last decade, while their sales jumped 93 percent. In comparison, the number of employment-based salon and spa establishments increased 16 percent over the last decade, with their sales rising 39 percent.

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



Source: 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.

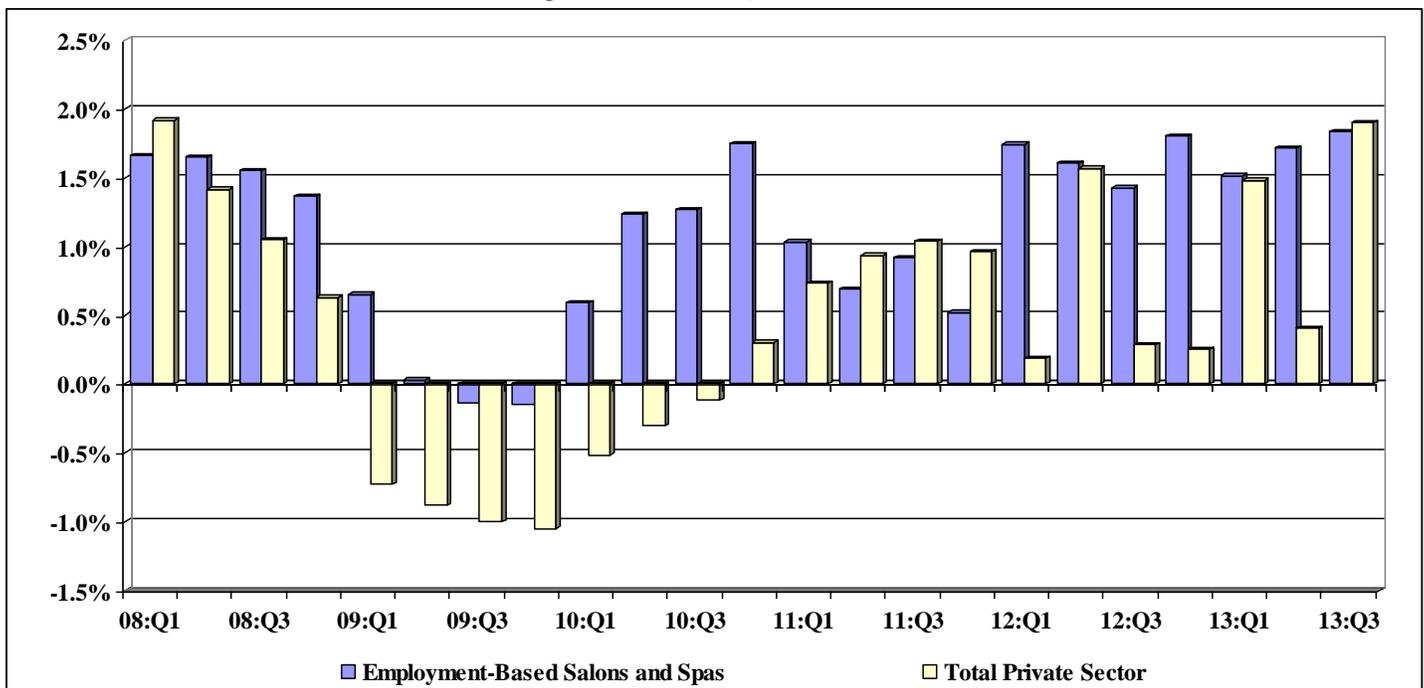
The Salon and Spa Industry Outperformed the Overall Private Sector During and Since the Recession

- 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 outstrip the overall economy in recent years. During the last three years, the salon and spa industry added more than 3,800 locations – a solid 4.2 percent gain. In comparison, the overall economy added a net 284,000 private-sector business establishments during the same period – an increase of 3.3 percent.

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

Number of Establishments with Payroll Employees: Salons/Spas vs. Total U.S. Private Sector

Percent Change From Same Quarter in Previous Year



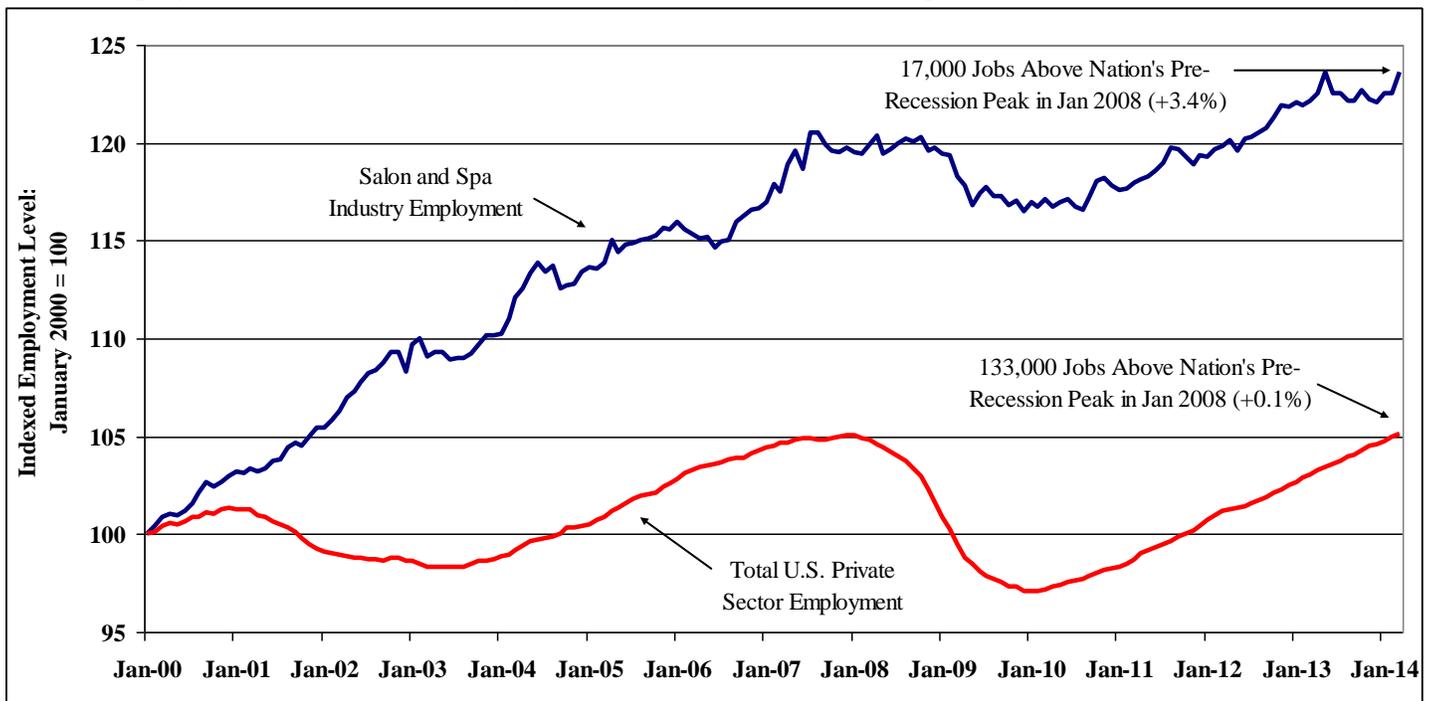
Source: Profession Beauty Association analysis of data from the Bureau of Labor Statistics

The Salon and Spa Industry Provided Much Needed Job Growth During the Lost Decade and Beyond

- One only has to look at recent history to see that the salon and spa industry is an engine of job growth for the U.S. economy, even when many other industries are shedding jobs. During the challenging economic decade of 2000 to 2010 that included two recessions, job growth in the U.S. economy stagnated.
- In fact, between January 2000 and January 2010, the nation's private sector shed 3.2 million jobs – a decline of 3 percent. In contrast, employment-based salons and spas added 70,000 jobs during the same 10-year period, which represented an increase of 17 percent.
- The nation's salon industry wasn't immune from the effects of the Great Recession, and experienced back-to-back job losses in 2009 and 2010. But the salon industry bounced back from the downturn, and as of March 2014, the number of jobs at employment-based salons and spas stood 3.4 percent (or 17,000 jobs) above its January 2008 level, which represented the nation's pre-recession employment peak.
- In contrast, the nation's private sector is only 133,000 jobs – or 0.1 percent – above the January 2008 pre-recession employment peak.
- Overall, salon industry job growth outperformed the overall economy in 11 of the last 14 years.

No Lost Decade for the Salon and Spa Industry

Employment Trends from January 2000 to March 2014: Salons/Spas vs. Total U.S. Private Sector

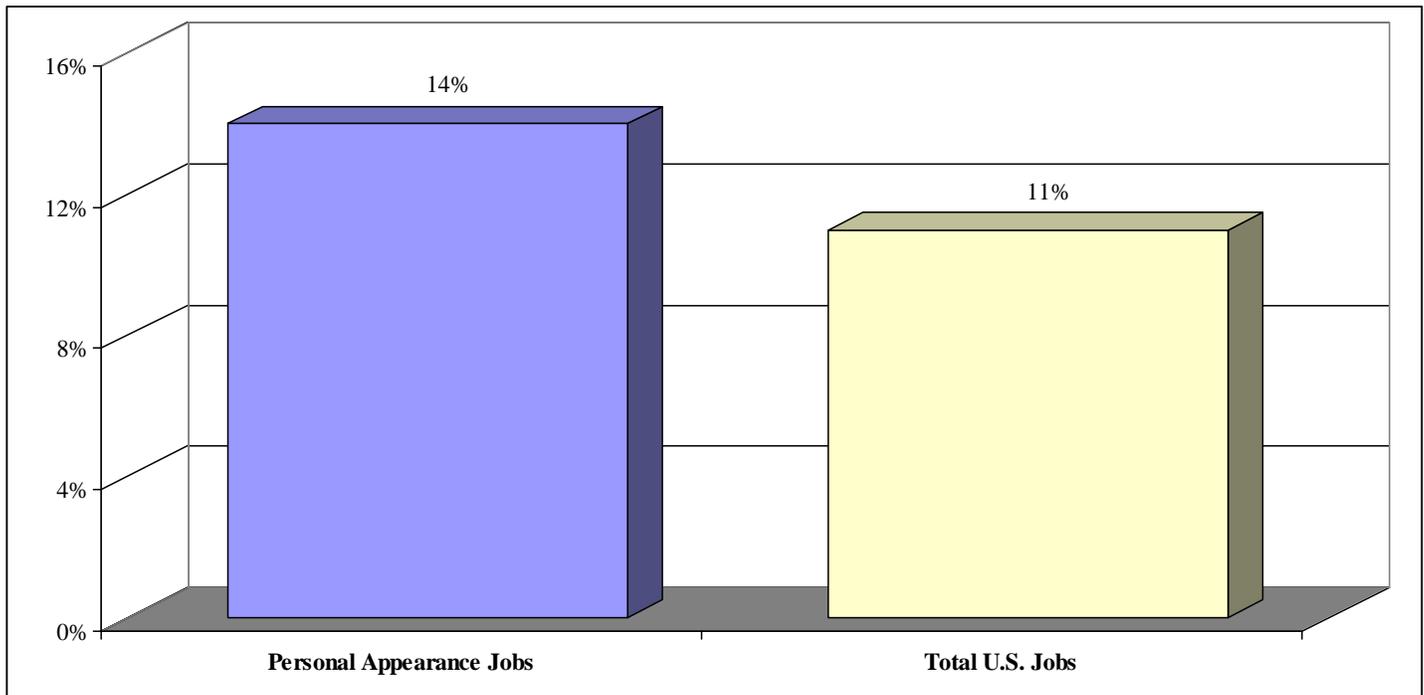


Source: Profession Beauty Association analysis of data from the Bureau of Labor Statistics

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 14 percent between 2012 and 2022, slightly above the rate of growth of total U.S. employment (11 percent) during the same period.
- Most of the major personal appearance occupations are projected to post job growth stronger than the overall economy between 2012 and 2022. The number of skin care specialist jobs is projected to jump 40 percent, while hairdresser, hairstylist and cosmetologist positions are expected to increase by 13 percent.

Projected Job Growth: 2012 to 2022



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

Projected Salon Industry Job Growth: 2012 to 2022

Occupation	Job Growth: 2012 to 2022
Skin Care Specialists	40%
Manicurists and Pedicurists	16
Hairdressers, Hairstylists, and Cosmetologists	13
Barbers	11
Makeup Artists, theatrical and performance	3
TOTAL PERSONAL APPEARANCE JOBS	14%

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

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

- Over 1.2 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.
- Thirty-two percent of all individuals in personal appearance occupations are self-employed. In comparison, only seven percent of the overall U.S. workforce is self-employed.
- Of the 786,000 Hairdressers, Hairstylists and Cosmetologists, 34 percent (or 268,000) are self-employed.
- Barbers have the highest proportion of self-employed individuals, at 36 percent.

Number of Individuals in Personal Appearance Occupations

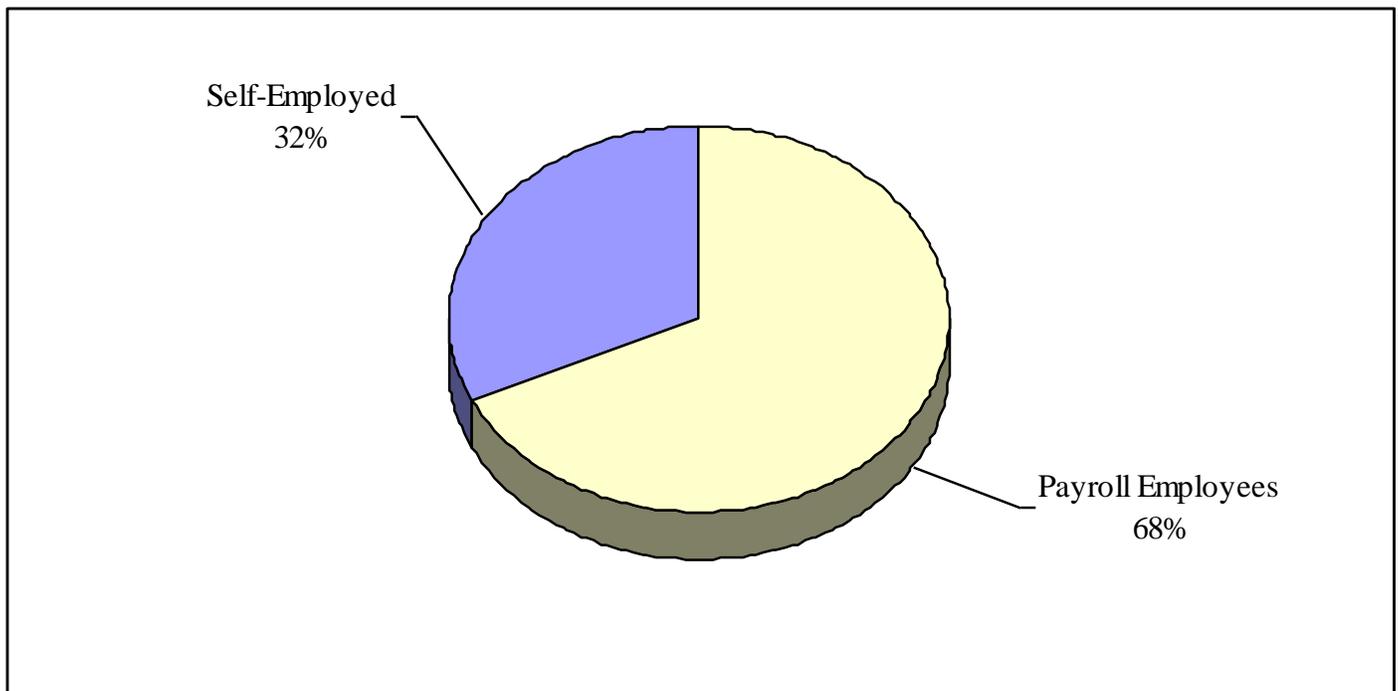
Personal Appearance Occupation	Total Employees in Occupation	Self-Employed Proportion	Total Self-Employed in Occupation
Hairdressers, Hairstylists, and Cosmetologists	786,000	34%	268,000
Barbers	127,000	36	46,000
Other Personal Appearance Workers*	316,000	24	76,000
TOTAL INDIVIDUALS IN PERSONAL APPEARANCE OCCUPATIONS	1,229,000	32%	390,000

Source: U.S. Department of Labor, Bureau of Labor Statistics; 2013 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

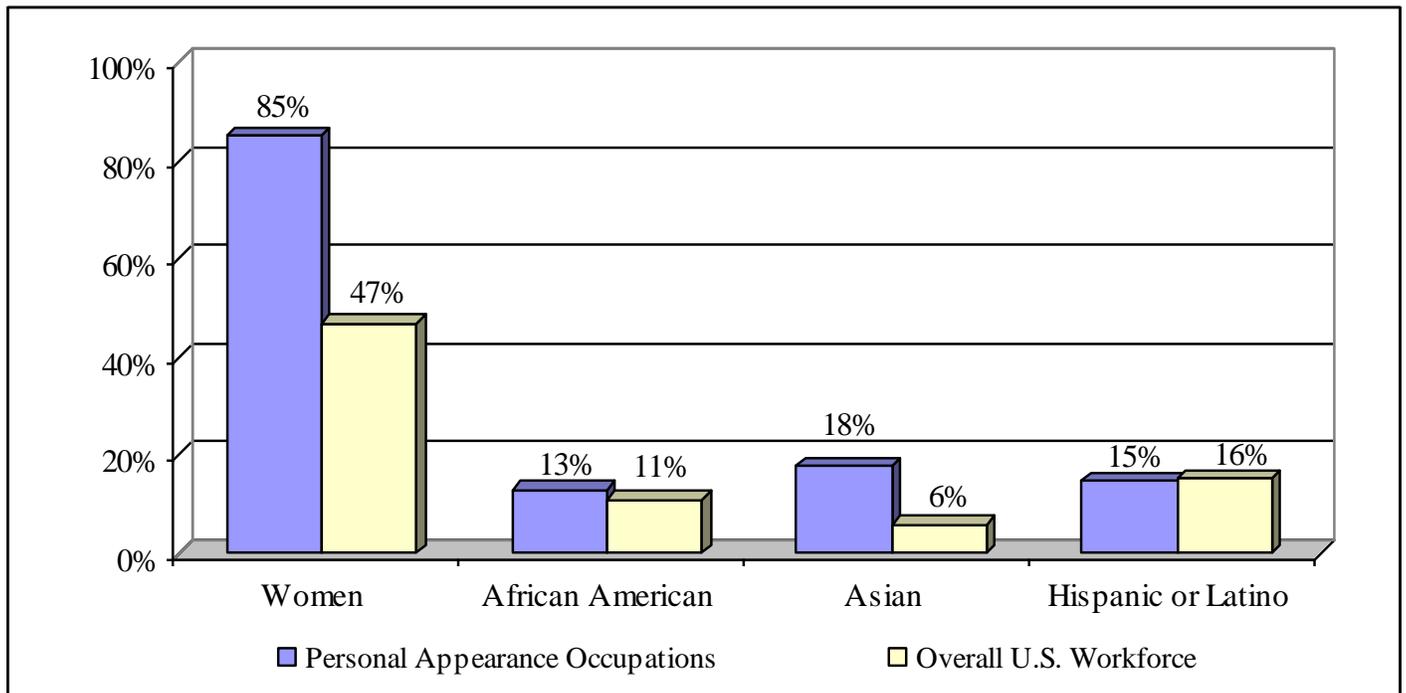


Source: U.S. Department of Labor, Bureau of Labor Statistics; 2013 data

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-five percent of individuals in personal appearance occupations are women, compared to 47 percent of employed individuals in the overall U.S. workforce.
- Thirteen percent of individuals in personal appearance occupations are Black or African American, compared to a national average of 11 percent.
- Eighteen percent of individuals in personal appearance occupations are Asian, compared to just six percent of the overall U.S. workforce.
- Fifteen percent of individuals in personal appearance occupations are of Hispanic origin, slightly below the national average of 16 percent.

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

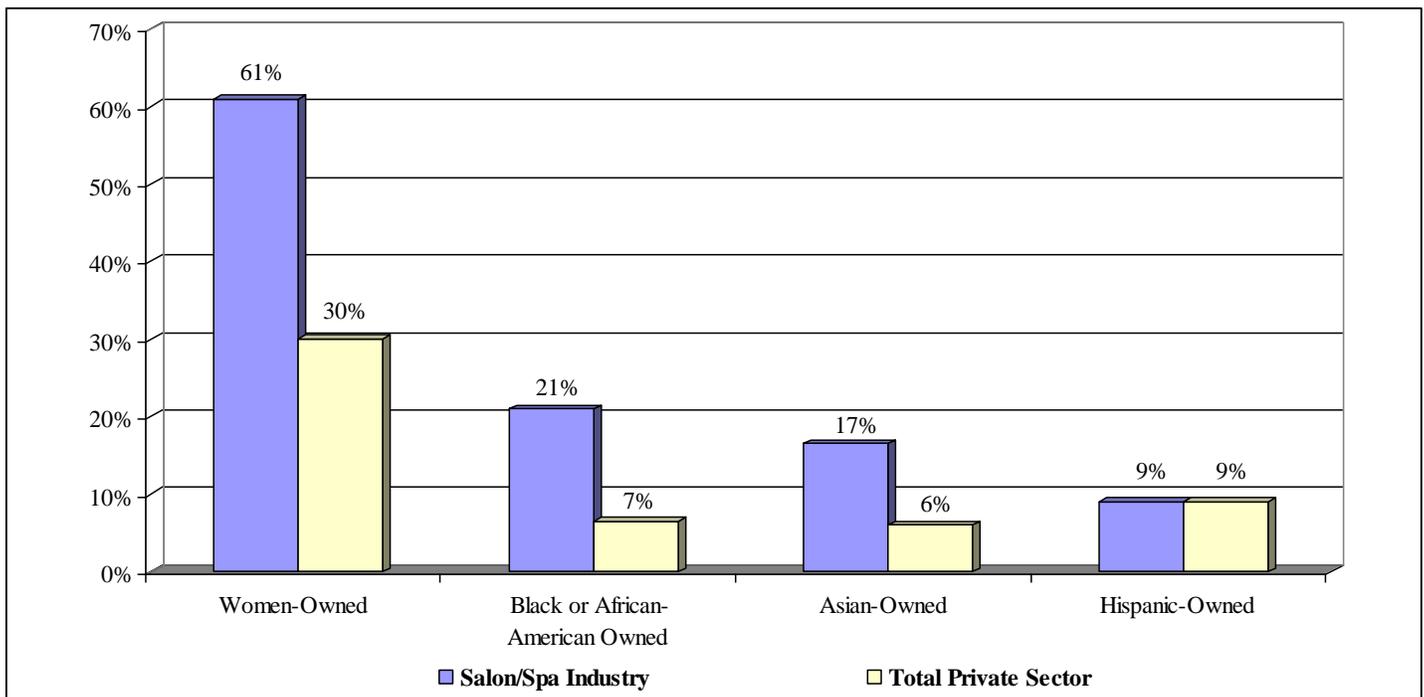


Source: Bureau of Labor Statistics; 2013 data

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.
- Sixty-one percent of all salon businesses* are owned by women, compared to just 30 percent of businesses in the overall private sector.
- Twenty-one percent of businesses in the salon industry are Black or African-American-owned, versus just seven percent of total private sector businesses.
- Seventeen percent of salon businesses are Asian-owned, nearly three times the six percent Asian-ownership rate for businesses in the overall private sector.
- Nine percent of salon businesses are owned by individuals of Hispanic origin, matching the proportion of Hispanic business ownership 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; 2007 Economic Census

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