**Beauty Market and Hair & Nail Salons 2018**

**The Beauty Business Is “Beauteous”**

* According to Euromonitor International, YOY global spending on color cosmetics has significantly outpaced women’s apparel, 7.1% compared to 3.1% for 2016.
* Social media is a boost to standalone beauty retailers, such as Ulta and Sephora. Shoppers are increasingly trying to copy the looks they find on Instagram, Pinterest and YouTube. The rise of the selfie and themed makeup are also market drivers.
* The three largest beauty specialist retailers in the US are Ulta, with $4.85 billion in 2017 revenues, Sephora with an estimated $4.4–$4.9 billion and Bath & Body Works with $3.85 billion in revenues. Consumers enjoy the ability to “play” with the makeup.

**Reasons for Shopping Most Often at Selected Retailers for**

**Health and Beauty Aids, November 2016**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Reason | * Walmart | Target | * Amazon | * Ulta | Sephora | * Macy’s |
| Price | * **90.4%** | * 79.9% | * 79.3% | * 52.7% | * 32.0% | * 26.4% |
| Location | * 50.7% | * **60.1%** | * 9.2% | * 51.2% | * 24.9% | * 44.0% |
| Selection | * 56.4% | * 63.8% | * 64.7% | * **76.6%** | * 65.4% | * 52.2% |
| Quality | * 20.5% | 32.8% | * 27.1% | * 60.1% | * **74.5%** | * 51.5% |
| Brands available | * 26.5% | * 31.1% | * 30.7% | * 46.2% | * **52.1%** | * 36.9% |

Euromonitor International (Prosper Insights & Analytics), November 2016

**Hair Salons and Barber Shops Continue Growth**

* Professional Consultants & Resources reported that total 2016 US salon services and salon retail sales increased 3% to $62 billion. Hair coloring is an anchor service, attracting customers for other services. Highlights are in; bright colors are out.
* The total number of US salons and barbershops declined 8.7% to 270,000 for 2016, continuing a trend of the larger rental suites replacing traditional commission-based salons. There is also a shift toward large family-economy chains.
* Coloring revenues increased 3.6% from Baby Boomers and a huge demand for fashion hair color. Revenues for keratin straightening and perms increased 2% and cutting and styling increased 2.8%. Revenue from men’s services, including hair color, increased.

***Salon Today* Top 200 Metrics, 2017**

|  |  |
| --- | --- |
| Metric | Amount |
| Average annual sales/square foot | $451 |
| Number of client transactions processed | 21,263 |
| Business growth | 15% |
| Average sale per client visit | $82.76 |
| Amount charged for shampoo, cut and style | $53.33 |
| Amount charged for single-process color | $74.53 |
| Number of employees | 34 |

*Modern Salon*, February 2018 issue

**Nail Salon Revenues Less Glossy**

* *Nail’s* 2017–2018 Big Book reported a total of $8.53 billion was spent on nail services during 2017, the same amount as 2016.
* During 2017, there were 439,751 nail techs in the US, an 11.7% increase from 2016. There was a total of 56,386 nail salons, a decrease of 19.1% from 2016.
* Almost 30% increased their prices during the past year, and an additional 23.4% increased them 1–2 years ago.

**Nail-Salon Customer Demographics, 2017**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Demographic | Current Clients | Increase in Segment | Decrease in Segment | No Change in Segment |
| Girls younger than 12 | 1.1% | 5% | 3% | 93% |
| Girls 12–15 | 2.6% | 11% | 3% | 86% |
| Girls 16–20 | 6.6% | 21% | 3% | 76% |
| Women 21–25 | 10.4% | 28% | 5% | 67% |
| Women 26–35 | 19.4% | 36% | 3% | 61% |
| Women 36–45 | 21.3% | 42% | 3% | 56% |
| Women 46+ | 33.2% | 40% | 5% | 55% |
| Men | 5.4% | 31% | 6% | 64% |

*NAILS* 2017–2018 Big Book

**Nail Professionals’ Perspectives**

* Almost a third, or 31.6%, of nail professionals do not work in a traditional salon environment. More than one in five, or 21.9%, are salon owners doing nails, 18.6% are booth renters and 10.1% are employees of a salon; 74% provide all their supplies.
* Average weekly service income was $653.14 for 2017, an increase of 3.7% from 2016. Thirty-one percent make more than $750 per week, 8.1% make $651 to $750. More than a third, or 37.9%, earn less than $350 per week.
* More than a third, or 37.2%, use a traditional paper calendar system to book client appointments; 18.4%, text; 16.1%, a computer software program; 13.0%, an online booking program; 9.2%, a smartphone booking app; and 6.1%, other.

**Social Media Platforms Used by Nail Techs and Salons, 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Digital Media Pages/Account | Nail Tech | Salon | Digital Media Pages/Account | Nail Tech | Salon |
| Snapchat | 95% | 12% | Instagram | 80% | 50% |
| Pinterest | 92% | 21% | Facebook | 80% | 64% |
| LinkedIn | 92% | 19% | Blog | 72% | 45% |
| YouTube | 86% | 31% | Foursquare | 42% | 70% |
| Twitter | 81% | 30% |  |  |  |

*NAILS* 2017-2018Big Book

**The Future of Beauty**

* Hair products that are eco-conscious are becoming more popular. The most cited “green” feature across all generations is all-natural ingredients. “Free-from” claims are compelling for younger customers, while plant-derived ingredients resonate with older customers.
* Retailers, such as Sephora, are using virtual reality to show customers how they would look in different types of makeup. This technology could be a boost for local hair salons and skincare retailers, too.
* Gen Z girls are being pressured to improve their appearance, and are purchasing more beauty products. Almost two-thirds of US female teens use YouTube for beauty, 56% follow beauty brands on social media and 45% have posted about beauty.

**Top-4 Types of Beauty/Personal Care Products Used by Teens, 2017**

|  |  |
| --- | --- |
| Product | Percent |
| Girls | |
| Mascara | 54% |
| Foundation/concealer | 45% |
| Blush/bronzer | 30% |
| Hair coloring | 10% |
| Boys | |
| Facial cleansing products | 44% |
| Cologne | 42% |
| Lip care products | 41% |
| Hair styling products | 29% |

*NAILS,* August 2016 issue

**Additional Analysis**

Millennials and Gen X are the most frequent purchasers of skin care products in general, with the exception of acne products (dominated by Gen Z) and hand care and anti-aging products, both dominated by Baby Boomers.

Forward-thinking beauty companies will cater to Millennials’ desire for individuality by allowing them to customize their skincare using online or mobile apps.

A variety of different beauty retailers will move to make their stores a destination for experiences, similar to Sephora, adding classes, makeovers and the opportunity to try different makeup and fragrance products.

**Preferred Beauty Destinations Among**

**US Average-Income Female Teens, 2016**

|  |  |  |
| --- | --- | --- |
| Retailer | Fall 2016 | Spring 2016 |
| Ulta | 29% | 27% |
| Sephora | 27% | 24% |
| Walmart | 12% | 13% |
| Target | 10% | 9% |
| MAC | 3% | 4% |
| Walgreens | 3% | 3% |
| CVS | 2% | 3% |
| Macy’s | 2% | 2% |
| Bath & Body Works | 1% | 1% |
| Sally Beauty | 1% | 1% |

Fung Global Retail & Technology, February 2017

*Sources:* Professional Consultants & Resources Website, 2/18; Get Timely Website, 2/18; *Modern Salon* Website, 2/18; National Retail Federation Website, 2/18; Hoovers Website, 2/18; Euromonitor International Website, 2/18; Quartz Media Website, 2/18; *Nails* Website, 2/18; Fung Global Retail & Technology Website, 2/18.

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