

Economic Snapshot of the Salon Industry



Professional
Beauty
Association

October 2022

Salon Industry Revenue Plunged 26% in 2020

- The coronavirus pandemic had a significant impact on salon industry revenues in 2020. The employment-based segment of the Salon Industry posted total revenue of \$25.6 billion in 2020. That was down nearly 26% from a level of \$34.5 billion in 2019.
- In the employment-based Beauty Salon and Spa segment, revenue totaled \$18.2 billion in 2020. That was down nearly 27% from 2019 and represented the segment’s smallest annual revenue since 2005 (\$18.0 billion).
- Employment-based Nails Salons posted revenue of \$6.3 billion in 2020, down nearly 24% from 2019.
- Barber Shops with payroll employees registered just over \$1.1 billion in revenue in 2020. That was down 22% from 2019 levels.
- The latest data from the non-employer side of the salon industry is 2019, so the pandemic impact on revenue is not yet available.

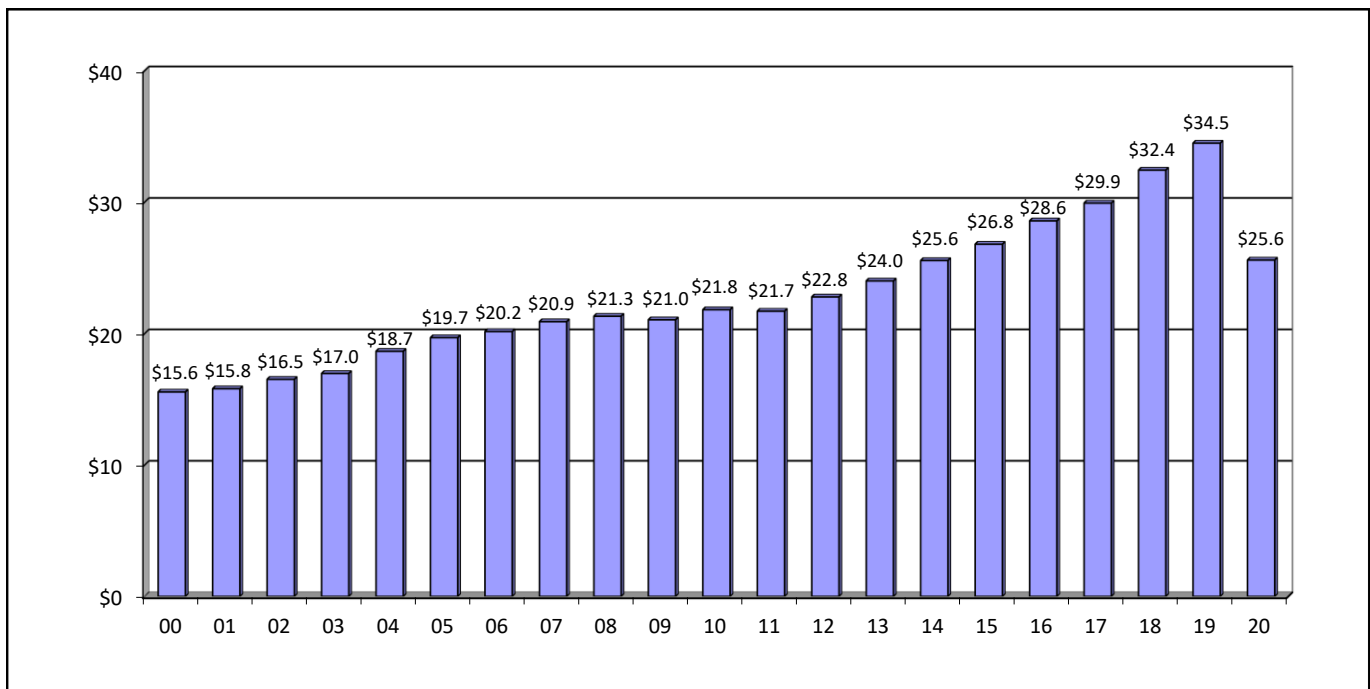
Annual Revenue at Employment-Based Beauty Salons and Spas, Nail Salons and Barber Shops (\$ Millions)

| Salon-Industry Segment | 2019 | 2020 | Percent change |
|-----------------------------|-----------------|-----------------|----------------|
| Beauty Salons and Spas | \$24,831 | \$18,186 | -26.8% |
| Nail Salons | 8,200 | 6,272 | -23.5% |
| Barber Shops | 1,452 | 1,132 | -22.0% |
| TOTAL SALON-INDUSTRY | \$34,483 | \$25,590 | -25.8% |

Source: U.S. Census Bureau; figures represent only businesses with payroll employees

Salon Industry Revenue Fell 26% Between 2019 and 2020

Total Revenue in the Employment-Based Segment of the Salon Industry



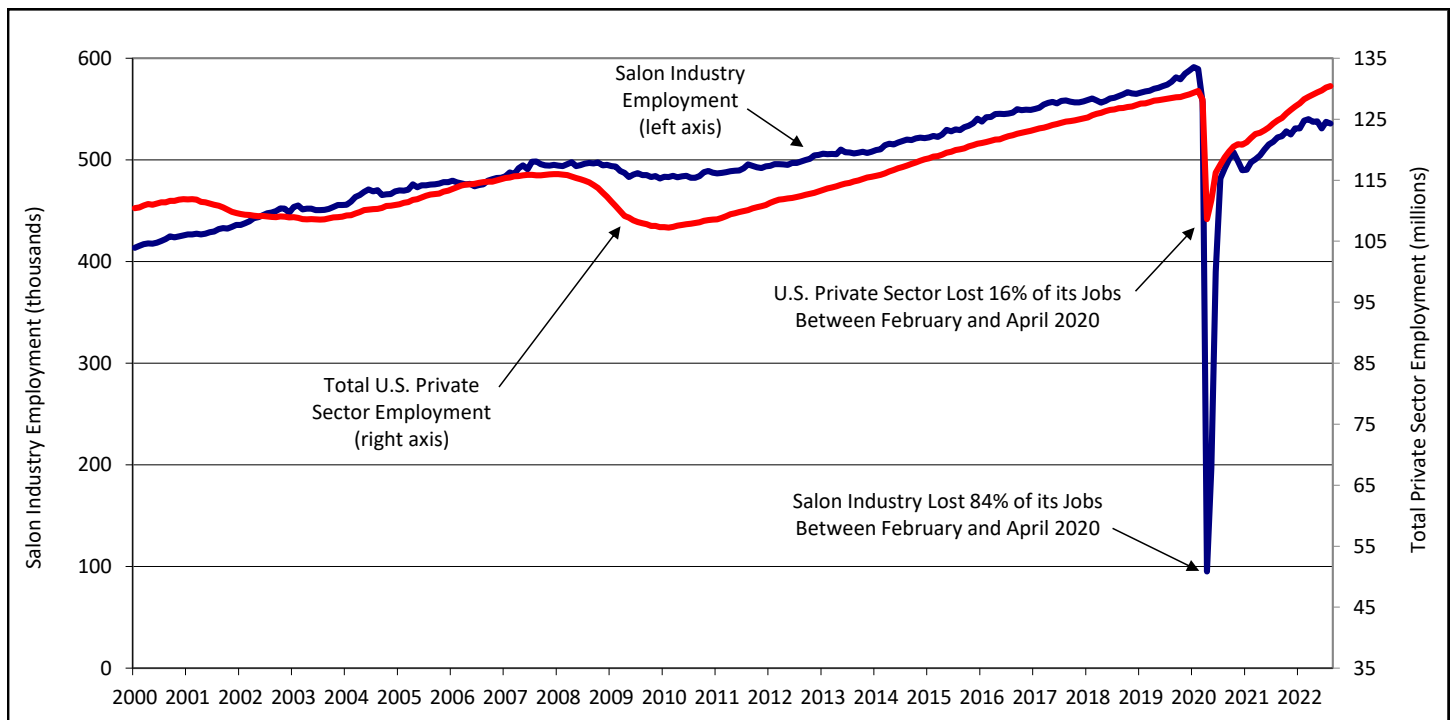
Source: U.S. Census Bureau; figures represent only businesses with payroll employees

Salon Industry Has Not Recovered from Early Pandemic Job Losses

- The salon industry suffered significant job losses during the early months of the coronavirus pandemic. Between February 2020 and April 2020, the number of jobs at employment-based salons plunged by 84%, according to data from the Bureau of Labor Statistics.
- Only 95,000 people were on payroll at employment-based salons in April 2020 – down from 589,000 in February 2020. [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 starting in May 2020, and has since restored 441,000 jobs at employment-based salons. However, as of August 2022, the industry’s employment level still remained more than 9% below its pre-pandemic reading in February 2020.
- In comparison, the nation’s overall private sector lost more than 21 million jobs between February 2020 and April 2020 – a decline of 16%. The private sector added back nearly 22 million jobs since then, surpassing its pre-pandemic level in June 2022.

Salon Industry Remains 54,000 Jobs Below Pre-Pandemic Employment Level

Employment Trends from January 2000 to August 2022: Salon Industry vs. Total U.S. Private Sector



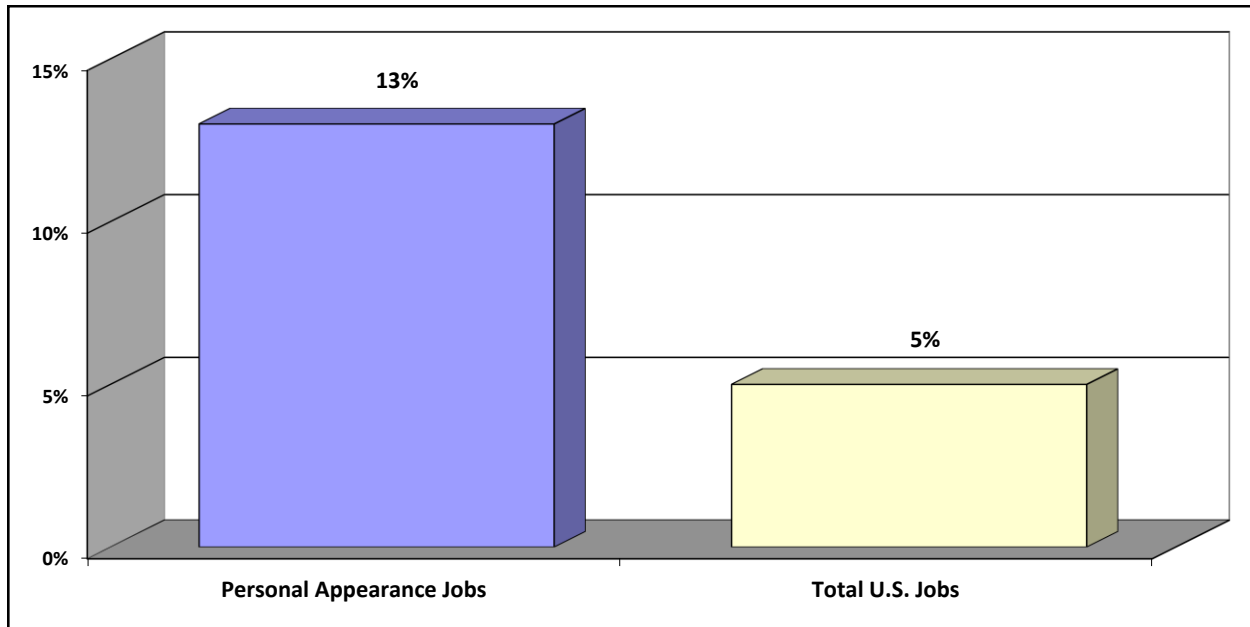
Source: Professional Beauty Association analysis of data from the Bureau of Labor Statistics

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

The Salon Industry is Expected to Recover from Pandemic-Related Job Losses

- The salon industry suffered significant job losses during the coronavirus pandemic, and had yet to completely recover as of August 2022. However, salon-industry job growth is expected to outpace the overall economy in the years ahead, according to projections from the Bureau of Labor Statistics.
- The number of personal appearance jobs is projected to increase 13% between 2021 and 2031, which is more than double the projected 5% 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 2021 and 2031. The number of manicurist and pedicurist jobs is projected to jump 22%, while the number of skincare specialist jobs is projected to increase 17%.
- The number of hairdresser, hairstylist and cosmetologist positions is expected to increase 11% between 2021 and 2031.

Projected Job Growth: 2021 to 2031



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

Projected Salon Industry Job Growth: 2021 to 2031

| Occupation | Job Growth: 2021 to 2031 |
|--|--------------------------|
| Manicurists and Pedicurists | 22% |
| Skincare Specialists | 17 |
| Hairdressers, Hairstylists, and Cosmetologists | 11 |
| Shampooers | 11 |
| Barbers | 8 |
| Makeup Artists, theatrical and performance | 7 |
| TOTAL PERSONAL APPEARANCE JOBS | 13% |

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

One in Three Salon-Industry Professionals are Self-Employed

- Nearly 1.2 million professionals worked in personal appearance occupations in the United States in 2021, on average during the entire year. Individuals in these occupations had a much higher rate of self-employment, as compared to the overall workforce.
- Thirty-three percent of all individuals in personal appearance occupations were self-employed. In comparison, only 7% of the overall U.S. workforce was self-employed in 2021.
- Of the 713,000 Hairdressers, Hairstylists and Cosmetologists employed in 2021, 37% (or 265,000) were self-employed.
- Thirty-six percent of Barbers were self-employed in 2021, while 23% of individuals in the Miscellaneous Personal Appearance Worker category were self-employed.

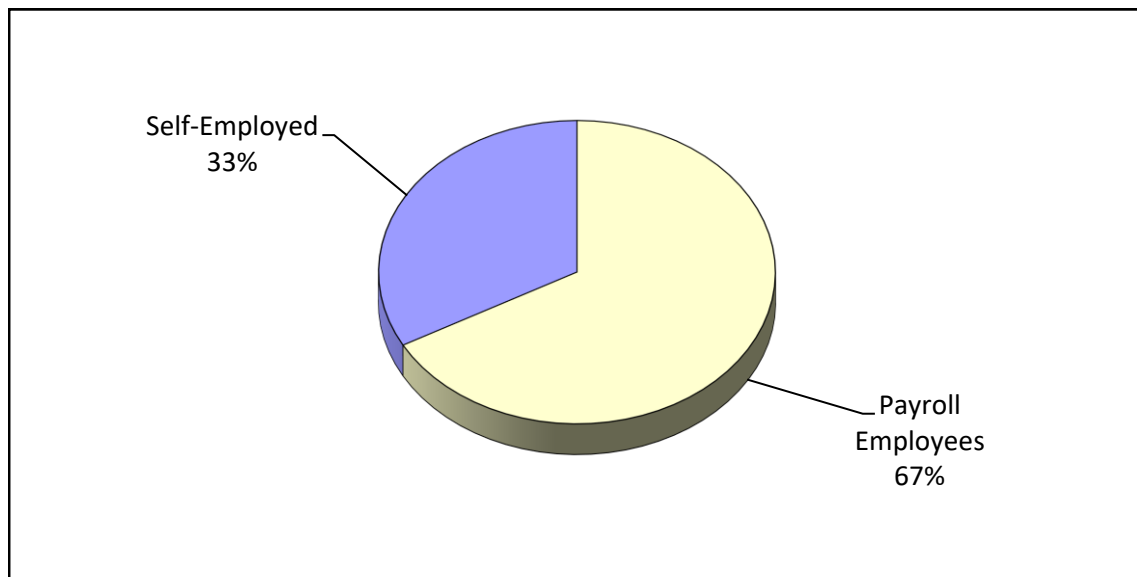
Number of Individuals in Personal Appearance Occupations

| Personal Appearance Occupation | Total Employees in Occupation | Self-Employed Proportion | Total Self-Employed in Occupation |
|---|-------------------------------|--------------------------|-----------------------------------|
| Hairdressers, Hairstylists, and Cosmetologists | 713,000 | 37% | 265,000 |
| Barbers | 103,000 | 36 | 37,000 |
| Miscellaneous Personal Appearance Workers* | 363,000 | 23 | 82,000 |
| TOTAL INDIVIDUALS IN PERSONAL APPEARANCE OCCUPATIONS | 1,179,000 | 33% | 384,000 |

Source: U.S. Department of Labor, Bureau of Labor Statistics; 2021 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

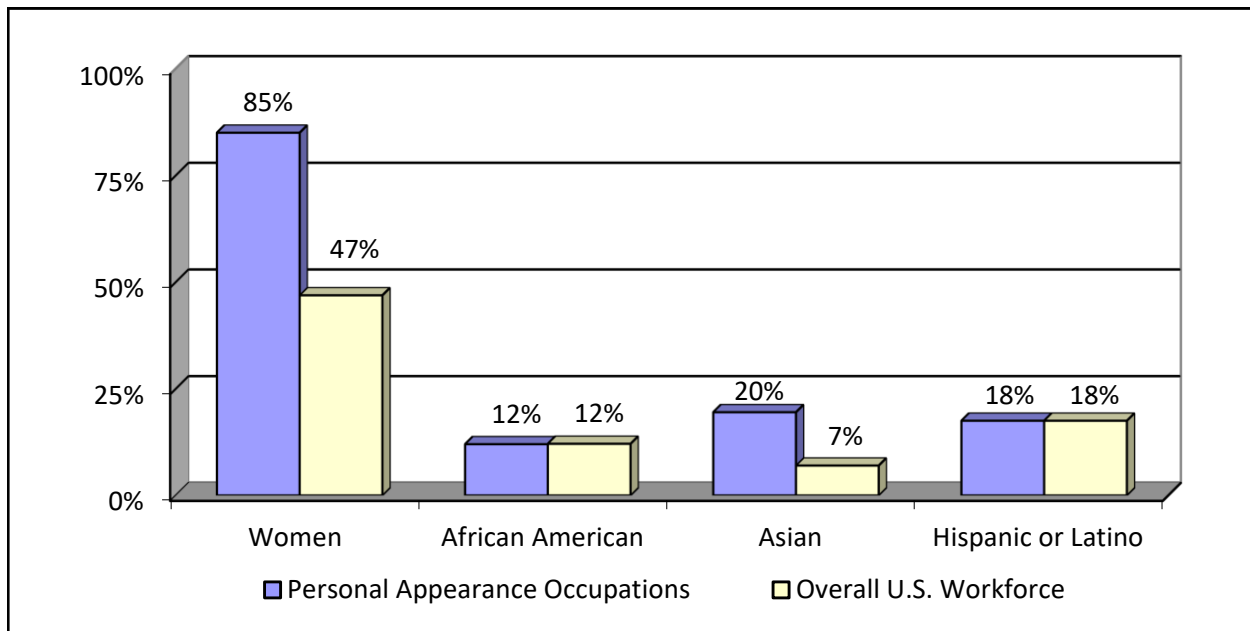


Source: U.S. Department of Labor, Bureau of Labor Statistics; 2021 data

The Salon 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% of employed individuals in the overall U.S. workforce.
- Twenty percent of individuals in personal appearance occupations are Asian, compared to just 7% of the overall U.S. workforce.
- Twelve percent of individuals in personal appearance occupations are Black or African American, compared to 12% of the overall U.S. workforce.
- Eighteen percent of individuals in personal appearance occupations are of Hispanic origin, compared to the national average of 18%.

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



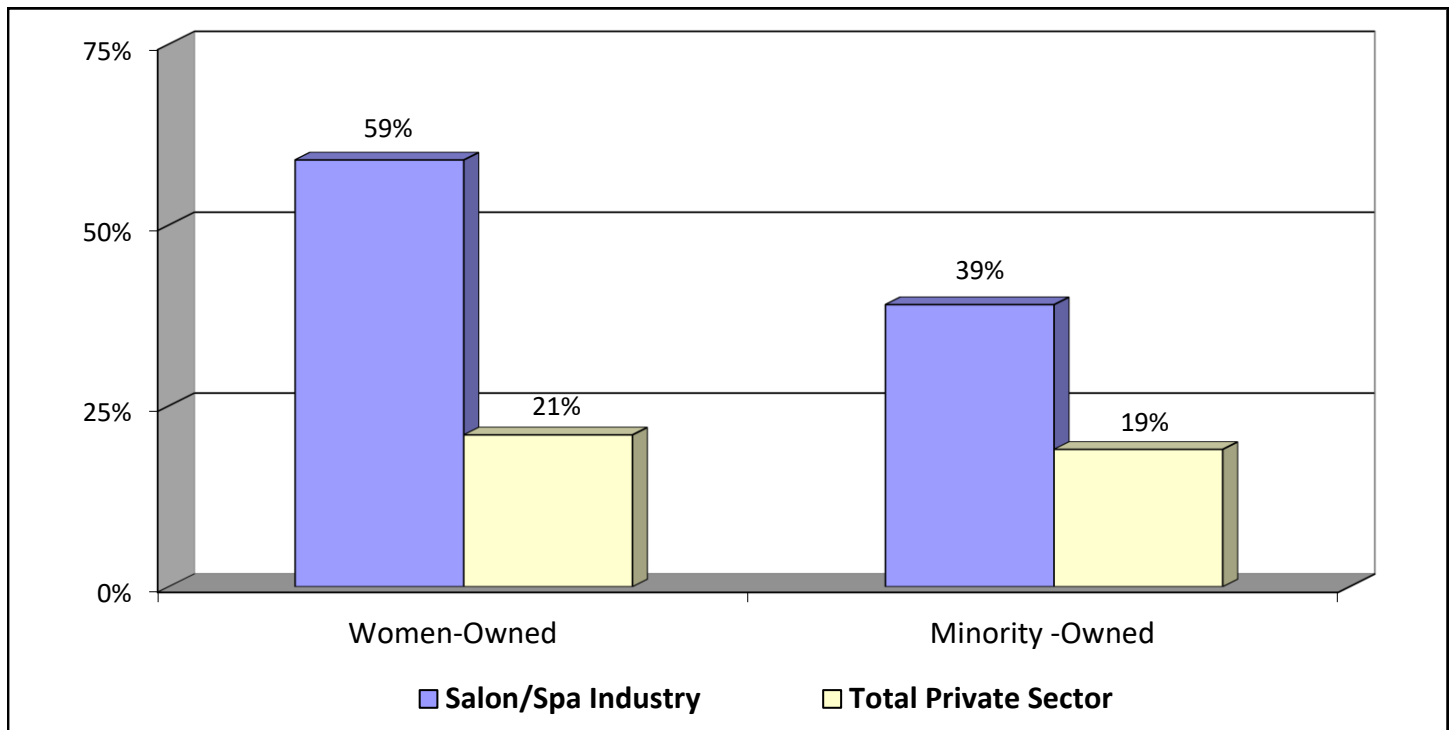
Source: U.S. Department of Labor, Bureau of Labor Statistics; 2021 data

The Salon 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.
- Fifty-nine percent of all employment-based salon businesses are owned by women, compared to just 21% of businesses in the overall private sector.
- Thirty-nine percent of employment-based businesses in the salon industry are owned by minorities, versus just 19% of total private sector businesses.

The Salon and Spa Industry Provides Ownership Opportunities for Women and Minorities

Proportion of Employment-Based Businesses Owned by Women and Minorities



Source: U.S. Census Bureau, Annual Business Survey; 2017 data

Notes: Figures represent only businesses with payroll employees, and businesses that are classifiable by gender, race and ethnicity. The Census Bureau's Annual Business Survey defines women-owned (or minority-owned) businesses as firms in which women (or minorities) own 51 percent or more of the equity, interest, or stock of the business.