MODERN SALON, SALON TODAY and NAILS recently launch the comprehensive, landmark 2021 State of the Industry Research Study to analyze how the COVID-19 pandemic impacted salon businesses and beauty professionals and assess how they are recovering in recent months. While results of the study show the industry was particularly hard-hit, it also spotlights the resiliency of the beauty industry and showcases the optimism of beauty professionals. Beauty Visionaries Bertrand Fontaine, Scott Missad, Nick Stenson and Candy Gebhardt discuss the results of the study and share their own perspectives.
Rebuilding After a Tough Year

WITH U.S. SALON AND SPA DOORS CLOSED during the pandemic from six weeks to eight months depending on their state and county orders, and social distancing guidelines limiting the number of guests that hair stylists, barbers, and nail technicians could service upon reopening, the COVID-19 pandemic struck a particularly devastating blow to the professional beauty industry.

To ascertain how the industry is recovering from the pandemic, as well as how the pandemic impacted the business and personal lives of beauty professionals who work in the industry, Bobit Beauty Health and Wellness conducted the comprehensive 2021 State of the Industry Research Study. The study, which was underwritten by Beauty Quest Group, SalonCentric, Ulta Beauty and Redken 5th Avenue NYC, revealed the pandemic struck a challenging financial blow to both beauty professionals and salon businesses overall, but professionals surveyed report they are slowly recovering and are optimistic about their own futures and the future of the industry overall.

Several key insights indicate positive movement in the beauty industry:

• Most salon professionals are optimistic about the rebound in business.
• Most salon owners were able to reopen their businesses after the mandated shutdown period; some with the help of financial assistance.
• Adoption of touchless/contactless technology is widespread.
• Many beauty professionals are beginning to see new clients in addition to their regular clients.

On June 21, Bobit Business Media hosted a complimentary webinar that revealed the topline results of the 2021 State of the Industry Report. Industry visionaries, including Scott Missad, president and CEO of Beauty Quest Group; Bertrand Fontaine, president of SalonCentric; Candy Gebhart, general manager of Redken 5th Avenue NYC; and Nick Stenson, senior vice president of store and services operations for Ulta Beauty shared their insights on the results, as well as their wisdom and advice about the economic recovery. MODERN SALON’s Anne Moratto and SALON TODAY’s Stacey Soble moderated the webinar.

“Beauty is top of mind now that masks are coming off,” says Stenson. “Clients are replenishing their products and doing their hair. People want to feel beautiful, get in the salon and connect with professionals.”

The Makeup of the Study Respondents

Before we dive deep into the results of the study, it helps to establish when the study was conducted and whose opinions it represents.

The 2021 State of the Industry Research Study polled more than 4,500 beauty professionals over a three-week period in May 2021:

• Of the professionals who responded, 30% described themselves as the owner of a salon, spa or barbershop; 22% identified as independent contractors or solo artists; and the rest classified themselves as a stylist, colorist, nail technician, barber, manager, esthetician or other service provider.
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• The survey not only represented a variety of professionals in the industry, but also work settings. More than half (53%) of the survey respondents said they worked in an independent salon; 19% work in a salon suite; 13% work from home and 12% work in a salon chain.
• More than 80% of the salon professionals surveyed identified as female.
• The average age of the respondents was 45.
• Most of the study’s respondents had a fair amount of experience. On average, salon professionals surveyed had worked 19 years in the salon industry and 13 years in their current position.

An underlying goal of the study is always to collect benchmarking material about the respondents, so beauty professionals around the country can see how they compare to those who were polled:
• Among salon professionals surveyed, the average price for a basic cut and style service was $45 and the average price of a single process color was $70.70.
• The respondents reported an overall average ticket price of $71.30. In a typical week, salon professionals surveyed worked an average of 27 hours.
• Comparing the first quarter of 2021 to the first quarter of 2020, 28% of respondents felt their tips had increased; 27% felt their tips remained the same; and 24% reported their tips had decreased.
• There’s no doubt that various forms of governmental financial aid helped both salon professionals and the businesses they work in stay strong through the pandemic and into the reopening phase. During the pandemic, two thirds of salon professionals surveyed were able to apply for and receive unemployment benefits. And, 32% of our survey respondents were able to apply for PPP loans.

“The beauty industry is one of the most resilient and the road to recovery is in full swing—but the road is going to be different than it used to be,” Missad says. “COVID-19 accelerated and exacerbated our industry’s biggest challenges and it opened consumers’ eyes to different options for commerce and services. The salon industry has to adapt. We need to meet the customers where they’re at—business as usual is a thing of the past.”

As far as overall service revenue, how do your sales for the first three months of 2021 compare to the sales level before your salon closed for your state or county’s enforced shutdown period?

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Pandemic Sales Impact

When the COVID-19 virus first started sweeping across the country in 2020, state governments shuttered what they deemed non-essential businesses to stop the spread. This hit some industries particularly hard, including restaurants, live entertainment, fitness facilities and salons, spas and barbershops.

The pandemic caused beauty-based businesses to lose revenue while their doors were closed due to state and county mandates, and the loss of income was a challenge for beauty professionals.

The primary goal of the 2021 State of the Industry Research Study was to measure how sales have recovered in 2021 compared to levels prior to the pandemic, as well as what kind of impact the pandemic had on the professional and personal lives of beauty professionals.

Some data highlights of the study include:

- Of the salons surveyed, 64% reported that service sales in the first quarter of 2021 were lower compared to service sales prior to enforced shutdown.
- Salon professionals reported the biggest reasons for these sluggish sales are that not all clients have returned since they reopened (39%), the salons are limited to what they can produce because of continuing social distancing requirements (19%), and clients are stretching out the time in-between appointments.
- In addition, 43% of salons reported a decrease in retail sales in the first quarter of 2021 compared to retail sales prior to the enforced shutdown period.
- At the time of the study, 57% of respondents reported they were still experiencing restrictions on capacity or how many clients can be serviced in their space at the same time. To try to accommodate more guests, 22% of salons expanded their hours of service and 25% implemented split shifting.
- Despite the loss of sales, 65% of salon professionals considered their business on the road to recovery, while more than a fourth believed it was too early to tell.

In the webinar, the four industry leaders agreed with the survey’s analysis about service and retail sales being down in the first quarter, but they also were quick to point out the bright spots:

“Demand is higher than supply right now—that’s our biggest shift for our top people, especially colorists, is they can’t double or triple book with social distancing standards in place,” says Missad, who also sits on the board of Gene Juarez Salons and Spas in Seattle, Washington.

“It creates a challenge, but we’re very optimistic about the future when we can open full capacity.”

While recovery is presenting its own challenges for the beauty industry, most professionals feel grateful to be working again.

“Since we’re still operating at 50% occupancy and not doing skin care services, overall business is down, but productivity of individual services is up, which makes the future look bright,” Stenson says.

“We’re seeing a lot more traffic coming to stores, and we’re hiring more stylists and service providers in general.”

Even though retail sales remained lower in the first quarter of 2021 versus the levels pre-pandemic, online commerce and curbside retail offered many beauty businesses their only opportunity to bring in money while their doors were closed.

“Online business was booming even when salons were closed,” Fontaine says. “We want consumers to continue these habits and grow our e-commerce business. Now that salons have been reopened, the support we gave for online education/support has been essential for salons to navigate. We aren’t just distributors, we’re also providing business services to help owners run their businesses.”

The Pandemic Impact on Professionals

Service and retail sales only paint one part of the recovery portrait. The 2021 State of the Industry Research Study also set out to explore how the pandemic impacted beauty professionals both
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personally and professionally, tapping into their attitudes and emotions, as well as their outlook for their futures.

Some of the highlights included:

- 38% said of salon professionals reported they would have struggled financially if they didn’t have unemployment and 28% said they did struggle financially despite any assistance they may have received.

- Owners of the beauty establishments faced their own challenges—30% say they still own their salon, but feel they would have been forced to close if they hadn’t received financial assistance; 25% said it was a tough year, but they would have survived even without the assistance; 18% said it was a tough year, but their business is stronger than ever; and 8% shared they had to close their doors permanently.

- According to the study, the pandemic also had a significant impact on pricing. Because salons had to incorporate new procedures and provide personal protective equipment to both staff and guests; 42% say they have needed to raise their prices and an additional 11% instituted an additional COVID-19 or environmental fee.

- Hair color services are the number one driver of revenue for most beauty businesses. The study asked beauty professionals to estimate the number of their clients who turned to coloring their hair at home during the pandemic—23% believe between 1-25% of clients took matters into their own hands, while 17% said 26-70% colored their own hair, and another 16% believed 51-74% hit the box color.

- Half of the salon professionals surveyed said that 81% or more of their original clients from the first quarter 2020 were still clients and requesting services today. For the first quarter of 2021, 64% of respondents calculated their client retention rate as being 76% or higher.

While the pandemic definitely caused beauty professionals in this industry some hardship, it also positively prompted many to sharpen their technical and business skills, which may strengthened them for years to come.

“Our industry gets really excited to be busy, but not necessarily really excited to make money,” Missad says. “Pre-COVID, people got used to the idea that the good economy would last forever, but the business side of your salon needs to be developed to stay resilient.”

Gebhardt agrees, especially when it comes to pricing. “It’s not an emotional decision to raise prices—it’s a business decision. Look at what it takes to stay in business and what you need to charge. Learn better, earn better, live best. For example, through our business education, we show stylists how to raise prices to keep the best clients who highly value them...
and taper off clients who are more price sensitive to stylists who are at a lower price point. Maximize your earning potential the right way, and do it through a system."

While the study showed a significant number of clients attempted coloring their hair at home during the pandemic, the experts didn’t think this would damage professional hair color sales in the future.

“We saw a huge spike in at-home hair color at Ulta during the pandemic. But the good news for salons is the number one service we saw clients coming in for once doors were open was corrective color,” Stenson shares. “Whether it’s gray coverage or multi-dimensional tone, clients respect the experience they get from the stylist. At the same time, people don’t have the time to sit in the salon for hours, so we need to reinvent the way we service the guest and get them in and out with an elevated guest experience.”

**Staff Recruitment & Retention**

Now that salons and spas have been able to open across the country, many are reporting that it has become challenging to meet the demand for appointments because they either have had staff members not return to their former positions or their capacity is limited because of social distancing requirements.

As the professional beauty industry was facing a stylist shortage even before
the pandemic, the topic of staff recruitment and retention was a special focus of the study.

Some of the data highlights include:

• For locations that are still open, the study asked owner what percentage of the original staff who were working for them before the shutdown were still working for them today. A positive 43% say all their original team continues to work for them; while 10% of respondents said between 81-99% still work for them; and an eye-opening 15% thought less than 50% of their original team returned.

• Slightly more than a third of salons (36%) said they need to recruit additional team members.

• Beauty professionals reported their salons use the following recruitment methods: posting help wanted messages on social (53%; using word of mouth to recruit additional staff members (45%); posting help wanted ads online (45%); using their networks to communicate the need for additional staff members (30%); using recommendations from former and current staff members (26%) and working with a recruitment company (11%).

The State of the Industry webinar panelists expressed a number of views about employee recruitment and retention.

“When it comes to recruiting, culture is everything, and it’s going to get you through this tough time. Everyone who works for you should feel valued, and feel they have a stake in the salon,” Stenson says. “Invest in your people with education—it’s the key to retention. Find new stylists by building relationships with your current team, use social media and always be recruiting.”

Many hope changes in the industry will help make recruiting easier in the future.

“We need to remove the barriers to entry in the salon industry, starting with standardized hours across states so stylists can easily move from state to state,” Missad says. “At Gene Juarez, it’s important that anyone who comes in contact with us is better off for it. We help our team members reach a level of fulfillment and success they wouldn’t be able to do on their own. Licensing isn’t the only recruitment barrier. “We also need to focus on diversity and inclusion—our industry if very segregated—there still is a lot of progress to be made,” Fontaine says.

Future Business Impacts

As the professional beauty industry struggled to embrace the changes brought on by the pandemic, they also adopted new trends and behaviors that will continue to impact the industry for the foreseeable future. Some of these changes may be temporary, while others may be woven into common salon business practices.

For example, aided by advances that salon management software programs quickly brought to market, a number of salons embraced new contactless procedures for booking clients, selling products and processing payments.

In addition, the pandemic is shaping the way beauty professionals believe they will consume education in the future, as well as how they attract new clients through their doors.

Some of the study’s data highlights include:

• The study asked salons what touchless/contactless technology features they have embraced due to the pandemic—39% started using touchless checkouts; 28% adopted curbside check-ins; 18% embraced ecommerce/touchless retail; 16% implemented virtual consultations; 15% added digital forms and liability waivers.

• 36% of beauty professionals reported seeing significantly more or slightly more new clients now than they did before the shutdown, for a number of reasons—65% believe their current clientele are recommending them to their friends and family; 64% believe they are picking up new clients because they feel safe in their environments because of their cleanliness practices; and 43% say they are picking up new clients from salons that have closed in their area.

• While virtual education kept stylists in touch with their skills during the salon shutdown period, many feel it has a permanent role moving forward in their advanced education. When asked how they prefer to receive their advanced education in the future, 28% of professionals believed it would be a
combination of live events, while 21% felt it would be mostly online learning and another 21% it would be mostly live, in-person education.

“Virtual education is part of our industry moving forward, but live education is still here,” Gebhart says. “We reached people virtually that we never would have reached before, and we will strive to make sure we’re available to everyone who wants education.”

Stenson agrees: “We’re learning there needs to be a hybrid of in-person and digital education. Nothing can take the place of one-on-one education, but there is a place for digital education—product knowledge, refresher courses, quick highlighting techniques.”

Mood and Outlook

The financial losses of last year, the fear of working so closely with clients during a pandemic, and listening to clients talk of their fears all day long has taken a toll on the mental wellbeing of beauty professionals.

While salons can maintain a social distance between clients, it’s impossible for beauty professionals to perform their services without touching their clients. In addition, most salons adopted rigorous cleaning procedures and required guests and clients to wear masks, gloves and/or shields. All of this placed a greater burden on the staff who work with clients all day long.

At the same time, the beauty industry is inherently optimistic and resilient, and the study shows the workforce feel positive about their current position and the health of their businesses.

Some of the study’s Highlights include:

- 21% of respondents reported they consulted a mental health professional during the pandemic.
- 27% reported a majority staff seemed happier in the first quarter of 2021 than in the last quarter of 2020, while 23% said a majority of their staff seemed the same.
- Nearly two thirds of salon professionals surveyed did not feel apprehensive about being back to work in the salon.
- When asked to rate their overall happiness with their current salon professional situation, 25% reported they are extremely happy; 30% reported they are very happy; and 24% reported they are somewhat happy.

“There is a lot of money in the economy, and demand in salons is high—it’s a good sign the industry is in a strong recovery mode,” Fontaine concludes.