Market Report
A Snapshot of your Market Sector

Beauty Therapy
This pack has been designed to provide information on setting up a business in the Beauty Therapy industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in April 2020. If you find the information contained in this document useful, tell us about it! Send us feedback here; we will use your comments to help improve our service.

What do I need to know about the Beauty Therapy market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

♦ Spa, salon and in-store treatments market has grown 1.4%, reaching £7.8 billion. The percentage of people having professional beauty/grooming treatments rose to 67% of women aged 16-34. Only 12% of UK adults spent any extra money they had left at the end of the month on a haircut, beauty or grooming treatment. Experience will be imperative to those offering premium treatments. The lower end of the market will need to focus on value and speed. Rising digital connectivity means that a strong online presence is important to leverage the power of social media reviews and offer online bookings. (Mintel, Spa, Salon and In-store Treatments UK, October 2019).

♦ Industry revenue has overall grown during the past five years, with basic hair salons remaining relatively sheltered from faltering economic conditions, despite the discretionary nature of some services. Over the period to end 2020, industry revenue is expected to reach £4.1 billion. Over the five years through 2024-25, industry revenue is anticipated to increase at a rate of 1.3% to reach £4.4 billion. (IBISWorld, Hairdressing and Beauty Treatment in the UK, October 2019).

♦ While overall purchasing of beauty products has remained fairly stable over the last year, there has been a significant rise in older women aged 55 and over buying beauty, up by 6 percentage points to 84% in 2019 from 78% in 2018. This was driven largely by a rise in purchasing of body skincare, which helped body care become the only category to have seen value sales grow in 2019 Online reports/trade bodies/news articles/relevant to the industry. (Mintel, Beauty and Personal Care Retailing UK, January 2020).

♦ UK Cosmetic market was valued at £9,681million in 2018. The uncertainty surrounding the timing of the UK’s exit from the EU, as well as global trading challenges with regulatory requirements is reflected in the overall trading picture for cosmetic and personal care products in 2018; with imports down by 0.8% from 2017 to £4,265.4 million in 2018 and exports down by 1.8% on 2017 to £3871.7 million in 2018. (Cosmetic, Toiletry and Perfumery Association, Cosmetic Industry in Figures, June 2018). (tinyurl.com)

♦ The national organisation for this industry is the British Association of Beauty Therapy and Cosmetology (BABTAC). Other industry bodies include the Hair and Beauty Industry Authority, the Freelance Hairdressers’ Association, The Hairdressing Council, the Guild of Professional Beauty Therapists and the Hairdressing and Beauty Suppliers Association.
Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on 0300 013 4753 or email info@bgateway.com.

♦ **Mintel - Spa, Salon and In-store Treatments UK (October 2019).** There continues to be plenty of innovation in the market, with much of this focused on wellness. Holistic treatments are becoming more commonplace and spas and salons are looking for ways to cater to a wider audience by focusing on inclusivity. The vast majority (85%) of over-55 treatment users have only visited one type of location to have a treatment in the last year. Trust appears to be an issue as just 28% of over-55s think beauticians/therapists are trustworthy. However, 51% of over-55s think treatments can improve a person’s wellbeing. 25% of adults are interested in having a beauty or grooming treatment at home, showcasing an appetite to experiment with new service providers.

♦ **IBISWorld - Hairdressing and Beauty Treatment in the UK (October 2019).** According to the latest Beautiful Britain Survey undertaken by Salon Services, more than 90% of industry professionals have stated that their businesses have not yet been affected by the UK’s decision to leave the European Union. Higher levels of information available online mean that consumers are able to compare different hairdressers and salons and choose the one which is suitable to their preferences. Furthermore, consumers can compare the prices offered by industry operators in order to find the cheapest option. This has put pressure on operators to lower their prices in order to remain competitive in the market.

♦ **Mintel – Beauty and Personal Care Retailing UK (January 2020).** As the value of the beauty and personal care sector has fallen into decline, with even beauty seeing negative growth in 2019, retailers need to ensure that they focus on the growth areas. Two key demographics – Gen Z and older women aged 55+ – present significant opportunities.

There are also a number of online resources you may find helpful:

♦ **British Beauty Council, The Value of Beauty, May 2019.** This report looked at the overall industry value to the economy, noting that within a total value of £27.2bn, the largest share of this came from purchases of care and maintenance products, worth £10.4 billion. A further £8.7 billion was generated through purchases of personal enhancement products, while £8.0 billion was spent on the huge range of beauty services (tinyurl.com).

♦ **The Telegraph, Impact of the Beauty Industry, July 2019.** This article comments on the contribution of the visual aspect of social media to the increase in beauty products sales. It cites figures showing the direct contribution to the UK economy of beauty retailers, manufacturers and advertisers was £14.2 billion last year, rising to £28.4 billion when indirect contributions such as the wages spent by beauty workers in the wider economy were taken into account (tinyurl.com).

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How can I find out about my competitors?

Business Gateway’s online guide to *Competitor Analysis* explains how to find your competitors, how to research what they’re doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- General business directories such as Yell, Thomson Local or Google Maps
- Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members’ directory; find your local Chamber on the Scottish Chambers website.

Once you’ve identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- Look for articles or adverts in local newspapers, trade press and directories.
- Try to read their marketing material; if the company has an online presence, visit the company’s website as a first port of call. Not only does it give you a better understanding of the company’s activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company’s partners or suppliers
- Search for information on limited UK companies via the Companies House website
- Gain an insight into your competitor’s performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling 0300 013 4753
What about suppliers?

Choosing and Managing Suppliers can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling 0300 013 4753.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway’s guides on Retaining and Grow Your Customer Base will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can’t find what you’re looking for from these website, please contact us and one of the team will be happy to help:

♦ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.

♦ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.

♦ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.

♦ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.

♦ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.

♦ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.
How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

**Accountancy**
Institute of Chartered Accountants of Scotland’s (ICAS) “Find a Chartered Accountant” tool

**Pricing**
Business Companion Pricing & payment guide.

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging.

**Funding**
Practical information on finance and funding for starting and growing your business

**Inspection**
Business insurance guide

**Legal Help**
Gov.uk “Licence Finder” tool
Law Society of Scotland’s “Find a Solicitor” tool

**Promotion**
BG guides to Marketing

**Training**
Skills Development Scotland’s My World of Work
Funding for training
Small Business Bonus Scheme (Scotland)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on 0300 013 4753 to find out what is available in your area.

We hope you find this Market Report useful and we’d love to hear your feedback here.

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