



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 **July 2021**. 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:

- ◆ Over the five years **through 2020-21**, industry revenue is expected to **contract** at a compound annual rate of **14.4% to £1.8 billion**, largely due to a forecast **55.2% industry revenue decline in the current year**. However, over the five years through **2025-26**, industry revenue is anticipated to **recover** at a compound annual rate of **0.9% to reach £1.9 billion**, driven by rising disposable incomes and increasing demand for male grooming services. **Hair cutting, styling and colouring** are expected to account for **55.1% of industry revenue** in 2020-21. (IBISWorld, *Hairdressing and Beauty Treatment in the UK*, February 2021).
- ◆ In **2019**, the value of the BPC market was **£25.5 billion**, meaning that despite a 30.7% increase in value sales forecast for the five years to 2025, the market is not expected to fully recover. This reflects the expectation that many of the beauty/grooming and lifestyle habits adopted during 2020 will continue to influence trends. Mintel estimates the value of the UK BPC market declined by 27% to **£18.7 billion in 2020** and forecasts the value of the BPC market will recover **by 8.3% in 2021**, leaving the market **at £20.2 billion**, approximately **£5 billion down** from its pre-COVID-19 value. (Mintel, *COVID-19 and BPC: A Year On, UK*, May 2021).
- ◆ **2020** data shows that the hair and beauty industry generated over **£8 billion in turnover** for the UK economy. **Barbers, beauty salons and nail salons** were the **top three** retail categories that saw the highest growth. There were nearly **45 000 hair and beauty businesses** in the UK in 2020, but NHBF expects this number to have declined significantly during 2021 as the effects of the coronavirus pandemic are felt. (NHBF, *Industry research and statistics*, 2020).
- ◆ A reported **+13% market growth** for certified **organic beauty & wellbeing** products, means that this market is now worth **£120m**. This is the 10th consecutive year of growth, indicating strong consumer interest. The same report found that **45% of consumers** believe organic beauty and wellbeing is better for the environment, with 2 in 5 choosing beauty and wellbeing products based on the organic certification. (Soil Association, *2021 Organic Beauty & Wellbeing Market Report*, 2021).
- ◆ 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](#), the [Hairdressing and Beauty Suppliers Association](#) and [National Hair & Beauty Federation \(NHBF\)](#).



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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.

- ◆ **IBISWorld – Hairdressing & Beauty Treatment in the UK (February 2021).** The majority of companies in the industry employ a small number of employees. According to the ONS, 93.6% of industry enterprises employed fewer than 10 people in 2019, while only 0.2% employed 50 or more people. A large proportion of industry revenue derives from self-employed hair and beauty professionals that operate as freelancers. The growing popularity of cheaper mobile nail technicians is expected to weigh on demand for high-street salons over the five years through 2020-21. Demand for industry services is largely influenced by fashion trends. The rise of popular hairstyles such as the 'man bun' for men and fringes for women have supported revenue, and the rising popularity of hair removal services amongst men is also expected to support industry demand.
- ◆ **Mintel - Diversity in Beauty, UK (February 2021).** In BPC, consumers want brands to take on issues relating to minority groups, whether it is gender, race or different abilities; however, it does not need to be a political stand. 13% of adults placed the taking of a political stand on issues that impact minority groups as a top three consideration for a diverse beauty brand, and 46% of BPC buyers will more likely buy from a brand/retailer that takes a stand on issues, than one that doesn't. Although taking a stand is more important to younger buyers, 31% of over-65s will also more likely buy from a brand/retailer that does so.
- ◆ **Mintel – Covid-19 and BPC: A Year On, UK (May 2021).** Professional services were driving growth in the BPC market prior to the outbreak, with premium treatments gaining popularity in both hair and beauty salons. However, this trend reversed in 2020 as the closure of spas and salons during the lockdown periods wiped out spending on professional services for a significant proportion of the year.

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

- ◆ **The Independent, *Beauty in the post-covid era: How the pandemic could change the salon industry forever*, June 2020.** This article examines the rise of at-home beauty treatments and changes in how beauty treatment salons work and deliver their services. ([tinyurl.com/3ymsuaa9](https://www.tinyurl.com/3ymsuaa9)).
- ◆ **McKinsey & Company, *Taking a good look at the beauty industry*, July 2021.** This article examines the effects of COVID-19 on beauty trends and how brands are adapting. ([tinyurl.com/4nchs46u](https://www.tinyurl.com/4nchs46u))
- ◆ **Professional Beauty, *Industry News, April 2021 – 74% of clients will return to their usual salon, says Treatwell report*.** This digital industry magazine offers useful updates on trends and industry developments for beauty salons, spas and self-employed therapists. ([tinyurl.com/2u3dmkuc](https://www.tinyurl.com/2u3dmkuc))
- ◆ **National Hair & Beauty Federation (NHBF), *Hair and Beauty Industry Statistics*.** Every year the National Hair & Beauty Federation (NHBF) releases statistics giving an overview of the hairdressing, barbering and beauty businesses. ([tinyurl.com/y46qzt9c](https://www.tinyurl.com/y46qzt9c))

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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**



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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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" 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

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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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