



Market Report

A Snapshot of your Market Sector

Beauty Therapy

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 **May 2022**. 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 2021-22, industry revenue is anticipated to **decline** at a compound annual rate of **8% to £2.8 billion**, largely due to the repeated government-imposed closures of industry establishments during the coronavirus pandemic. However, over the next five years, industry revenue is expected to **recover at a compound annual rate of 3.5% to reach £3.3 billion**, supported by anticipated growth in real household disposable income. Beauty services are expected to account for **44.7% of industry revenue in 2021-22** (IBISWorld, *Hairdressing and Beauty Treatment in the UK*, August 2021).
- ◆ The spa, salon and in-store treatments market is forecast to **grow by 48% to £8.2 billion** over the period 2021-26. Although demand will return to pre-COVID-19 levels, the value of the sector will not fully recover for some time. An increase in at-home expertise and innovation means there will be a **hybrid approach to having treatments**, however, the sector is expected to see value recovery by 2025. Wellbeing will drive a return to treatments as consumers seek out luxury and experiential purchases (Intel, *Spa, Salon and In-Store Treatment – UK 2021*, October 2021).
- ◆ Individuals are open to experimentation in BPC and are looking for services that inspire them to try new products or help them to **make ethical choices**. In BPC, rising inflation will drive reduced spend as consumers will seek out discounts and lower-priced brands (Intel, *Beauty Influencers and Educators – UK 2022*, May 2022).
- ◆ The 2022 report details the 11th consecutive year of growth for this market, with **+15% growth in 2021** of Soil Association certified organic and natural products meaning **this market is now worth £138.23m**. 38% of shoppers said they have stopped purchasing certain beauty and wellbeing brands due to **ethical or sustainable concerns**, while **46% said more clarity on the origins** or sourcing of products would encourage them to adopt a more sustainable lifestyle (Soil Association, *2022 Organic Beauty and Wellbeing Market Report*).
- ◆ The national organisation for this industry is the [British Association of Beauty Therapy and Cosmetology \(BABTAC\)](#). Other industry bodies include the [Guild of Beauty Therapists](#), the [Hairdressing and Beauty Suppliers Association](#), the [British Beauty Council](#), and the [National Hair and 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 and Beauty Treatment in the UK (August 2021):** Demand for industry services is largely influenced by fashion trends. Over the five years through 2021-22, the rise of popular hairstyles such as the 'man bun' for men and fringes for women have supported revenue. Moreover, the rising popularity of hair removal services amongst men is also expected to have supported industry demand. The majority of companies in the industry employ a small number of employees. According to the Office for National Statistics, 94% of industry enterprises employed fewer than 10 people in 2020, while only 0.1% employed 50 or more people. Further, a large proportion of industry revenue derives from self-employed hair and beauty professionals that operate as freelancers.
- ◆ **Mintel – Spa, Salon and In-Store Treatments – UK 2021 (October 2021):** Treatments including massage, machine/device facial treatment, semi-permanent makeup and eyelash treatments are much less commonly done at home and adults mostly rely on professionals for these. Over-45s are least likely to get professional treatments, however, there's spending potential when it comes to this demographic with their being more financially stable and having greater savings on average. Spas and salons can look to offer specialised services and treatments for their needs to engage them in treatments, such as massages for different types of pain for the over-65s, as well as massages to reduce stress from physical pain.

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

- ◆ **Soil Association – *The Organic Beauty and Wellbeing Market Report 2022*:** This report can be downloaded from the Soil Association and covers post pandemic trends, the 2021 market as well as challenges around sustainability and environmental awareness. (tinyurl.com/27k5mz6y)
- ◆ **Local Data Company and the British Beauty Council – *Hair and Beauty Sector 2017-2021*:** *Beauty Salons also saw a large growth as the number of businesses rose by 2121 units (+24.8%) in the time period. Nail Salons saw the third largest growth with an additional 938 businesses opening during this time (+29.4% growth).* (tinyurl.com/3yd8kwbf)
- ◆ **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)
- ◆ **Professional Beauty - Industry News:** This digital industry magazine offers useful updates on trends and industry developments for beauty salons, spas and self-employed therapists. (tinyurl.com/2u3dmkuc)

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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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Updated by: Fiona Elliot

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