



# 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **May 2023**. 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 **2022-23**, industry revenue is expected to **contract at a compound annual rate of 11.2% to £2.5 billion, including growth of 5.7% over the current year**. Consumers are becoming more informed and willing to compare prices online, which has created pressure for operators to set lower prices, negatively affecting revenue and profit. Beauty services are expected to account for **44.5% of industry revenue in 2022-23** (IBISWorld, *Hairdressing and Beauty Treatment in the UK*, October 2022).
- ◆ Within the professional beauty/grooming and hair treatment space, **89% of users prefer to go to the same people/person for treatments**, reflective of significant loyalty within the sector. This spotlights the relevance of loyalty schemes as a way to offer protection in the case of a beautician leaving a treatment venue. Businesses can tempt clients to stay and switch to a new therapist through loyalty rewards. (Mintel, *Professional Beauty and Grooming Treatments - UK – 2023*, March 2023)
- ◆ 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 (Mintel, *Beauty Influencers and Educators – UK 2022*, May 2022).
- ◆ In 2021, households in the United Kingdom (UK) in the middle **fifth income decile group spent an average of 0.4% of their weekly household expenditure on hairdressing and beauty treatment**. Households in the **third income decile group spent approximately 0.6% of their total expenditures** on hairdressing and beauty treatment, the highest share among the income decile groups. (first lowest income decile to tenth Highest) (Statista, *Hair and Beauty Salons in the UK, 2022*)
- ◆ The 2023 report details the **12<sup>th</sup> consecutive year of growth** for this market, with **+6.8% growth in 2022** of Soil Association certified organic and natural products meaning this market is now worth **£147.23 million**. (Soil Association, *2023 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](mailto:info@bgateway.com).

- ◆ **IBISWorld – Hairdressing and Beauty Treatment in the UK (October 2022):** Many firms have benefited from using social media platforms such as Facebook and Instagram. These sites can be used to raise brand awareness and allow greater exposure to new potential clients. They can serve as less costly marketing strategies for operators, and have been used to gain new customers, develop more personal relationships and enhance customer loyalty.
- ◆ **Mintel – Professional Beauty and Grooming Treatments - UK (March 2023):** Relatively low uptake of professional beauty/grooming treatments indicates opportunity for innovation in buy now, pay later options. Expense is a barrier in the sector, as 30% of adults who hadn't had a professional beauty/grooming treatment in the 12 months to July 2021 had not done so as they couldn't afford it. Enabling users to spread the cost of treatments will resonate with those on a budget, particularly amid the rising cost of living.

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

- ◆ **Soil Association – *The Organic Beauty and Wellbeing Market Report 2023*:** This report can be downloaded from the Soil Association and covers key market data, consumer insights and upcoming trends. The report is for any businesses wanting to learn more about certified organic and natural beauty and wellbeing products, or those wanting to make the leap to organic certification. ([tinyurl.com/27k5mz6y](https://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](https://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](https://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](https://tinyurl.com/2u3dmkuc))
- ◆ **COBRA Reports, Accessed from National Library of Scotland ([tinyurl.com/32r8wn82](https://tinyurl.com/32r8wn82))** Have several Business Opportunity Profiles on the **Beauty industry**. These include key market issues and trends, trading, commercial and legal issues and legislation.

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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](mailto: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](mailto: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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