

Learn about the **Beauty Salon, Hair Salon, Nail Salon** and **hair care services industries** and find information on **how to start a Beauty Salon business**. Don't forget you can receive free or low-cost training and **free professional business advice** from your [local Small Business Development Center!](#)

Get a [free Beauty Salon, Hair Salon, Nail Salon business plans template on our Business Plans](#) page.

Beauty Salon COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures have affected many businesses; here is a look at the impact to the **Beauty Salon industry** (which includes **beauty salons, hair salons, nail salons and related personal care service businesses**). Salons were among the first of the businesses shuttered by government restrictions due to the close personal contact between patrons and employees and the discretionary nature of many of their services. As states begin reopening, salons continue to be under close monitoring and increased regulations on their operations are to be expected as the re-openings continue. Here are additional **COVID-19 business resources** specific to this industry:

- [SBDCNet's COVID-19 Small Business Resources](#)
- [SBDCNet's COVID-19 Industry Resources](#)
- [PBA: COVID-19 Resources](#)
- [COVID-19 Updates for Skin Care](#)
- [Franchise Reopening Blueprint, including Salons/Personal Care](#) - International Franchise Association
- [How Hair Salons Will be Transformed by the COVID-19 Pandemic](#)
- [AACCS: Guide to Reopening Salons](#)

Beauty Salon Industry Overview & Trends

NAICS Code: 812111, 812112; SIC Code: 7231, 7241

This Beauty Salon industry summary is from First Research which also sells a full version of this [hair care services industry report](#).

- "The US hair care services industry includes more than 80,000 establishments (77,000

beauty salons; 4,500 barber shops) with combined annual revenue of about \$20 billion. Major companies include Regis, Ratner Companies, Premier Salons, and Sport Clips.

- **Competitive Landscape:** Demand is driven by demographics, population growth, and personal income. The profitability of individual companies depends on effective marketing and maintaining repeat business. Large companies enjoy economies of scale in purchasing and marketing. Small companies can compete successfully by offering superior service or securing favorable locations. Both segments of the industry are fragmented: the 50 largest beauty salon operators generate about 15% of US industry revenue, and the 50 largest barber shop operators account for about 30% of revenue.
- **Products, Operations & Technology:** Major sources of revenue are haircutting, hair coloring, nail care, skin care, and merchandise sales. Beauty salons account for about 95% of US industry revenue; barber shops account for the remainder. Sales of hair care products are an important revenue source for many salons, typically providing from 5% to 25% of revenue. Margins are higher for hair care products than for services.
- A typical salon occupies about 1,000 to 1,500 square feet and is located in a strip center or mall. Salons commonly employ hairstylists who do the actual haircutting, colorists who specialize in hair coloring, and various assistants who wash and dry hair. Operating expenses, mainly rent and labor, may be as much as 80% of revenue. In most independently owned salons, the owner or owners are part of the work force. The average hourly pay for workers is low. Receptionists sometimes get a commission for hair care product sales. Tips are an important source of income for workers. Stylists, who often develop their own clientele of loyal customers, frequently work on commission, taking up to 50% of service revenue.”

The following Hair Salons market research report summary is from [Euromonitor](#) which also sells a full version of this report.

- The healthy living movement in the US has customers looking to embrace their natural hair, and the performance of the hair care market is strengthened by conditioners and treatments which promote healthy growth and emphasis on natural products free of harsh chemicals. Some products and treatments include promises of heat protection, enhancing hair’s natural texture, treating damaged hair, conditioning cleansers, leave-in treatments, and hair masks. However, an uptick in demand for vivid color treatments also permeates the market. Despite awareness of the chemical effect of hair-dye treatments, young consumers seek expression through vivid, pastel, and metallic hair colors.

Hair Salon & Nail Salon Customer Demographics

The following information is from the Hair Salons market research report summary from [IBISWorld](#) which also sells a full version of this report.

- Industry revenue was \$46.5 billion in 2019 of which consumers age 45 to 54 contribute the most at 21.4% of the total market. This group tends to demand a larger number of high-value services, including hair coloring and haircuts, as they typically have higher disposable income levels. Consumers age 35 to 44 tend to spend more on personal care items and are more likely to purchase higher-value services like hair coloring and permanent hair modifications such as keratin treatments. As haircuts are considered a necessity, haircutting and styling services (including beard and mustache grooming, shampooing, and blow-drying) make up the largest single service group for beauty salons at an estimated 55.2% of total revenue in 2019. Over the five years to 2024, the share of revenue generated from haircutting services is projected to increase.
- Retail professional grade hair and cosmetic products sold at salons account for 14.3% of the industry's revenue. Spending on high-value beauty merchandise is especially susceptible to economic downturns as many affordable substitutes are available.
- Skin care services, not including medical dermatological care, are considered luxuries, and spending is relatively stagnant at 4.2%. Salons may offer temporary makeup, cleansing facials, masks, and body wraps as part of this market segment.

Beauty Salon Business Startup Costs

[How Much Does it Cost to Start a Beauty Salon?](#) by Sage Accounting

- **“Physical location** - If you're looking to lease, you'll most likely be responsible for a security deposit and a couple months of rent up front. Costs will vary depending on location and size, but it's always a good idea to do comparative research within your desired neighborhood. If you plan on purchasing a space, the costs will rise significantly. Expect to set aside **\$40,000 to \$250,000** to purchase an existing salon (dependent on location, size, and condition of the property and equipment). Bump that up to **\$100,000 to \$500,000** on average to build a salon from the ground up.
- **Salon equipment** - equipment costs will vary depending on type of salon. A full hair salon expense list is estimated to total about **\$27,000**. That includes everything you'll need—hood dryers, shampoo and coloring stations, scissors, clippers, etc. A simple barbershop or nail salon will require less equipment. Starting out, you might want to pick and choose equipment to fit your budget. For any type of salon, you'll need styling

stations with chairs, which can range from **\$200** to upwards of **\$1,000**. Carts and trolleys are necessary to organize individual stylists' tools in the case of shared stations. For these, you can go cheap for about **\$40** or go high quality for about **\$300**.

- **Initial supplies** - both hair and nail salons use specialty products for client services. Costs will vary by brand but make sure you consider sanitizers, perm rods, hair capes, towels, shampoos, conditioners, specialty polishes and the like. Supplies add up quickly—stocking everything you need can cost up to **\$20,000** to start.”

[How Much Does it Cost to Start a Beauty Salon](#) from Chron Small Business

- “Equipment for a full hair salon, including hood dryers, shampoo, coloring stations, scissors, clippers and all other necessary tools, typically cost about \$27,000 in total. This exact number may vary depending on the type of salon, amount of chairs and services offered...
As a sole business or a franchise, you are required to pay rent, insurance, deposits and utilities. These fees can range up to \$7,000. An attorney can be required to negotiate or review the contract for the rent or franchise agreement at an additional hourly cost from \$200 an hour or more.

[Hair Salon](#) Startup Costs from Entrepreneur Magazine:

- “Startup Costs: Under \$2,000
Home Based: Can be operated from home.
Part Time: Can be operated part-time.
Franchises Available? No.”

[Nail Salon](#) Startup Costs from Entrepreneur Magazine:

- “Startup Costs: \$2,000 - \$10,000
Home Based: Can be operated from home.
Part Time: Can be operated part-time.
Franchises Available? No.”

[Salon Startup Costs](#)

Beauty Salon Business Plans

- [Hair and Beauty Salon Business Plan](#)
- [Hair Salon Business Plan](#)

- [Hair and Nail Salon Business Plan](#)
- [Barber Shop and Men's Salon Business Plan](#)
- [Barber Shop Business Plan](#)

Salon & Related Business Publications

- [Modern Salon](#)
- [American Salon](#)
- [Salon Today](#)
- [Nails Magazine](#)
- [Day Spa](#)
- [Massage](#)

Beauty Salon Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant **beauty salon industry associations**:

- [American Association of Cosmetology Schools](#)
- [Professional Beauty Association](#)
- [National Barbers Association](#)
- [Salon Spa Professional Association](#)
- [The American Board of Certified Haircolorists](#)
- [Associated Skin Care Professionals](#)
- [Associated Nail Professionals](#)
- [The Day Spa Association](#)
- [American Association of Cosmetology Schools](#)

Beauty Salon Business Employment Trends

Understanding trends in your industry is important when opening a new beauty salon. Here is a Barbers, Hairdressers, and Cosmetologists labor market summary from the Bureau of Labor Statistics focused on [Barbers, Hairdressers, and Cosmetologists Market Conditions](#).

Quick Facts: Barbers, Hairstylists, and Cosmetologists	
2019 Median Pay	\$26,270 per year \$12.63 per hour
Typical Entry-Level Education	Postsecondary nondegree award
Work Experience in a Related Occupation	None
On-the-job Training	None
Number of Jobs, 2018	766,100
Job Outlook, 2018-28	8% (Faster than average)
Employment Change, 2018-28	63,900

The median hourly wage for barbers was \$14.50 in May 2019. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$9.76, and the highest 10 percent earned more than \$27.23.

The median hourly wage for hairdressers, hairstylists, and cosmetologists was \$12.54 in May 2019. The lowest 10 percent earned less than \$8.86, and the highest 10 percent earned more than \$24.94.

Work Environment

Barbers, hairdressers, and cosmetologists held about 766,100 jobs in 2018. 75% of barbers were self-employed; nearly half of all hairdressers, hairstylists, and cosmetologists were self-employed.

Employment in the detailed occupations that make up barbers, hairdressers, and cosmetologists was distributed as follows:

Hairdressers, hairstylists, and cosmetologists: 683,800

Barbers: 82,300

Barbers, hairdressers, and cosmetologists work mostly in a barbershop or salon, although some work in a spa, hotel, or resort. Some seek to lease booth space from salon owners. Some manage salons or open their own after several years of experience.

Barbers, hairdressers, and cosmetologists usually work in pleasant surroundings with good lighting. Physical stamina and endurance are important, because they are on their feet and engaging with clients for most of their shift. Skin irritation may result from prolonged exposure to some chemicals, so utilizing protective clothing, such as disposable gloves and

aprons, may mitigate adverse effects.

Job Outlook

Employment of barbers is projected to grow 7 percent from 2018 to 2028, faster than average for all occupations. The need for barbers will stem primarily from an increasing population, which will lead to greater demand for basic hair care services.

Employment of hairdressers, hairstylists, and cosmetologists is projected to grow 7 percent from 2018 to 2028, faster than average for all occupations. Demand for hair coloring, hair straightening, and other advanced hair treatments has risen in recent years, a trend that is expected to continue over the coming decade.

Job Prospects

Overall employment of barbers, hairdressers, cosmetologists, and shampooers is projected to grow 8 percent from 2018 to 2028, faster than average for all occupations. Growth rates will vary by specialty. Overall job opportunities are expected to be good. Many job openings will stem from replacement of workers who transfer to other occupations or retire. Higher paying salons, of which there are relatively few, bring strong competition for jobs and clients, for which applicants must compete with a large pool of experienced beauty professionals.

A more specific breakdown of wages for Hairdressers, Hairstylists, and Cosmetologists in the US can be found [here](#) (see [39-5012](#) for Hairdressers, Hairstylists, and Cosmetologists and [39-5011](#) for Barbers).

Additional Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

Remember, you can also receive **free professional business advice** and free or low-cost business training from your [local Small Business Development Center!](#)

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