

*Economic Snapshot
of the
Salon and Spa Industry*



Beauty is our business

June 2012

Salon Industry Snapshot

- The salon and spa industry is a vibrant and growing component of the U.S. economy, with more than 974,000 total establishments and annual sales of more than \$40 billion.

Salon Establishments With Payroll Employees

2010 Establishments	89,953
2009 Sales	\$21.2 billion

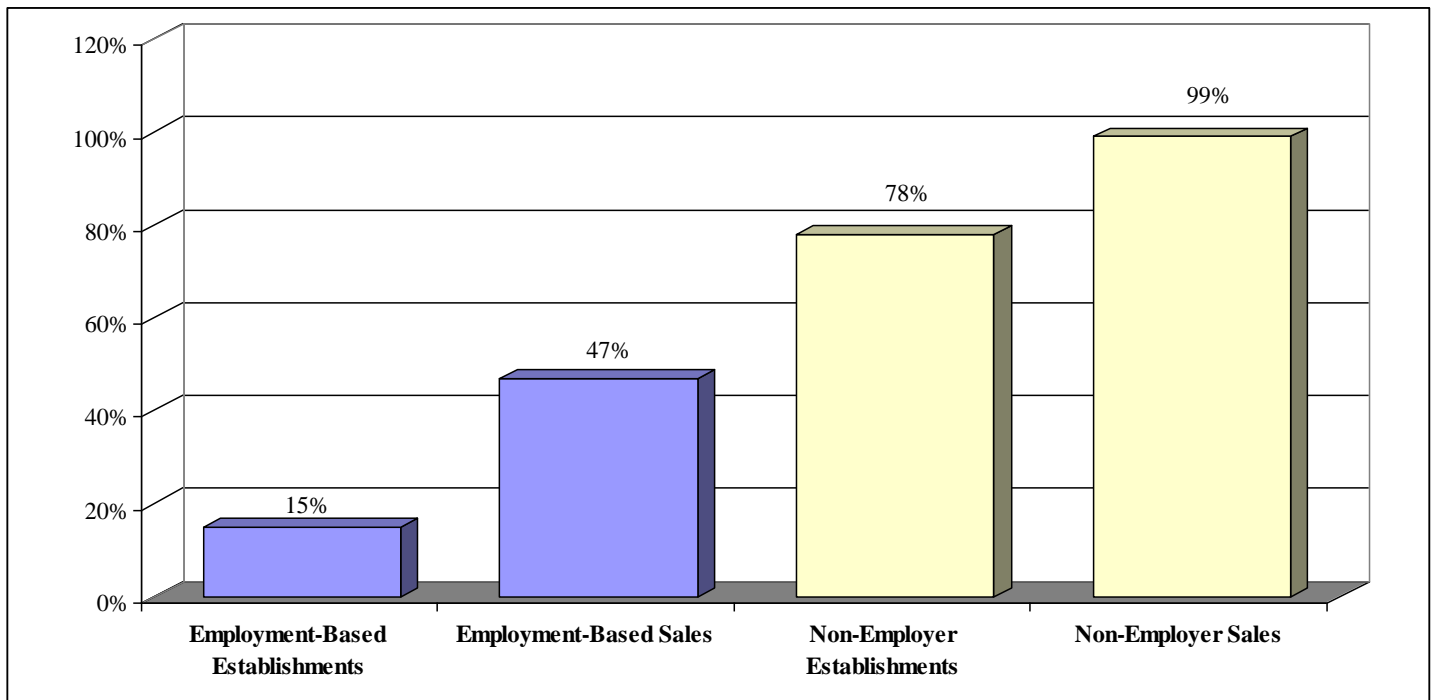
Non-Employer Salon Establishments*

2009 Establishments	884,754
2009 Sales	\$19.0 billion

Source: Bureau of Labor Statistics, U.S. Census Bureau

- The salon and spa industry registered steady growth over the last decade, with the strongest gains seen in the non-employer sector. The number of non-employer salon and spa establishments increased 78 percent in the last decade, while their sales jumped 99 percent. In comparison, the number of employment-based salon and spa establishments increased 15 percent over the last decade, with their sales rising 47 percent.

Salon Industry Establishment and Sales Growth Over the Last Decade Employment-Based Salons versus Non-Employer Salons



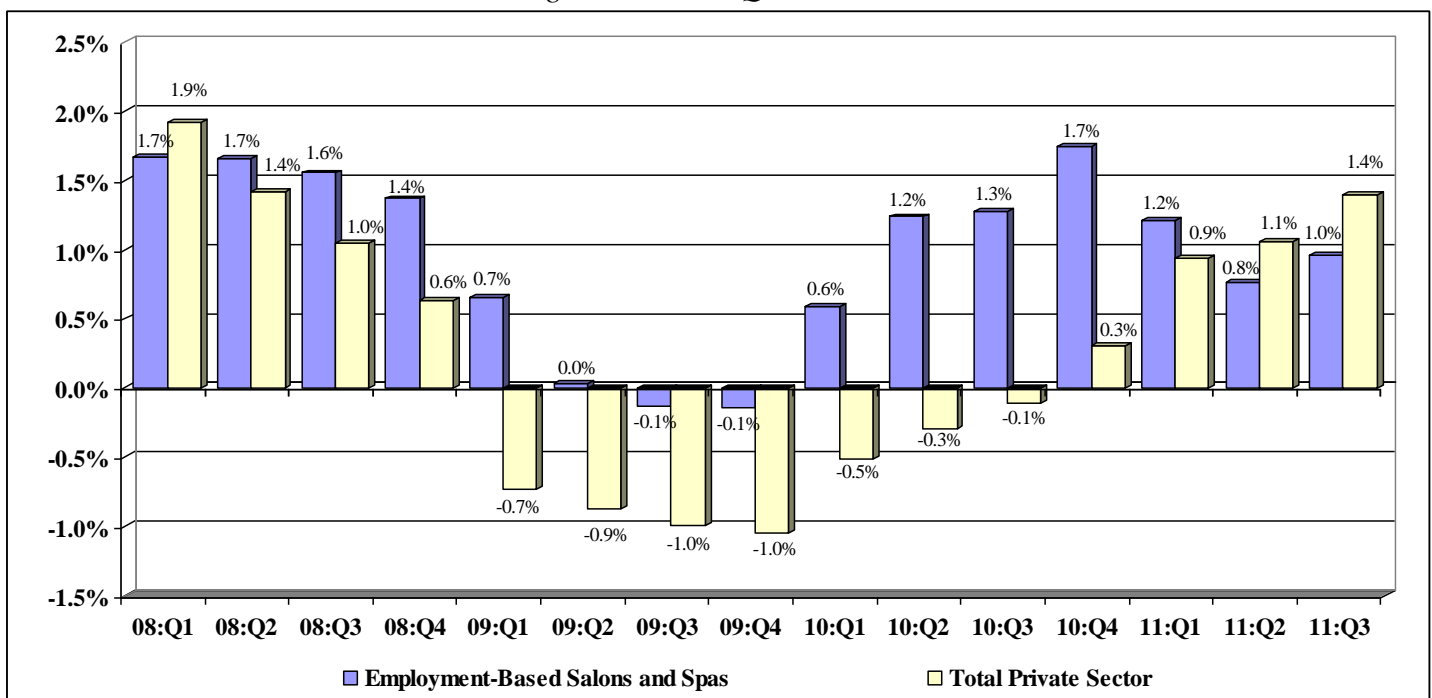
Source: Bureau of Labor Statistics, U.S. Census Bureau

*A Non-Employer Establishment is a business entity that has no paid employees. For data purposes the federal government counts each distinct business income tax return filed by a non-employer business as an establishment. As a result, an individual such as an independent contractor could be classified as a non-employer establishment. Non-employer businesses may operate from a home address or a separate physical location. Examples of non-employer establishments in the salon industry could include 1) a small salon business owned and operated by one individual, where this individual provides all of the services, 2) a salon business of any size that does not have regular paid employees, but may have independent contractors working in their establishment, 3) an individual that leases a chair as an independent contractor, 4) an individual that cuts hair out of their home, and 5) an individual that provides salon-related services as an independent contractor in the entertainment or fashion industries.

The Salon and Spa Industry Outperformed the Overall Private Sector During the Recession

- The Great Recession of the late 2000s took a tremendous toll on the nation’s private sector. At the depth of the recession, the national economy was losing tens of thousands of businesses each quarter. Between the fourth quarters of 2008 and 2009, the national economy experienced a net loss of more than 92,000 private-sector business establishments – a decline of one percent.
- In comparison, the nation’s salon and spa industry performed relatively well during the recession. Although growth in the number of employment-based salons and spas slowed during the recession and briefly turned negative, the declines were much less severe than the overall private sector. Between the fourth quarters of 2008 and 2009, the salon and spa industry experienced a net decline of only 130 establishments – or just 0.1 percent.
- The nation’s salon and spa industry also performed well coming out of the recession. Between the fourth quarters of 2009 and 2010, the salon and spa industry grew by nearly 1,600 locations nationwide – an increase of 1.7 percent. During the same four-quarter period, the overall economy experienced a net increase of 26,500 private-sector business establishments – a gain of only 0.3 percent.

Salon and Spa Industry Outperformed the Private Sector During the Recession
 Number of Establishments with Payroll Employees: Salons/Spas vs. Total U.S. Private Sector
Percent Change From Same Quarter in Previous Year



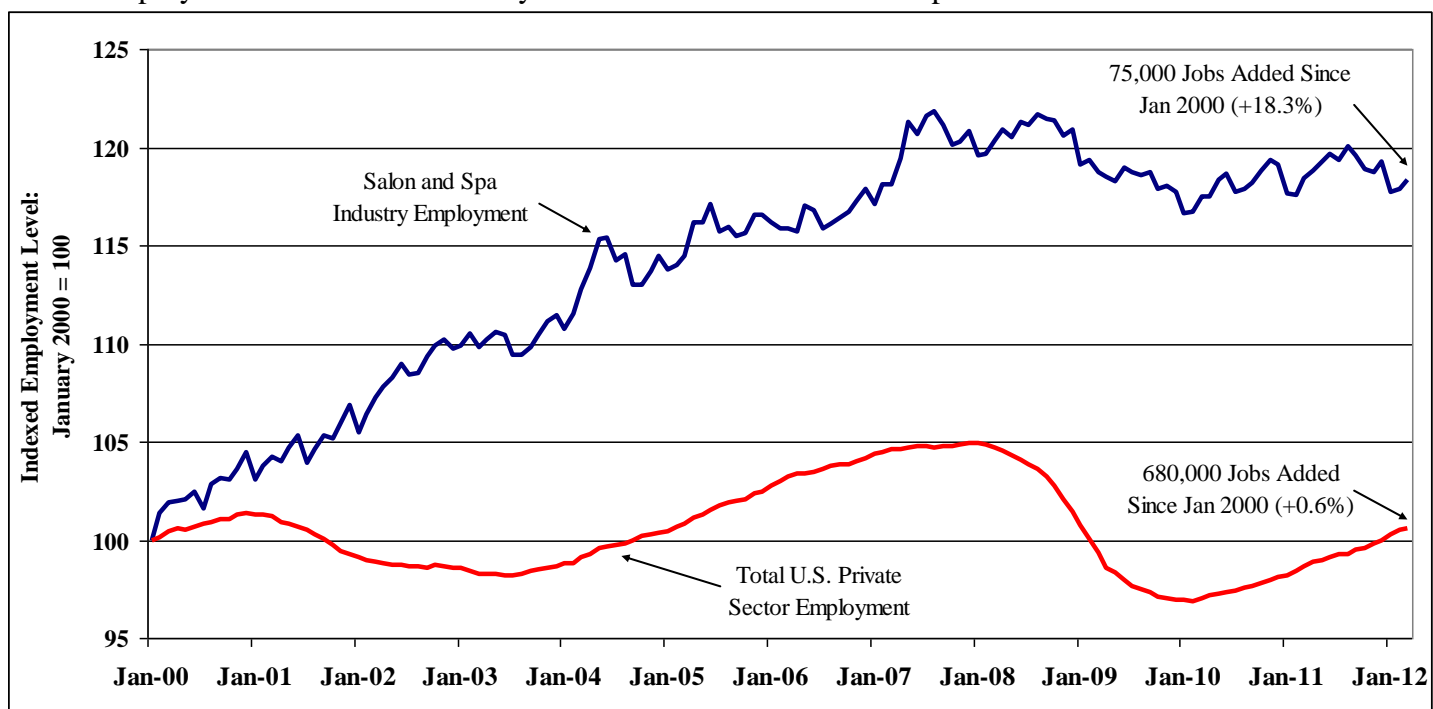
Source: Profession Beauty Association analysis of data from the Bureau of Labor Statistics

The Salon and Spa Industry Provided Much Needed Job Growth During the Lost Decade

- One only has to look at recent history to see that the salon and spa industry is an engine of job growth for the U.S. economy, even when many other industries are shedding jobs. During the challenging economic period of the last 11 years that included two recessions, job growth in the U.S. economy stagnated. In fact, there were only 680,000 more private sector jobs in the economy in March 2012 than there were in January 2000 – a paltry gain of 0.6 percent.
- In contrast, employment-based salons and spas added 75,000 jobs during the same period, which represented an increase of more than 18 percent. This substantial growth occurred despite back-to-back job losses in 2009 and 2010, when the salon industry was negatively impacted by the recession. Overall, salon industry job growth outperformed the overall economy in 10 of the last 12 years.

No Lost Decade for the Salon and Spa Industry

Employment Trends from January 2000 to March 2012: Salons/Spas vs. Total U.S. Private Sector

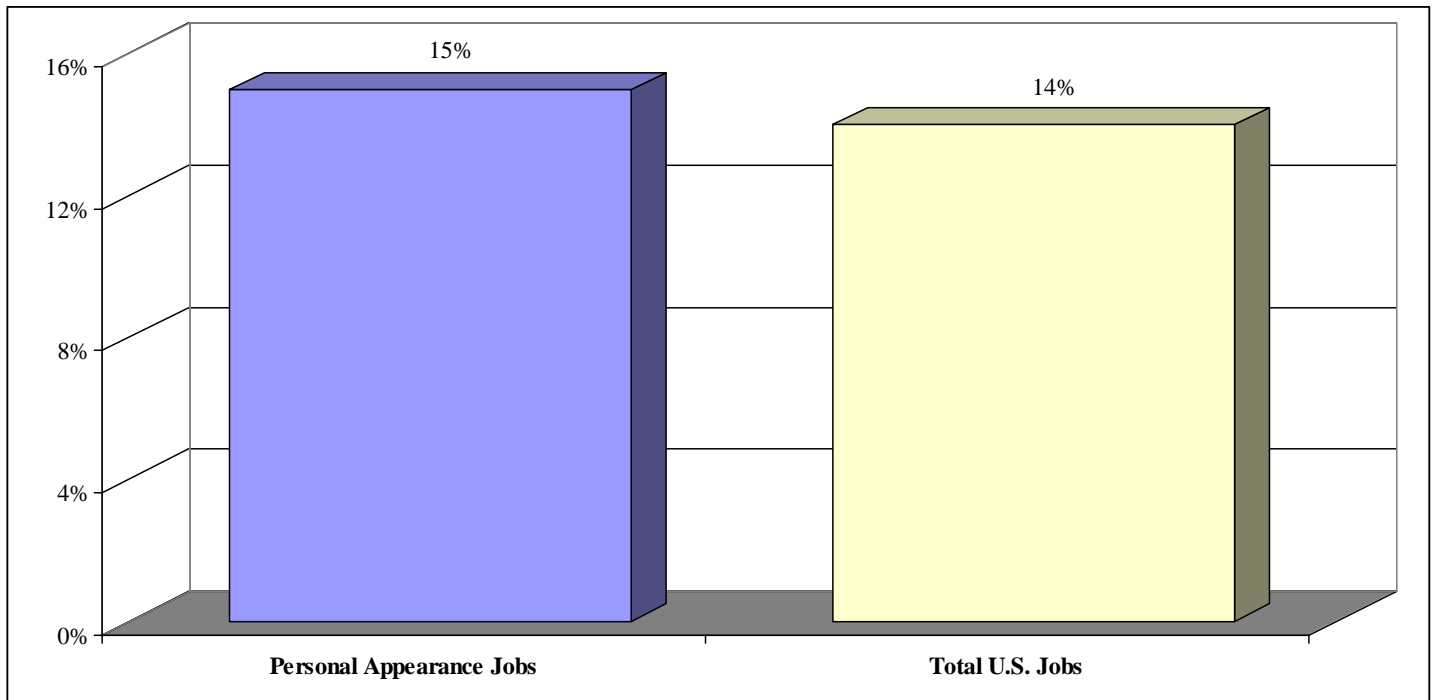


Source: Profession Beauty Association analysis of data from the Bureau of Labor Statistics

The Salon and Spa Industry is Projected to Post Steady Job Growth in the Future

- Not only did the salon and spa industry provide much needed job growth during the sluggish last decade, it is poised to post steady growth well into the future. According to the Bureau of Labor Statistics, the number of personal appearance jobs is projected to increase 15 percent between 2010 and 2020, slightly above the rate of growth of total U.S. employment (14 percent) during the same period.
- Most of the major personal appearance occupations are projected to post job growth stronger than the overall economy between 2010 and 2020. The number of skin care specialist jobs is projected to jump 25 percent, while hairdresser, hairstylist and cosmetologist positions are expected to increase by 16 percent.

Projected Job Growth: 2010 to 2020



Source: U.S. Department of Labor, Bureau of Labor Statistics

Projected Salon Industry Job Growth: 2010 to 2020

Occupation	Job Growth: 2010 to 2020
Skin Care Specialists	25%
Manicurists and Pedicurists	17
Hairdressers, Hairstylists, and Cosmetologists	16
Barbers	7
Makeup Artists, theatrical and performance	3
TOTAL PERSONAL APPEARANCE JOBS	15%

Source: U.S. Department of Labor, Bureau of Labor Statistics

One Out of Three Salon-Industry Professionals is Self-Employed

- Overall, roughly 1.1 million professionals work in personal appearance occupations in the United States, according to the Bureau of Labor Statistics. Individuals in these occupations have a much higher rate of self-employment, as compared to the overall workforce.
- Thirty-one percent of all individuals in personal appearance occupations are self-employed. In comparison, only seven percent of the overall U.S. workforce is self-employed.
- Of the 758,000 Hairdressers, Hairstylists and Cosmetologists, 34 percent (or 260,000) are self-employed.
- Barbers have the highest proportion of self-employed individuals, at 49 percent.

Number of Individuals in Personal Appearance Occupations

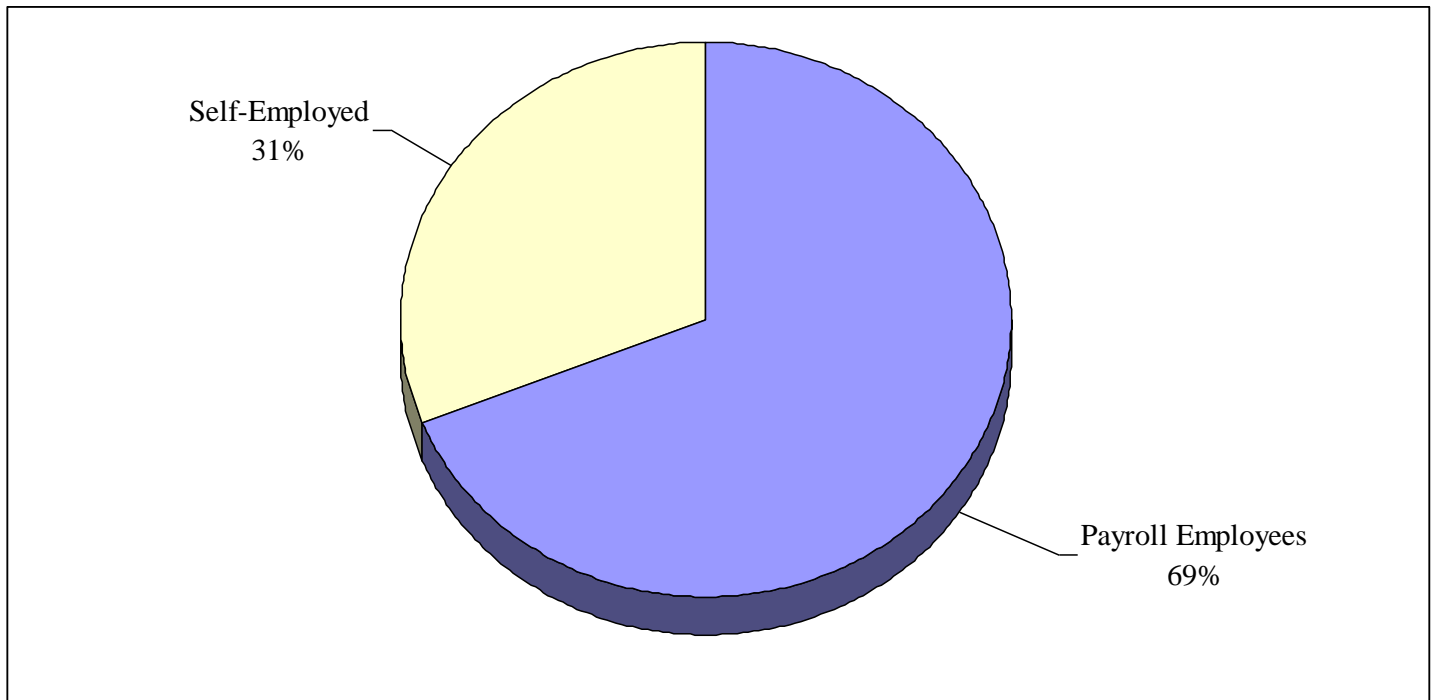
Personal Appearance Occupation	Total Employees in Occupation	Self-Employed Proportion	Total Self-Employed in Occupation
Hairdressers, Hairstylists, and Cosmetologists	758,000	34%	260,000
Barbers	89,000	49	44,000
Other Personal Appearance Workers*	251,000	15	38,000
TOTAL INDIVIDUALS IN PERSONAL APPEARANCE OCCUPATIONS	1,098,000	31%	342,000

Source: U.S. Department of Labor, Bureau of Labor Statistics; 2011 data

*Includes the following occupations: Makeup Artists, theatrical and performance; Manicurists and Pedicurists; Shampooers; and Skin Care Specialists

Distribution of Individuals in Personal Appearance Occupations

Payroll Employees versus Self-Employed

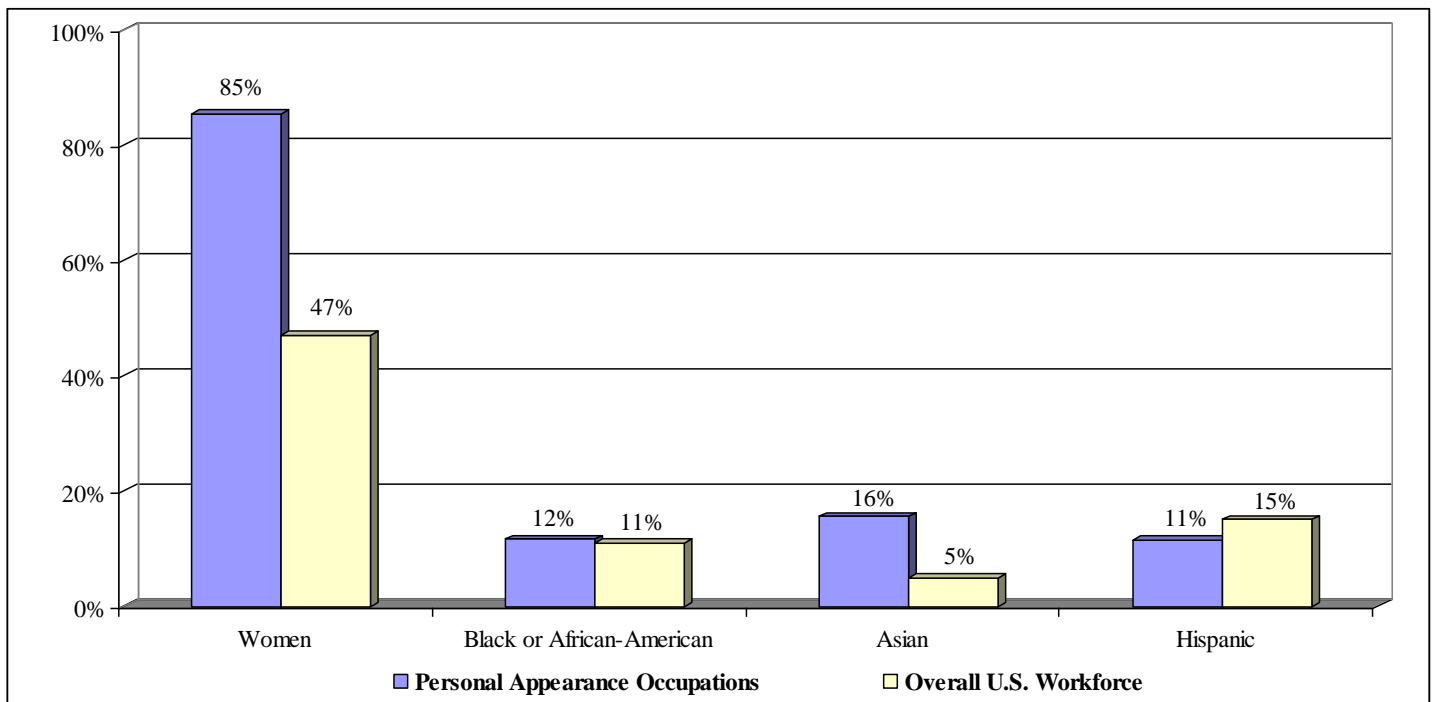


Source: U.S. Department of Labor, Bureau of Labor Statistics; 2011 data

The Salon and Spa Industry Provides Career Opportunities for Individuals of All Backgrounds

- The nation's salon and spa industry provides first jobs and career opportunities for individuals of all backgrounds, and has a broader representation of women and minorities than the overall U.S. workforce.
- Eighty-five percent of individuals in personal appearance occupations are women, compared to 47 percent of employed individuals in the overall U.S. workforce.
- Twelve percent of individuals in personal appearance occupations are Black or African American, compared to a national average of 11 percent.
- Sixteen percent of individuals in personal appearance occupations are Asian, compared to just five percent of the overall U.S. workforce.
- Eleven percent of individuals in personal appearance occupations are of Hispanic origin, slightly below the national average of 15 percent.

Breakdown of Employed Individuals by Gender, Race and Ethnicity
Personal Appearance Occupations versus Overall U.S. Workforce

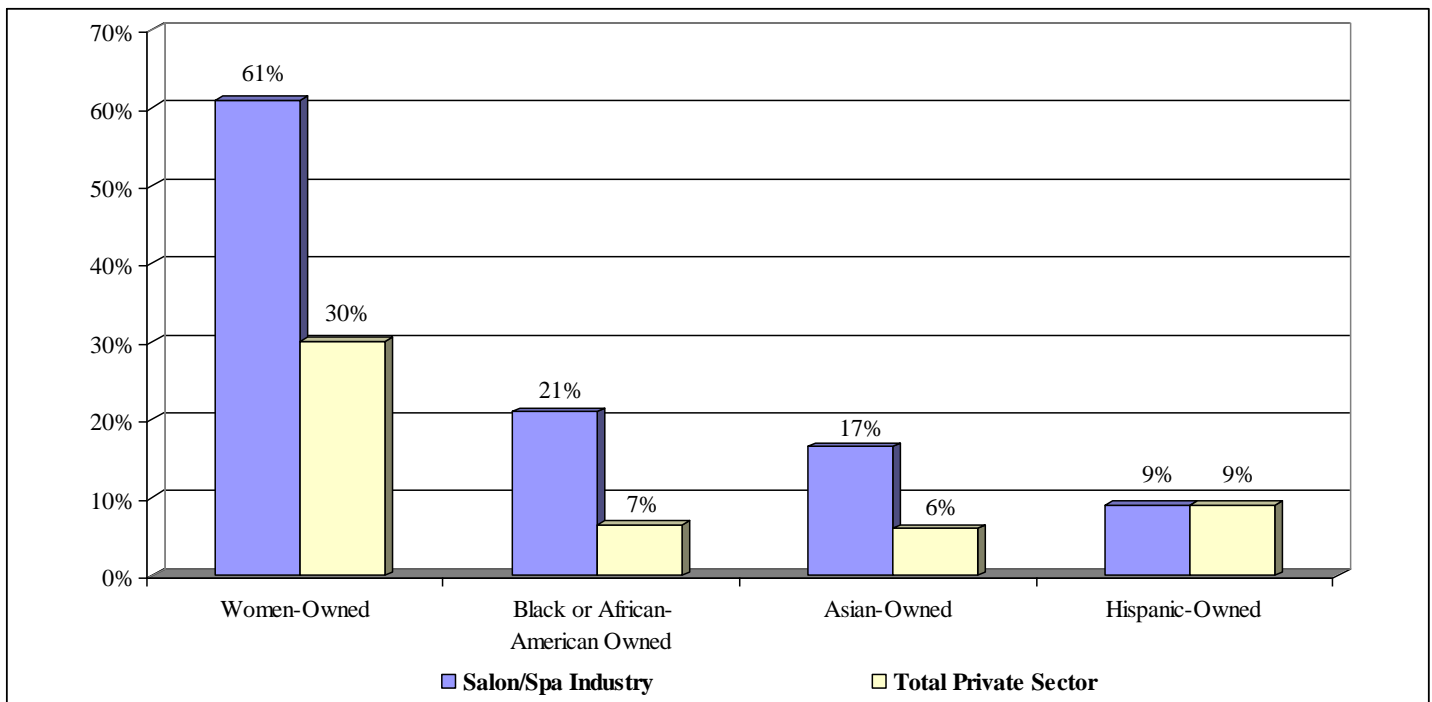


Source: Bureau of Labor Statistics; 2011 data

The Salon and Spa Industry Provides a Path to Ownership Opportunities

- Not only do salons and spas provide employment opportunities for individuals of all backgrounds, they also give individuals the experience to own businesses of their own.
- Sixty-one percent of all salon businesses are owned by women, compared to just 30 percent of businesses in the overall private sector.
- Twenty-one percent of businesses in the salon industry are Black or African-American-owned, versus just seven percent of total private sector businesses.
- Seventeen percent of salon businesses are Asian-owned, nearly three times the six percent Asian-ownership rate for businesses in the overall private sector.
- Nine percent of salon businesses are owned by individuals of Hispanic origin, matching the proportion of Hispanic business ownership in the overall private sector.

The Salon and Spa Industry Provides Ownership Opportunities for Women and Minorities *Proportion of Businesses Owned by Women and Minorities*



Source: U.S. Census Bureau; 2007 Economic Census

Note: Figures represent all salon industry businesses: employment-based and non-payroll