

Black and Minority Ethnic Business

K N O W L E D G E C E N T R E

F A C T S H E E T

The Business Of Black Hair and Beauty



Size And Growth Of Industry

According to Cobweb Research, African Caribbean hairdressing is a rapidly expanding sector of the industry with an estimated 2,000 salons in the UK, at least half of which are located in London alone. The size and economic impact of this market is however, said to be vastly under-estimated. As a result, the Knowledge Centre on Black and Minority Ethnic Businesses (KCBMEB) in partnership with Afro Hair & Beauty conducted quantitative research to provide an estimate of the true size of the industry. Rough calculations result in an estimated 50 million pound market for London alone which employs approximately 5,000 people.

Hairdressing in general is one of the faster growing industries in the UK, and although black women are estimated to spend, on average, four times more on their grooming than the average woman, a lack of formal business skills amongst many Afro-Caribbean-led salons means that these businesses are not enjoying the same level of success as their mainstream counterparts. To further emphasise this point, research conducted by Business Link for London's Knowledge Centre on Black and Minority Ethnic Businesses also shows that expectations of growth in terms of employee size and turnover are not being achieved. The following table reveals that 16% of businesses expect to move out of the '5 or less employees' category into the '6 plus' category and almost one in ten of these businesses expect to move into the '10-plus employee' category within the next two years. What happens in reality (if we compare 2 years ago and now) is that only 2% moved out of the 1-5 employee category, 3% out of the 6-10 employee category, and 1% into the 10 plus employee category).

Number of Staff in African-Caribbean Hair & Beauty Businesses	Two Years Ago	Currently	Expected in Two Years
None	13%	7%	5%
1 - 5 employees	70%	72%	58%
6 - 10 employees	13%	16%	23%
More than 10 employees	4%	5%	14%
	100%	100%	100%

Changes In The Industry Hindering Growth Potential

In the 1980's, the existence of African-Caribbean Hairdressing associations such as SHABA (the Specialist Hair and Beauty Association) and CASH (the Caribbean Association of Specialist Hairdressers) ensured that some provision was made for business skills training amongst salon owners. A closer relationship between salons and suppliers also ensured that salon owners received support through training courses and seminars, in areas such as marketing, management and customer care. This strong relationship between salon owners and suppliers meant that salons could boast exclusive product lines and higher levels of customer retention as a result.

Since the 1980's, however, both SHABA and CASH have reduced their activities, and suppliers have appointed distributors who have less money to invest in providing training to salon owners. The growth in spending power of the target market and low barriers to entry also combined to cause an upsurge of new entrants into the market.

Today, against a backdrop of fragile customer loyalty, product saturation and increased competition, salon owners are having to work harder than ever to maintain their customer base. Suppliers in turn are affected by the challenges faced by salon owners. It is essential that the relationship between suppliers and salon owners be repaired so that the two can grow synergistically to fully realise the promise that the industry offers.

Overcoming Challenges In The Industry

Through the KCBMEB's research, several factors have been identified as the key challenges faced by business owners in the industry:

1. Skills Training Needs

The BME customer base is generally educated by US hairdressing market trends, but there is a general lack of opportunity for continuous skills development in the UK. The few centres offering courses specialising in African-Caribbean Hair at the NVQ level are the London College of Fashion and Handsworth College, but these focus mainly on basic skills training. It is critical for hairdressers to keep up with the ever-changing trends in this market, and such access to continuous skills development is vital to success.

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2. Business Training Needs

As with many industries offering low barriers to entry, the hair and beauty industry suffers prolonged periods of saturation by newcomers who may not have the necessary professional qualifications or experience to provide a competent service. Many salon owners face high levels of employee turnover in the industry as the lack of focus on recruitment and retention is low. Client loyalty is also limited in this lucrative but underserved market, and the consumer is often cost sensitive. Thus, many a customer can be lured away, if only temporarily, by a new salon offering cut-price treatments, regardless of whether the quality of service has been tested.

Although salon owners need to employ standard sales and marketing techniques, a good reputation and regular referrals from loyal customers often make all the difference to a salon's chances of survival and success in an increasingly competitive market. To ensure continued success, a committed salon owner must strive to constantly differentiate his/her business from the competition. In this regard, professional consultation skills and a strategy for retaining the most-likely-to be loyal customers is essential. There has to be a focus on quality of service and not just pricing for the creation of successful and sustainable businesses.

According to both qualitative and quantitative research conducted in 2003, the industry is in desperate need of business and management skills training that is specific to their business in the following areas:

- Marketing and Customer Relations
- Time Management
- Staff Management, Recruitment and Retention
- Financial Management
- Formalising/Automating Systems & Legal Obligations

3. The Need For An Association To Drive Skills And Business Training

Despite the substantial efforts of their founders, both SHABA and CASH have suffered from a lack of steady funding and full-time administrative support, relying solely upon the limited resources and voluntary efforts of founders and champions. Some of the major Afro-Caribbean salons have joined the mainstream associations such as the NHF (National Hairdressers' Federation) and the Guild of Hairdressers. The majority of salons, however, are not members of any form of association, and the mainstream bodies are perceived to be somewhat long in the tooth and unable to meet the needs of ethnic beauty professionals and salon owners.

Achieving Growth Potential

African Caribbean Hairdressing is a rapidly expanding sector of the increasingly lucrative UK hair and beauty industry and since its inception has been one of the strongest growth areas in the Black and Minority Ethnic market. Added to this, the UK's ethnic population is growing by 2.5% a year and even more within London, which holds about half of the UK's BME population. Overall, the group's disposable income is estimated at £12bn and the market's potential is further boosted by the fact that black women spend up to four times as much money on their hair as their white counterparts.

Salon owners and professionals must be educated on the business case for increasing their business and technical skills, and formalising their business processes so as to reap the benefits available to them in the form of training, funding opportunities, publicity and involvement in government initiatives aimed at achieving business growth within the sector.

Attitudes need to be changed and to do so requires a social marketing campaign, the main objective of which should be to encourage the dissemination of information that informs and encourages salon owners and their employees to improve standards. As a result, Business Link for London's Knowledge Centre on Black and Minority Ethnic Businesses is working with partners, shebytes Ltd., and Afro Hair & Beauty to:

- develop a sustainable programme of business training and support tailored to the needs of businesses in this industry
- revival of an industry association that will champion the needs of all players in this specialised market
- support the development of an accredited training academy which will meet the continuous skills and training needs of this dynamic market
- develop an online database of businesses in the industry, create inspirational case studies of good practice in the industry, and develop online tools that are specific and easily accessible to business owners and aspiring business owners in the industry

While the pilot of this programme will be initiated through funding from the BME Knowledge Centre's European Social Fund through the EQUAL programme, which aims to improve opportunities for employment for black and ethnic minorities, the sustainability of the programme will require the support of other players in the private and public sector.

To find out more about Salon Strategies programme of support, visit

www.salonstrategies.net.

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