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Market Analysis With Context And Perspective

Overnight Custom Research Package:

Sample Report (2009-2010)

A Custom Research Report

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Chapter I

Preliminary Assessments

In January 2008, the staff at Feedback Research Services (FRS) was contacted by the client to conduct a custom market research project. The objectives were:

- Gather and review available statistics
- Conduct interviews to identify trends and job opportunities
- Summarize the findings in an 8 - 10 page report.

Research Methodology

For this project, a contact list was developed that included: Agencies, industry representatives, local "esthetician employers", past survey participants, trade organizations, etc. Because a recent reliable contact list of "go to" resources was available, three interviews were conducted.

General Information

As outlined on the Education Portal web site, estheticians typically complete a one-year course through a career or cosmetology school. Training prepares estheticians to perform facials and skin care treatments, but the amount and type varies considerably. As one interviewee noted, "A lot of beauty schools offer aesthetics through their cosmetology programs, but the training is vague".

Estheticians work in a variety of venues. Based on Feedback Research Services' (FRS) ongoing surveys, rising demand for skin care specialists seems to be associated with the increase numbers and types of aesthetic and cosmetic services that are now available in day spas, dermatology offices, medical spas, and plastic surgery offices. In the past five years, medical spas have become an

important segment of the U.S. spa industry. Annual revenues have grown in recent years. Medical spa revenues exceeded \$1.0 billion in 2006. and the total number of facilities increased from 915 in 2005 to 975 in 2006.¹

According to FRS' latest survey findings, tighter regulation is a major concern voiced by many medical spa owners. In some states, legislated regulations allow services to be provided by a range of licensed health care professionals who operate on their own or under physician supervision. Similarly, the International Medical Spa Association offers a fairly broad description:

"...a facility that operates under the full-time, on-site supervision of a licensed health care professional. The facility operates within the scope of practice of its staff, and offers traditional, complementary, and alternative health practices and treatments in a spa-like setting. Practitioners working within a medical spa will be governed by their appropriate licensing board, if licensure is required."²

Statistics

Historical and projected employment estimates for 2006 - 2016 were downloaded from the U.S. Bureau of Labor Statistics (BLS) web site. The most recent overview was released in early December 2007. From 2006 through 2016, total employment is forecast to increase by 10% (adding 15.6 million jobs). Replacement of aging and retiring baby boomers is expected to drive most new job openings. Growth will be primarily in service-providing industries. The professional and business, health care, and social assistance segments are likely to demonstrate the largest increases in employment (8.1 million jobs).

As noted on the Education Portal web site, BLS data indicated there were 25,000 esthetician jobs in 2002.³ New BLS data estimated there were 38,500

¹ International Spa Association (ISPA; www.ispa.org).

² International Medical Spa Association (www.medicalspaassociation.org).

³ Education Portal (<http://education-portal.com>).

"skin care specialist" jobs in 2006. In describing employment opportunities, the BLS noted that barber shops and salons are widely distributed throughout the United States, but other venues (spas, nursing homes, and residential facilities) are concentrated in more populous cities. Approximately 46% of all "barber, cosmetologist, and other personal appearance workers" are self-employed (approximately 379,500), many of whom own a salon or shop.

Job Market Outlook

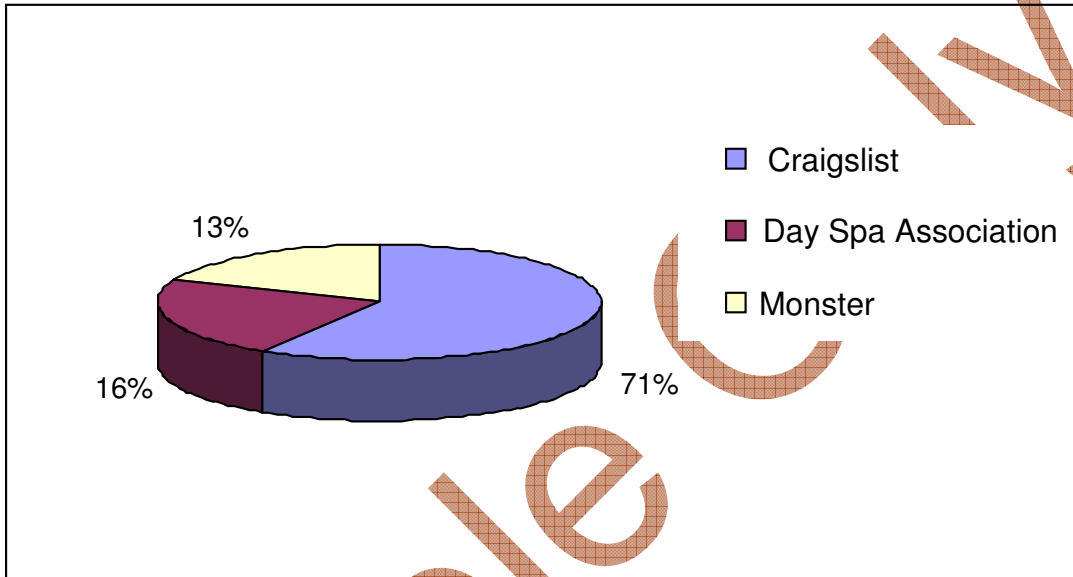
According to online sources (above) and one interviewee, estheticians are highly employable, and success in obtaining a position increases with higher levels of education and/or experience. Esthetician schools listed on the Education Portal web site include: Gibbs College, Katharine Gibbs School, International Academy of Design and Technology, Lincoln Tech, Miami-Jacobs Career College, Miller-Motte Technical College, Spa Tech Institute, The Art Institutes, Westwood College Online, and Vatterott College.

The BLS job outlook is favorable (as of late 2007). The entire sector (barbers, cosmetologists, and other personal appearance workers) is expected to grow "slightly faster than the average for all occupations" (14% from 2006 - 2016). Growth is attributed to "an increasing population" and "growing demand for personal appearance services, particularly skin care services" according to the BLS.

Current Employment Opportunities

Prior to receiving the custom research inquiry that initiated this project, an online review was conducted to identify esthetician job listings during the first two weeks of January 2008. Searches focused on three online sources: Craigslist, the Day Spa Association ("Day Spa"), and Monster.com ("Monster"). The following chart illustrates the total number of listings by source.

Figure 1
Comparison Of Total Job Listings By Source:
Online Postings Survey (January 2008)



Source: Feedback Research Services

The Craigslist review focused on 11 states: California, Colorado, Florida, Georgia, Illinois, Massachusetts, Nevada, New York, Oregon, Texas, and Washington. The greatest numbers of individual postings were found for Texas and Nevada, followed by Illinois, Massachusetts, and New York. Similar groups of states were reviewed in the Day Spa and Monster listings, with New York and New Jersey posting slightly more ads than others on the Day Spa site (5 of 17). Listings on the Day Spa Association site, however, were "ongoing". California had the largest number of listings on Monster (8 of 14). An overview is shown in the following table.

Table 1
Job Listings By Source & State:
Online Postings Survey (January 2008)

State	Craigslist	Day Spa Association	Monster
Arizona	--	2	--
California	6	1	8
Colorado	5	--	--
Connecticut	--	1	--
Florida	3	1	2
Georgia	2	--	--
Idaho	--	1	--
Illinois	11	--	--
Massachusetts	9	1	--
Minnesota	--	1	--
Nevada	13	1	1
New Jersey	--	2	--
New York	9	3	3
Oregon	6	--	--
Pennsylvania	--	2	--
Texas	13	--	--
Washington	1	--	--
	78	17	14

Source: Feedback Research Services

Anecdotally, the lead researcher observed that the overall number of esthetician job openings appeared to be similar from late December 2007 through mid-January 2008.

Chapter II

Market Analysis

The U.S. Bureau of Labor Statistics provides a solid basis for expecting strong growth in the esthetician labor market over the next decade. While job opportunities are good, the BLS notes that there will be a great deal of competition from a large pool of experienced and licensed cosmetologists.

Employer Characteristics

Slightly more than half of the companies that posted esthetician job opportunities on all three online sources were identified by name (63%). The majority of listings were affiliated with medical offices, salons, and spas (40%). A limited number of postings described hourly or salaried compensation. The hourly wage rates that were posted ranged from a low of \$9.00 to a high of \$12.00 (with or without benefits).

Employee Qualifications

According to interviewees and online sources, esthetician qualifications are evaluated based on a range of criteria, such as: certification, education, experience, licensing, etc. The Education Portal web site notes that all states have licensing requirements for individuals who work in the personal appearance sector (per the BLS), although specific criteria vary by state.

The National Coalition of Estheticians, Manufacturers / Distributors and Associations (NCEA) operates a 1200-hour esthetician certification program. Components address academic knowledge and first aid certifications. Comprehension and skills are tested using a national exam. Since its launch in mid-2007, more than 200 individuals have applied to participate in the NCEA's program.

The Market, 2007 - 2016

As cited on the Esthetician Program page of Niagara College's web site (Ontario, Canada), esthetic and spa services demonstrated a 97% growth rate in the last five years (Price Waterhouse Coopers).⁴ While the majority of estheticians work in medical offices, salons, and spas, there is quite a range of other venues (such as casinos, cruise ships, health clubs, and hotels). One job posting on Craigslist described "in-flight" esthetician positions that included several days of travel each month to serve day spa clients around the world.

Current Employment

As noted in Chapter 1 and above, historical estimates suggest that the esthetician market has grown significantly from 2002 to 2006. While the actual figures cannot be confirmed as describing the same job category, the Education Portal's estimate of 25,000 esthetician jobs from 2005 seems to correlate with the BLS figure of 38,000 "skin care specialist" jobs. If that is the case, the following table extrapolates the estimates to present job numbers, annual increases, and the compound growth rate.

Table 2

Esthetician Employment Estimates, 2002 - 2006: Extrapolated Analysis (January 2008)

Year	Jobs	Growth Rate
2002	25,000	--
2003	27,500	10.0%
2004	30,500	10.9%
2005	34,000	11.5%
2006	38,000	11.8%

Compound Annual Revenue Growth Rate = 11.0%

Source: Feedback Research Services

⁴ Niagara College Web Site (www.niagaracollege.ca)

Projected Employment

The BLS job outlook is favorable (as of late 2007). The entire sector (barbers, cosmetologists, and other personal appearance workers) is expected to grow "slightly faster than the average for all occupations" (14% from 2006 - 2016).⁵ More specifically:

Continued growth in the number of nail salons and full-service day spas will generate numerous job openings for manicurists, pedicurists, and skin care specialists... Estheticians and other skin care specialists will see large gains in employment, and are expected to grow 34 percent as more facial procedures to improve one's complexion become available and become more popular in spas and some medical settings.... Makeup artists are expected to grow by 40 percent, but because of its relatively small size, the occupation will only add a few hundred jobs over the decade.

Projection data from the BLS' National Employment Matrix (NEM) forecasts Skin Care Specialist employment rising from 38,000 in 2006 to 51,000 in 2016. The following table extrapolates annual numbers and growth rate estimates that are extrapolated from the NEM presentation.⁶

⁵ Barbers, Cosmetologists, and Other Personal Appearance Works (www.bls.gov/oco/content/ocos169.stm)

⁶ Projections Data from the "Occupational Outlook Handbook" (www.bls.gov).

Table 3
Esthetician Employment Projections, 2008 - 2016:
Extrapolated Analysis (January 2008)

Year	Jobs	Growth Rate
2007	40,660	--
2008	41,400	1.8%
2009	42,250	2.1%
2010	43,300	2.5%
2011	44,400	2.5%
2012	45,600	2.7%
2013	46,850	2.7%
2014	48,150	2.8%
2015	49,500	2.8%
2016	51,000	3.0%

Compound Annual Growth Rate, 2007 - 2011 = 2.2%

Compound Annual Growth Rate, 2012 - 2016 = 2.3%

Compound Annual Growth Rate, 2007 - 2016 = 2.3%

Source: Feedback Research Services

Market analysis is subjective, and the quality of information depends upon the techniques used to gather data and evaluate it. The discrepancy between "current" and "projected" estimates can be most easily explained by category differences (e.g., esthetician jobs were the basis for the 2002 BLS figure and "skin care specialists" for 2006). Discrepancies in the various BLS growth estimates may be explained through a careful review of all BLS data (which is beyond the scope of this project).

Appendix

References & Resources

Agencies, Companies, Organizations, etc.:

Education Portal
<http://education-portal.com>

International Medical Spa Association (IMSA)
www.medicalspaassociation.org

International Spa Association (ISPA)
www.ispa.org

International Medical Spa Association
www.medicalspaassociation.org

Niagara College Web Site
www.niagaracollege.ca

U.S. Bureau of Labor Statistics (BLS)
www.bls.gov

Web Information:

Barbers, Cosmetologists, and Other Personal Appearance Works
(www.bls.gov/oco/content/ocos169.stm)

Projections Data from the "Occupational Outlook Handbook"
www.bls.gov