

Why the beauty industry is a pandemic bright spot

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Scrolling through the bottomless feed of Instagram, it's hard to miss the fluffing of balayage hair, nose bridge filler injections and the soothing swirling of colorful wax pellets.

These videos aren't just entertainment — they represent services in high demand in the Austin metro. And the beauty industry is booming, both locally and nationwide, boosted by heightened interest in personal style and wellbeing after nearly two years of the pandemic.

Consider Austin-based Urban Betty Inc. Owner [Chelle Neff](#) is expanding her salon chain and recently launched her own line of hair care products after a record year for revenue in 2021.

“More and more people are moving to Austin, and during the pandemic, a lot of people don't feel in control, and you're looking at yourself on Zoom all day long,” Neff said. “Everything is always

chaos, the news is doom and gloom, what's one thing to do to feel better?”

The beauty business is a bright spot in the pandemic-scarred retail sector. In shopping centers throughout Austin, signs for new nail, eyebrow and eyelash and hair salons are multiplying, leasing up thousands of square feet. Meanwhile, many cosmetologists earn well above the median salary for the area — some bring in six figures a year — unlocking wealth for people without four-year degrees.



JONATHAN STOREY / GETTY IMAGES

Hiring and expansion are widespread in the beauty and personal styling industries. As one local CEO explained, "Everything is always chaos, the news is doom and gloom, what's one thing to do to feel better?"

And social media has helped many in the industry build careers and fortunes, but it has also added pervasive pressure to constantly watch and contribute.

Feeling social

Social media has propped up many beauty industry careers in recent years, allowing hairstylists to become influencers and even develop their own products. Austin is home to a plethora of social media beauty gurus, including Nasreen Shahi with more than 430,000 Instagram followers at the handle @Heynasreen, and Caroline Presso with more than 150,000 Instagram followers of @Cpresso, who not only show off their creative content but guide others on how to achieve their looks.

Neff has accrued nearly 50,000 Instagram followers under the handle @urbanbettysalon. Using social media, a customer can show their stylist unlimited options of styles, versus everyone seeing the same 50 looks circulating in magazines, she said. People are also more exposed to new trends. In a sense, this has been helpful to stylists, but they also must know a lot more, according to Neff.

Hair stylist make higher revenue from doing hair because of the new trends, said Jamie Dana, a California-based hair stylist educator with more than 200,000 Instagram followers under @Jamiedanahairstylist. A highlight job that used to take an hour and a half is now taking three or four because clients want the more complicated styles they watch online. What was a 20-foil highlight job now takes 50 to 60 foils. Tack on the toners, bowls of hair lightener and root lighteners, which are more expensive

products, and a client can leave the hair salon paying hundreds of dollars.

"Fifteen years ago it was like 'Oh you're a hair stylist, how cute,'" said Dana, who works with clients around the country, including in Central Texas. "But now it's a business; even if you work from a salon you're still running a business. ... You have to retain clients and relationships."

Stylists all over the country are making six-figure salaries, including those in suburban areas and smaller cities because of the boost given by Instagram, Dana said. If anything, social media has helped small-town salons more because they used to make \$40 on a haircut, now they can offer more options.

While the pay-grade adds a shiny appeal to joining the industry, cosmetologists have to work double, because after the 9 to 5 work hours are done, comes the Instagram hour. There is video footage to edit, figuring out what to write on posts, a delicate balance of posts as not to crowd the feed with one type of content and how to attract the most customers to a page.

Dana creates comically relatable Instagram reels, showing the chaos and exhaustion that comes from balancing the two parts of the job. One video has a voice-over of a child crying saying "I'm happy," with a caption stating "when you just finished a long day in the salon, but realize you still have to post on Instagram." The video has more than 87,000 views.

Getting physical

The first half of 2020 was awful for beauty businesses, which provide in-person services. But as the pandemic has dragged on, sales are returning to and in some cases far surpassing pre-Covid levels.

Austin-based Birds Barbershop, arguably the most prolific local haircutting chains, told Austin Business Journal late last year that revenue was still down compared with 2019 but trending in the right direction and company leaders were again considering expansion.

Urban Betty is expanding its location at 1206 W. 38th St., adding 700 square feet to an existing 3,400-square-foot space. Rent at the location will rise from \$10,500 to \$12,000 as a result.

Urban Betty's two locations brought in a combined \$5 million in gross revenue in 2021, the company's best year ever. Both locations also became profitable, posting a combined 10% profit. In this industry, making that much profit is a big deal, Neff said. For years she was told by other professionals in the field that losing money is the norm.

Additionally, Neff will be soon be taking Urban Betty to Round Rock. She has purchased a 2,800-square-foot property across the street from the Kalahari Resort.

This time around Neff wanted to purchase her property, not rent, and found the Round Rock lot for about \$800,000.

The success in brick-and-mortar has also allowed Neff to expand her vision. She launched her line of shampoos, conditioners and other products in-store and online in November.

“About 17% of our sales are retail and we’re getting 100 people in the salon a day,” Neff said. “The logical step was to have our own product line.”

Austin is also fertile ground for beauty-related franchises. Ohio-based Waxxpot, which has both corporate stores and franchises, counts 14 U.S. locations, with three in Austin. A fourth is on the way, pending a lease signing.

There is a large demographic of people who want to get waxed, ranging from 20 to 55 years old. More men have gotten into waxing and now make up about 10% of Waxxpot’s customer base, CEO [Daniel Sadd](#) said.

“We’re seeing people doing more waxing on different parts,” he said. “It’s becoming more convenient and more of a lifestyle. For some people, it used to be for special occasions, but now we’re seeing people waxing 12 months out of the year, becoming more of a regular routine.”

Another positive for the business: hair always grows back. As such, some customers pay in advance for the service, taking advantage of deals such as buy six services, get one free.

Sadd is banking on consumers continuing to pursue their search for aesthetic pleasure and anticipates eventually opening more than 100 Waxxpots across the country.

Central Texas is also home to one of the top haircutting franchise chains in the nation: Georgetown-based Sport Clips. It ranked No. 24 on Entrepreneur magazine's [2022 Franchise 500](#) — one spot behind competitor Great Clips.

Finding the right fit

A surge in demand for services is being met by an expanding labor market in the Lone Star State.

In the 2021 fiscal year, Texas issued nearly 333,300 cosmetology licenses. That was up from 293,000 in fiscal 2017.

Texas reduced the hours required to become a licensed cosmetologist from 1,500 to 1,000 in September 2020. Schools have also begun offering a portion of that training via distance education, making things more convenient for students.

"You probably can't attribute the increase to any one thing," said Tela Mange, spokesperson for the Texas Department of Licensing and Regulation. "It's important to remember that Texas is the fastest-growing state in the country, especially for businesses, so it's not surprising that cosmetology is a rapidly expanding profession."

High demand also means above-average pay for many in the industry.

At Waxxpot technicians average about \$35 to \$40 an hour, reaching as high as \$80 an hour. Cosmetologists are commissioned and receive up to 32% of revenue on services. The company has a high retention rate, according to Sadd.

At Urban Betty, Neff found it was more profitable to actually employ hairstylists instead of employing the contractor model. She said her salons have also have maintained high retention rates,

noteworthy during the labor shift that some economists have termed the Great Resignation. Urban Betty's first employee has been with the salon since it was established in 2005.

"The average [career] of a salon stylist is four to five years," Neff said. "We take pride in growing a staff that usually stays with our salon company for eight to 10 years."

In 2020, Urban Betty developed a shareholder plan to create more leaders in the company so they can take over and buy it some day. Neff also focuses on team building and provides two annual retreats to the employees. Hairstylists get a weekly feature as Betty of the Week on social media and blogs, based on their actions within the company.

"I feel like rewarding employees with money can only go so far," Neff said. "If you allow them to have skin in the game, it takes your salon company to a whole other level."

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