

Qnity

INSTITUTE

# A CAREER IN PRO BEAUTY

A NEW POINT OF REFERENCE

COMPENSATION STUDY:  
DATA & INSIGHTS





**ECONOMIC EMPOWERMENT**  
ACTIONABLE DATA | FINANCIAL LITERACY

OUR MISSION:

A recently formed division of Qnity Inc., our purpose is to create economic empowerment through actionable data and financial literacy.

2023 by Qnity Institute. All rights reserved.  
Qnity Institute, Excelsior, MN  
[qnityinc.com](http://qnityinc.com)

This Study was designed as a long-term effort to provide greater clarity and should not be viewed as the only point of reference. It is considered market research, and the findings and data points are subject to evolve as we expand outreach and add additional segments to our data collection process. Refer to disclosures and disclaimers in the report.

# CONTENTS

01.  
SUMMARY

02.  
NARRATIVE

03.  
METHODOLOGY

04.  
FINDINGS

05.  
INSIGHTS

06.  
CONCLUSION

07.  
ACKNOWLEDGEMENTS

08.  
APPENDIX

# REPORT CONTENTS

## 01. SUMMARY

A message from the Qnity Institute Chair, an introduction to our Study's question, summary, and a Qnity Infographic 9Grid™.

## 02. NARRATIVE

The pervasive narrative about a career in professional beauty from outside the industry and how we'd like to change it.

## 03. METHODOLOGY

A snapshot of our Study methodology, context about our decision to use W2s, the evolution of the Study phases, and a summary of our participant profile.

## 04. FINDINGS

The core data analyzed and distilled in to 8 career factors: **EARNINGS, FLEXIBILITY, BENEFITS, TRAINING, INCLUSION, POSSIBILITIES, ROI, and PASSION**. Compensation is more than just a paycheck. Understanding these career factors is necessary to tell the full story of a career in professional beauty.

## 05. INSIGHTS

The case for financial literacy and commentary from the Study Team.

## 06. CONCLUSION

Creating a new narrative for a career in professional beauty, concluding Phase 2, and an introduction to Phase 3.

## 07. ACKNOWLEDGEMENTS

The Study Team, Think Tank, Study sponsors, participants, and advocates.

## 08. APPENDIX

Definitions, Study methodology, Study limitations, disclaimers/protection of data, terms of use/copyrights, and information about the Qnity Institute, Qnity Inc. and the Chair.

01.

# SUMMARY



# A MESSAGE FROM THE CHAIR

Throughout my career, I have witnessed a negative public perception of cosmetologists and the greater professional beauty industry. A common story is that cosmetologists work in a low-tier profession with correspondingly low earnings.

However, those of us who have extensive experience and access to data in this industry have found that a career in professional beauty can be highly competitive from an earnings, hours worked, AND quality of life perspective.

In my research, I have become increasingly alarmed to find that much of the data about the industry made available to the public is incomplete, flawed, and/or biased.

Accurate data about compensation is vital to the sustainability of the industry. The lack of industry-specific data combined with negative characteristics from several media outlets pose a critical threat to the sustainability of the industry, which is forecasted to grow 11% by 2031.\*

What started as a grassroots Study to equip salon owners with data to communicate earnings to their staff has become an unprecedented industry-wide data collaboration.

We never expected this project to turn into what it is today, and we are proud to lead this data collaboration. We are grateful that so many small business owners, beauty brands, distributors, and other professionals stepped up to make this research possible.

It is our hope that this report provides a more complete picture of the possibilities of a career in beauty, serves as an additional point of reference for those considering a career in the industry, and encourages those currently working in the industry to recognize the value of their careers.

Additionally, we hope that this report will help change the hearts and minds of those who have yet to see the professional beauty industry the way we do.



Yours in Service,

A handwritten signature in black ink that reads "Tom Kuhn".

\*U.S. Bureau of Labor Statistics Occupational Outlook Handbook, 2022, [Barbers, Hairstylists, and Cosmetologists: Job Outlook](#)

OUR QUESTION

WHAT DOES  
COMPENSATION  
LOOK LIKE FOR  
A CAREER IN  
PROFESSIONAL  
BEAUTY?





# SUMMARY

What does compensation look like for a career in professional beauty?

For such a simple question, the answer is surprisingly complex. Many points of reference that have sought to answer this question have done so without telling the full story about a career in professional beauty.

Collecting the data needed to answer this question is challenging. Because the industry is segmented and allows for variability in how business is conducted, there are a variety of ways in which earnings data can be reported.

## ISSUES WITH CURRENT WORKFORCE EARNINGS DATA



The Pro Beauty Compensation Study (Study) is a workforce-related market research project that aims to provide accurate and verifiable information about compensation in the professional beauty industry. The Study is intended to be diverse and representative across multiple regions, brands, businesses, compensation structures, and more.

By analyzing standardized and verifiable industry market data and other pertinent employment information from a wide range of businesses, the Study aims to provide an additional point of reference on a career in professional beauty, beyond the information currently made available by government agencies, public interest groups, and other sources.

This Study was designed as a long-term effort to provide greater clarity and should not be viewed as the only point of reference.

The findings and data points are subject to evolve as we expand outreach and add additional segments to our data collection process.

### EARNINGS\*

AVG. HOURLY RATE	AVG. W2
\$38.37	\$54,307

**\$100K**

24% earned over \$48.08/hr, the amt necessary to earn \$100k+/yr if adjusted to a 40 hr work week.

**ADJUSTED AVG W2**  
\$79,807

Calculated by multiplying the hourly mean wage by a 'year-round, full-time' hrs figure of 2,080 hrs.

\* Data from 3,391 2021 W2's

### FLEXIBILITY

**27.8**  
AVERAGE HOURS WORKED PER WEEK

**99%**  
OFFER SCHEDULING FLEXIBILITY

### BENEFITS

**96%**  
OFFER BENEFITS TO EMPLOYEES

PTO	75%
HEALTH INSURANCE	53%
DENTAL INSURANCE	51%
VISION INSURANCE	46%
DISABILITY INSURANCE	44%
PAID SICK TIME	39%
401(K) W/CO. MATCH	39%

### TRAINING

**90%**  
OFFER NEW HIRE TRAINING PROGRAMS & ONGOING EDUCATION

**89%**  
CONTRIBUTE TO THE COST OF ADVANCED EDUCATION

### 8 KEY FACTORS

Pro Beauty Compensation Study Data & Insights

### INCLUSION

**85%** PARTICIPATING BUSINESSES HAVE FEMALE OWNERSHIP

WOMEN  
NATIVE AMERICAN  
LGBTQIA+  
LATINA  
ASIAN AMERICAN  
PACIFIC ISLANDER  
BLACK

### POSSIBILITIES

**94%** BUSINESSES ARE HIRING

**74%** STARTED THEIR OWN BUSINESS

**76%** OWNERS ARE COSMO GRADS

**30** CAREER OPTIONS FOR LICENSED COSMOTOLOGISTS\*

- SALON OWNER
- COLOR SPECIALIST
- UPDO
- ESTHETICS
- NAILS
- BLOWOUT BAR
- MEN'S BARBER
- SENIOR HAIR CARE
- KIDS CUTS
- LASH OR BROW SPECIALIST
- EXTENSIONS
- FASHION WEEK
- BLOGGER/INFLUENCER
- HOTEL/CRUISE SHIP STYLIST
- EDITORIAL
- MAKEUP
- CELEBRITY
- COSMOTOLOGY INSTRUCTOR
- TRICHOLOGIST
- BRIDAL
- CURLY HAIR
- SALON MANAGER
- DISTRIBUTOR SALES
- CREATIVE DIRECTOR
- SALON EDUCATION
- BRAND EDUCATOR
- FILM AND TV
- THEATER
- MANUFACTURER/PRODUCT
- TEST-SALON

\* Modern Salon Magazine 9/22/2021

### ROI\*

**SHORT PATH TO HIGH EARNINGS**  
with significantly less student loan debt than 4-year college degrees

**4-6 YEAR STUDENT LOAN PAYBACK**

TIME TO PAY BACK LOANS  
8 YEARS

10% INCOME PAID	6.2
15% INCOME PAID	4.7
20% INCOME PAID	3.9

\* Based on assumptions outlined in the full report.

### PASSION

WHAT IS THE ONE THING YOU WISH THE WORLD KNEW ABOUT A CAREER IN PRO BEAUTY?

**NO GLASS CEILING** | **RECESSION PROOF**

**UNLIMITED EARNINGS POTENTIAL**

**WE ENRICH THE LIVES OF EVERY CLIENT WE TOUCH**

This Study was designed as a long term effort to provide greater clarity on compensation in professional beauty and should not be viewed as the only point of reference. It is considered market research, and the findings and data points are subject to evolve as we expand outreach and add additional segments to our data collection process. The Study data does not imply a promise or guarantee of wages or benefits. Refer to full disclosures and disclaimers in the report.

©2023 Qnity® INSTITUTE. All Rights Reserved.

02.

NARRATIVE



# INDUSTRY PERCEPTION

Recent publications about the professional beauty industry tell a very negative story about pursuing a career as a cosmetologist. Many of these articles and research papers come from well funded organizations with a vested interest in publishing lower earnings data to advance their position.

There is controversy and varying opinions, inside and outside the industry, relating to occupational licensing, government funding for students, and hours required to get a license.

It is important to note that the initial purpose of this Study was NOT to participate in these debates, but rather to address a lack of accurate data on salon compensation so that current and future members of the workforce can be empowered to make great career decisions based on fact, not fiction.

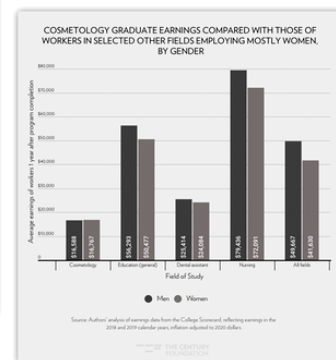
As the media draws more and more attention to these types of claims, and as lawmakers propose and pass new legislation based on incomplete information, the ramifications the beauty industry faces increase.

These types of statements pose a critical threat to the sustainability and credibility of the professional beauty industry.

👉 **NEAR POVERTY-LEVEL WAGES  
IN A LOW TIER PROFESSION.**  
THE CENTURY FOUNDATION\*



👉 **EARN LOW WAGES AND  
WORK LONG HOURS WITH  
VERY LITTLE TIME OFF.**  
INSTITUTE FOR JUSTICE\*\*



👉 **NOTORIOUSLY LOW-PAYING  
FIELD OF EMPLOYMENT.**  
CELINI ET AL.\*\*\*

\*Carolyn Fast, Peter Granville, and Tiara Moultrie, The Century Foundation, 2022, [Cosmetology Training Needs a Makeover](#)  
 \*\*Mindy Menjou, Michael Bednarczuk, Ph.D., and Amy Hunter, Institute for Justice, 2021, [Beauty School Debt and Drop-Outs](#)  
 \*\*\*Stephanie Riegg Cellini and Kathryn J. Blanchard, 2022, [Hair and Taxes](#)

# IMPACT ON THE INDUSTRY

The common narrative that a career in professional beauty is a low-tier and low-paying career choice is both false and damaging. This pervasive belief has created practical consequences for the industry. Finding and retaining talent is the most pressing issue the industry faces today. Addressing the talent gap requires that we address the negative perceptions that exist about a career in professional beauty.

A recent workforce report identified compensation as the number one reason for resignations across all industries in the U.S. economy.\* Yet we have seen evidence to support that there is a tendency for cosmetologists to grossly underestimate their earnings and to not understand their paychecks. Unfortunately, perception issues exist both inside and outside of the industry.

## IN THE ABSENCE OF INFORMATION, PEOPLE MAKE UP THEIR OWN STORIES

To truly address the recruitment, retention, and perception issues the industry faces, high-quality data is required to better showcase the economic reality of a career in beauty. However, even more important than the perception of the industry as a whole, are the individual people who make up the professional beauty industry. The creative licensed professionals who comprise this industry are filled with heart. They deserve to be advocated for with high-quality data and integrity.

\*Bank of America, 2022, Navigating a New Era of Financial Wellness, [2022 Workforce Benefits Report](#)

# INFLUENCE ON CAREER CHOICES

As prospective candidates select industries and career paths, they rely on various sources to make career decisions. It is essential that individuals have access to accurate and actionable data.

Social circles (family, friends, peers, classmates), centers of influence (teachers, guidance counselors, career coaches), and points of reference (social media, research publications, articles) greatly influence career decisions and perceptions. Incomplete data and stereotypes often discourage people from entering the industry or encourage professionals to leave their careers before they've had the opportunity to be truly successful.



The sources that influence career decisions are often equipped with negative perceptions and rely on stereotypes about professionals the industry are untrue, damaging, and harmful. Actionable data can fill the gaps between perception and reality and help make the sources that influence career choices more comprehensive and helpful.

# CAREER IN BEAUTY STORIES

We'd like to introduce you to Jade, Selena, Adam, Zoey, and Nellie. Each individual has an important career story in professional beauty. These are real stories of real people; we have changed names, identifying information, and other personal details from their stories. In an effort to protect their privacy, we have used stock images to represent their likeness. In this section, find out how negative and inaccurate perceptions from outside the industry and a lack of actionable data impacted their lives and careers.



**JADE**

Recent high school graduate, current cosmetology student



**SELENA**

Attended some college, talented hair stylist, primary income earner



**ZOEY**

Award winning colorist, platform artist, new hire educator



**ADAM**

Highly skilled cosmetologist, 20+ years experience, education lead

MEET



**NELLIE**

Immigrant, single mom, cosmetologist, business owner



# THE OLD NARRATIVE

These stories are examples of negative, inaccurate, or incomplete narratives that are all too common throughout the industry. In the conclusion section of this report, we'll share how actionable data and financial literacy created economic empowerment for these individuals.

---



## JADE

School counselor said she couldn't make good money without a college degree  
Family asked why she would want to work so hard for so little money  
Questioned and shamed for her career choice

---



## SELENA

Parents taught her she needed a college degree to succeed  
Attended college for a while, but left to pursue her dreams as a cosmetologist  
Believed her husband's corporate career was more lucrative than her career

---



## ADAM

Believed he was being underpaid  
Lacked financial literacy; didn't understand his paycheck or compensation  
Nearly gave up his 20+ year career as a stylist and educator

---



## ZOEY

Avoided money conversations because they made her feel uncomfortable  
Didn't understand her benefits and assumed that they were insignificant  
Believed that hairstylists need to work forever and can't retire

---



## NELLIE

Was told she couldn't make it in the U.S. as a single mom  
Struggled to make ends meet and support her children for several years  
Others believed she was destined for a life of poverty

# HAVE YOU HEARD THIS STORY?



YOU CAN'T MAKE GOOD MONEY WITHOUT A COLLEGE DEGREE.



THERE'S NO FUTURE IN A COSMETOLOGY CAREER.



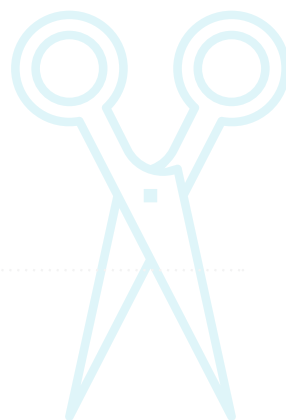
HAIRSTYLISTS EARN LESS THAN MINIMUM WAGE.



COSMETOLOGY ISN'T A REAL JOB.



DOING HAIR IS A HOBBY, NOT A CAREER.



HAIR STYLISTS WORK LONG HOURS AND MAKE LITTLE MONEY.



YOU'LL NEVER MAKE ENOUGH MONEY TO RETIRE.

CHANGING THE NARRATIVE:  
CAN DATA FILL  
THE GAPS  
BETWEEN  
PERCEPTION  
AND  
REALITY?





03.

METHODOLOGY



# STUDY PHASES AND EVOLUTION

The Study was performed in phases as part of a long-term effort to gain clarity and additional points of reference for salon compensation. Several principles guided us and informed our work. We listened and learned with each phase. We embraced being a small team so we could quickly evolve the Study, getting closer to our goal of gathering high quality data. We aimed for progress, not perfection, and transparency in all aspects of the Study.

## ✓ BETA PHASE

Q1 2022

- Beta started as a financial literacy project.
- It was intended to help a group of Small Business Owners (SBOs) (13 combined locations) educate their employees to fully understand their compensation.

## ✓ PHASE 1

Q2 2022

- Beta findings led to the development of a methodology based on verified W2 data.
- Phase 1 was a small, grassroots study with no outside funding. To go fast, we went alone.
- Phase 1 results compelled us to dig even deeper.

## ✓ PHASE 2\*

Q3-4 2022

- Phase 2 evolved into an industry-wide data collaboration with substantial upgrades and support from sponsors. To go farther, we needed to go together.
- As we became aware of biased, incomplete, and flawed data sources, our desire to provide an additional point of reference grew.

### KEY UPGRADES FOR PHASE 2



Separated the study into a new division of Qnity, The Qnity Institute



Outsourced the data submission process to an independent CPA Firm



Assembled an independent Think Tank of industry leaders



Developed a robust 50-question survey to collect deeper insights



Increased participation through advocacy, sponsorship, and outreach



Went from a small Study to an industry-wide collaboration

- This phase of the Study represented data from thousands of beauty industry professionals.

\*Phase 2 is the focal point of this report. Beta, Phase 1, and Phase 2 all used 2021 W2 data and focused solely on W2 employee-based salons with 1-10 locations.

# PHASES: KEY METRICS

As the phases of this Study have evolved, we have experienced significant growth in representation. Between Phase 1 and Phase 2, we nearly tripled the dollar amount of payroll compensation represented in the Study, the number of W2s we were able to analyze, and the number of locations represented.\*

We look forward to continued growth and broader representation as we expand into Phase 3.

## PHASE 2 INCLUDED:



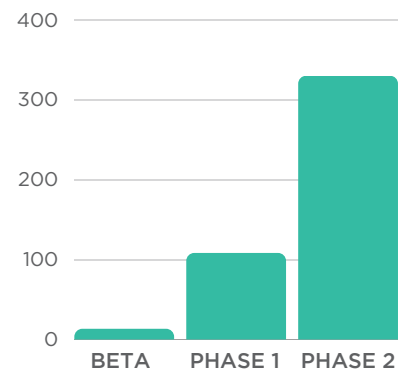
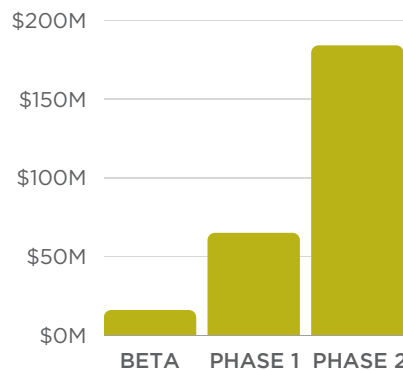
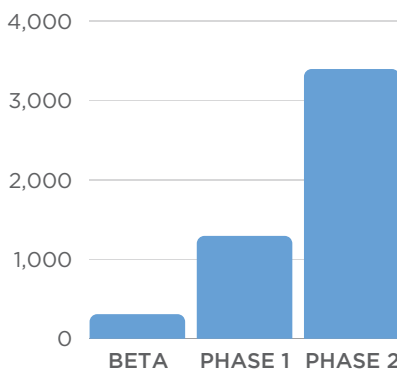
**3,391**  
EMPLOYEE  
W2s



**\$184M**  
PAYROLL  
COMPENSATION



**330**  
SALON  
LOCATIONS



### NUMBER OF W2s

BETA: 306  
PHASE 1: 1,219  
PHASE 2: 3,391

### W2 EARNINGS

BETA: \$16M  
PHASE 1: \$65M  
PHASE 2: \$184M

### LOCATIONS

BETA: 13  
PHASE 1: 108  
PHASE 2: 330

\*We only collected W2 data for service providers that were employed at the business for the full year of 2021. The actual number of licensed professionals at each company is likely higher than the number reported in this Study.

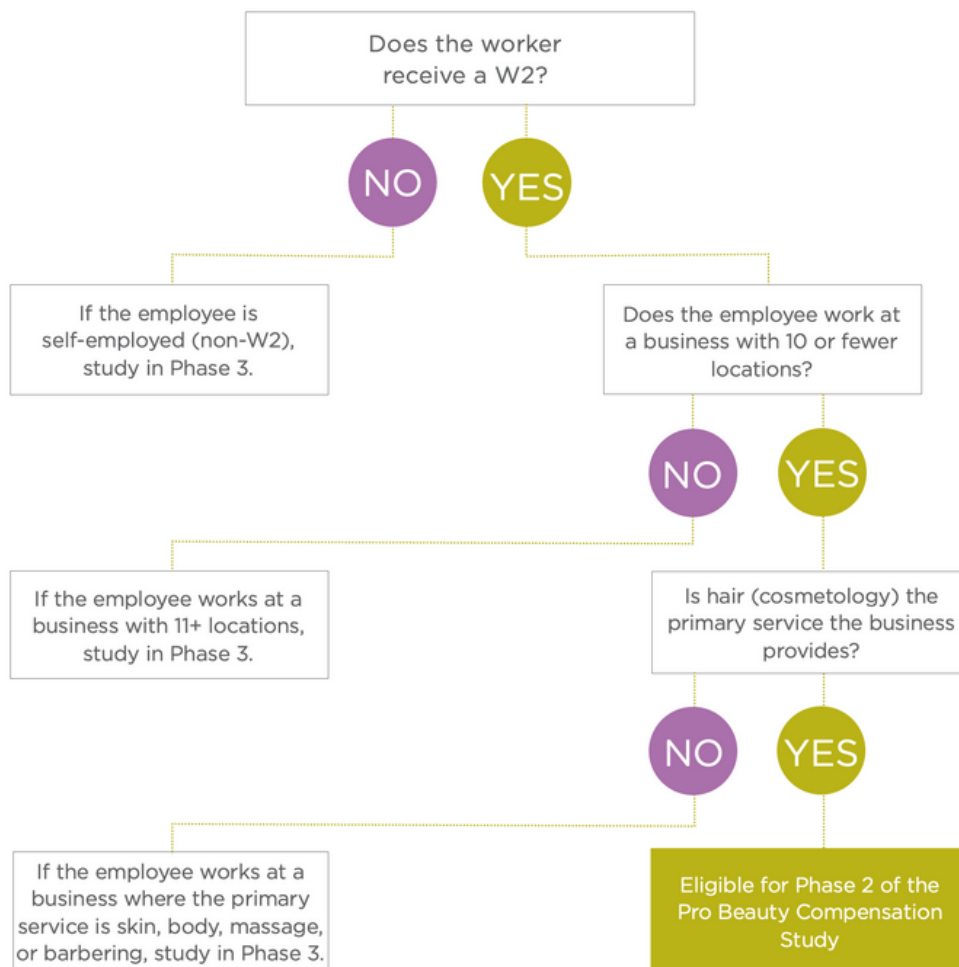


# WORKFORCE SEGMENTS

To answer the earnings question and to start gathering better data, we needed to start somewhere. Trying to address all segments of the pro beauty workforce has been a flaw of other studies. For practical purposes, we excluded certain segments of the workforce for Phase 2 and reserved them for future phases. This Study does not represent all segments of the pro beauty industry, nor was it intended to.

First, we segmented the workforce between W2 and non-W2\* earners. Next, we broke it down between local and national employers, with 10 or fewer locations being the cutoff. Finally, we focused on full-service salons, with hair being the primary service.

The result is earnings data from employee-based salons that are independently owned, community-based, small businesses with 10 or fewer locations.



\*The Study uses various terms interchangeably for non-W2 members of the workforce: self-employed, independent, solo, non-W2, renter, and solopreneur. Independents often work as a suite renter, rent a chair in another establishment, or work in-home. They may also provide salon-related services as an independent contractor in the entertainment or fashion industries.

# W2 VS NON-W2

The workforce can broadly be broken down between employed (W2) and self-employed (non-W2) workers. We went first to where there was the most standardized, accessible, and verifiable earnings data: W2 data provided to the IRS\* by employee-based salons.

	W2: EMPLOYEE-BASED	NON-W2: SELF-EMPLOYED
METHOD of reporting income to IRS	The W2 is a standardized form used by all employees to report earnings.	There is no single form to report earnings to tax authorities for non-W2 earners. Options include 1040 Schedule C, 1120S, 1065, etc.
ACCESS to data points	W2 data is highly accessible. Most employers payroll records can be easily downloaded.	Exponentially more participants would be needed to get a similar number of data points.**
Ability to VERIFY	W2 details match what is submitted to the government.	In theory, amounts could be verified with the government. But the inconsistencies in methods and amounts would make the data much less reliable and defensible.
DATA POINT, gross or net	The W2 reports gross earnings.	Tax reporting options include gross income, gross profit, net income, or adjusted net income (e.g., EBITDA), making comparisons problematic.

The above analysis does not factor potential differences related to underreporting or unreported income between W2 and non-W2 workers.

While a full discourse on unreported income and other tax related topics in pro beauty are warranted, a deep dive into taxation is a subject that is beyond the scope of this Study.

\*Internal Revenue Service

\*\*For example, our methodology allowed us to get 100 W2 data points from a single employer. To get 100 data points from self-employed workers, we would have needed to speak to 100 different individuals, significantly increasing the amount of outreach required to get a comparable number of data points.

# THE W2

With no distinction between W2 earners and non-W2 earners, and no standardized reporting for non-W2 earners (i.e. Schedule C, form 1065, etc.), the aggregate data used by sources such as the Bureau of Labor Statistics (BLS) or the Department of Education (DOE) doesn't tell the full picture.

In an effort to delineate between segments of the workforce, we chose to first address the segment of the workforce wherein we could access the most standardized and verifiable data: W2 data provided to the IRS.



THIS IS THE MOST DETAILED AND ACCURATE DATA I'VE SEEN. KEEPING IT SIMPLE TO THE W2 IS WHAT EVERYONE SHOULD HAVE BEEN TRYING TO DO. THIS IS MORE INFORMATION COLLECTED THAN WHAT I'VE SEEN FROM THE BUREAU OF LABOR STATISTICS.

MYRA IRIZARRY REDDY, MA  
DIRECTOR OF GOVERNMENT AFFAIRS AT  
THE PROFESSIONAL BEAUTY ASSOCIATION  
THINK TANK MEMBER



The decision to not include independents in this Phase of the Study is one potential criticism of the methodology. Much thought and consultation from the Study Team, Think Tank and data experts helped determine the Study segment. To include independents, would have required a substantial increase in resources to overcome major research and outreach barriers.

**W2 DATA IS WHERE WE STARTED,  
BUT IT'S NOT WHERE WE'LL STOP.**

# FURTHER SEGMENTATION

## 1-10 SALON LOCATIONS

After segmenting the workforce between W2 and non-W2 earners, we chose to focus on gathering data from companies with 10 or fewer locations.\*

**89%** OF BUSINESSES HAD 1-3 LOCATIONS

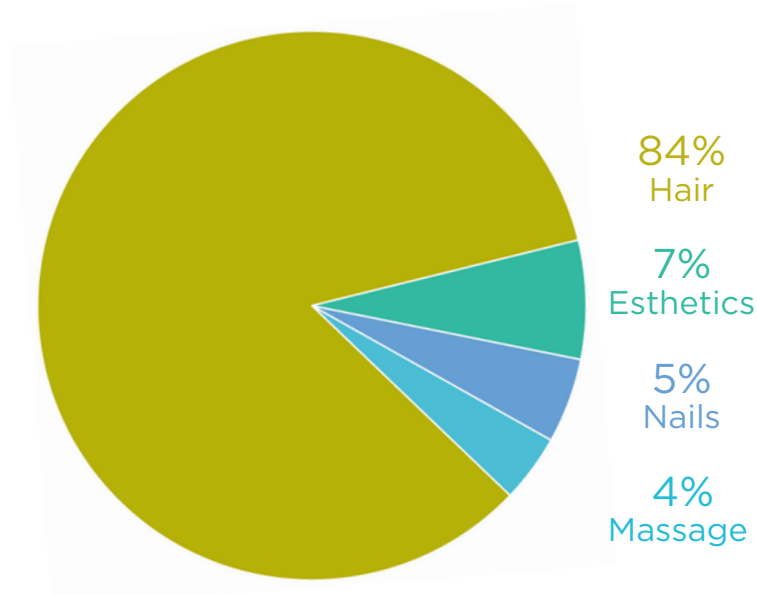


**12** AVERAGE NUMBER OF EMPLOYEES PER LOCATION

## HAIR AS THE PRIMARY SERVICE

Finally, we targeted full-service salons. While most of these businesses offered other services, hair was the primary service. Participants selected one of the following departments for each employee: hair, nails, skin, massage. 84% of the W2s collected were for employees in the hair department. Further explanation, data, and insights are provided elsewhere in the report.

### DEPARTMENT



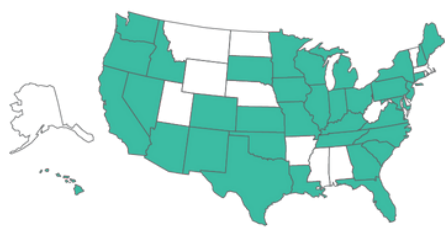
\*In Phase 3 of this Study, we plan to gather compensation data from additional segments of the Pro Beauty workforce. For more information, please see APPENDIX.

# PARTICIPANTS: THE COMPANIES

Our outreach efforts were highly intentional to ensure our Study group broadly represented the selected workforce segment: full-service, employee-based salons that are independently owned, community-based, small businesses with 1-10 locations.

The Study methodology was designed to appeal to every type of salon in our target segment, from small to large. However, it is fair to say that we likely attracted businesses with a level of sophistication sufficient to submit data.\*

The results offer a variety of price points, compensation structures, product brands, and geographic diversity that provide a representative sample of this segment of the professional beauty industry.



**36**  
STATES  
REPRESENTED



**4**  
SALON  
PRICE POINTS

**55%**

\$35-49\*

MID-POINT

**39%**

\$50-75

PREMIUM

**6%**

UNDER  
\$34

VALUE

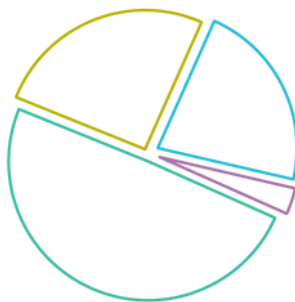
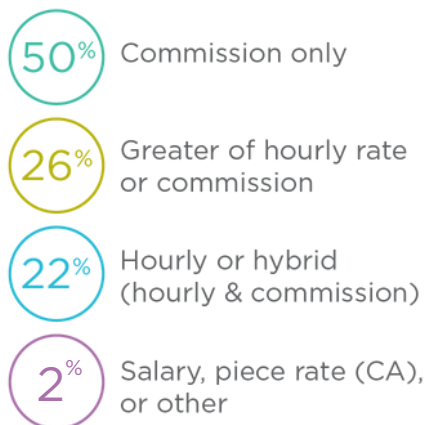
**0%**

OVER  
\$76

LUXURY

\* Starting price points

## COMPENSATION STRUCTURES



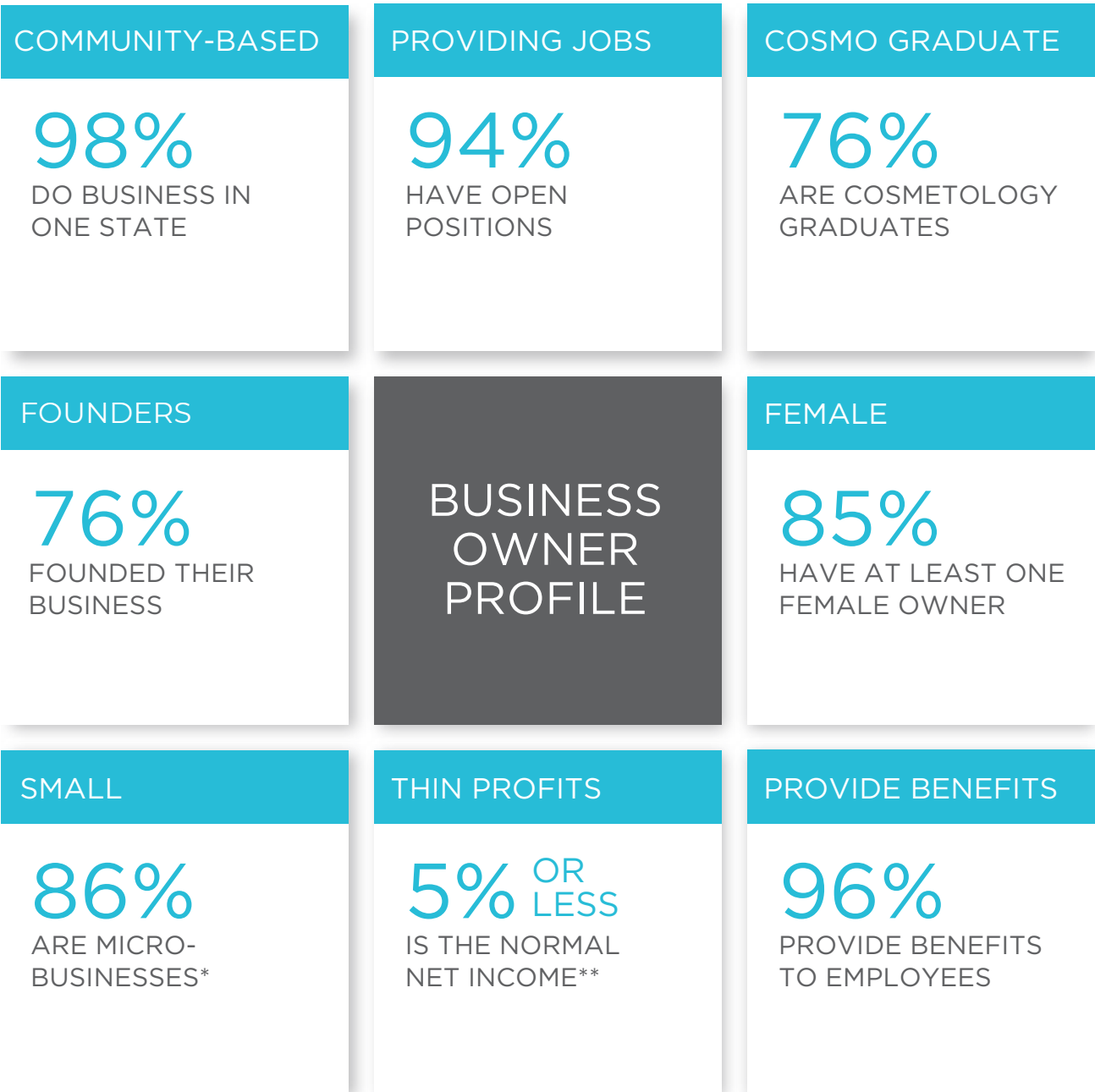
**149**  
BEAUTY BRANDS

\*See APPENDIX for full discussion on Study Limitations.

# PARTICIPANTS: THE OWNERS

There is sometimes a perception among employees that the owners of employee-based salons are turning massive profits at the expense of the employees. This perception harms both professionals and business owners. This Study was inspired to bridge the gap between owners and employees, creating transparency and accuracy around compensation.

Here are 8 key data points and insights on the small business owners (SBOs) that participated in the Study, gathered through a robust survey submitted along with W2 data.



\*Estimate, gross revenue under \$5M

\*\*Other Qnity studies

04.

FINDINGS





# 04. FINDINGS

The following section provides data and insights from the Study, distilling it to 8 career factors. While the focal point of this section is on earnings, we point out that compensation goes beyond just earnings.



EARNINGS



FLEXIBILITY



BENEFITS



TRAINING



INCLUSION



POSSIBILITIES



ROI



PASSION



# EARNINGS

## ACTUAL W2 DATA

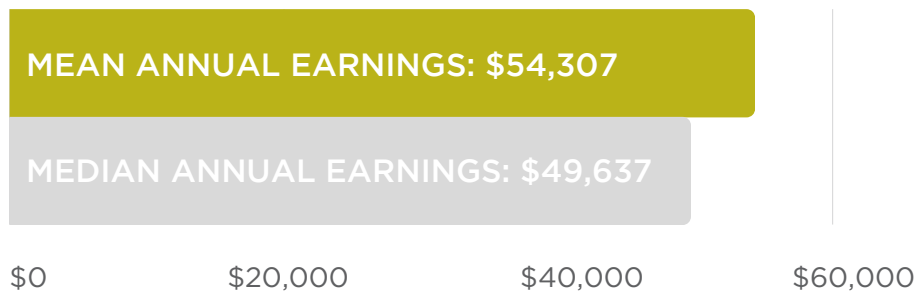


At its core, this was a wage Study based on verifiable W2s. The Study Team analyzed 2021 W2 compensation data from 3,391 licensed service providers. We found that average W2 earnings were \$54,307.

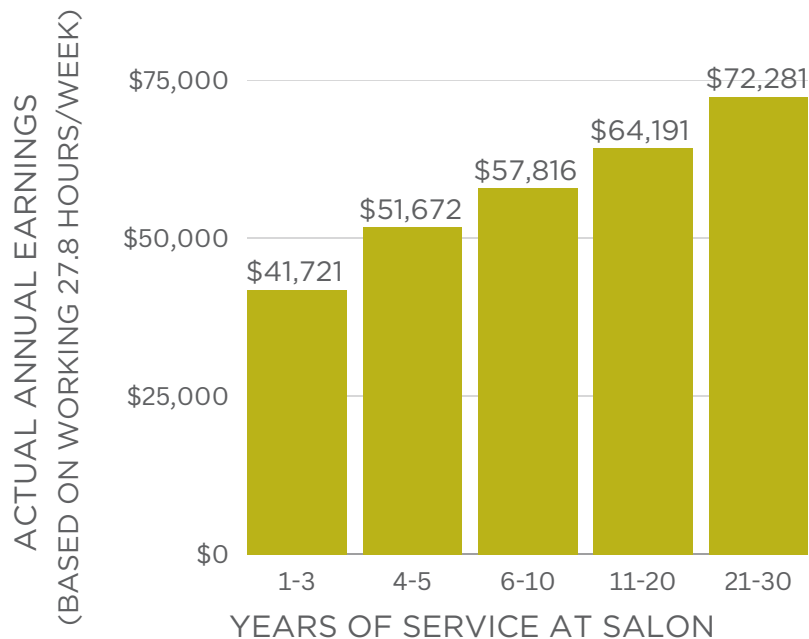
### AVERAGE W2 EARNINGS

# \$54,307

### W2 EARNINGS: ACTUAL\*



### W2 EARNINGS BY YEARS OF SERVICE AT SALON



\*The mean is the average of all numbers in the data set. The median is the middle value when the data set is ordered from smallest to largest.

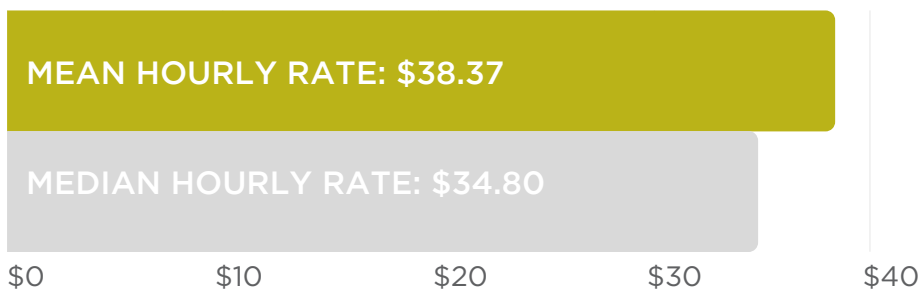
# HOURLY RATE DATA



We calculated the hourly rate of a service provider based on the number of hours worked in 2021, regardless of pay structure. Conversion to an hourly rate is necessary to provide a proper comparison to other findings across the U.S. economy and to tell the full story around earnings. A flaw of other studies is that most do not address wages AND hours worked.

**AVERAGE HOURLY RATE**  
**\$38.37**

## MEAN AND MEDIAN HOURLY RATE\*



**BLS AVERAGE HOURLY RATE\***  
**\$17.30**

VS

**THE STUDY AVERAGE HOURLY RATE**  
**\$38.37**



**INSIGHT:** A primary point of reference on earnings for the professional beauty industry is provided by the U.S. Bureau of Labor Statistics (BLS), which relies only on qualitative information. It fails to adequately account for the fragmented nature of the industry, including the extreme flexibility in work hours, forms of doing business, and the high percentage of part-time solo practitioners operating out of their homes, booth rental salon, or suite.

\*Mean is the average of all numbers in the data set. Median is the middle value when the data set is ordered from least to greatest  
\*\*The U.S. Bureau of Labor Statistics collects information via surveys, phone calls, and letters to establish earnings data.

# ANNUALIZED EARNINGS DATA



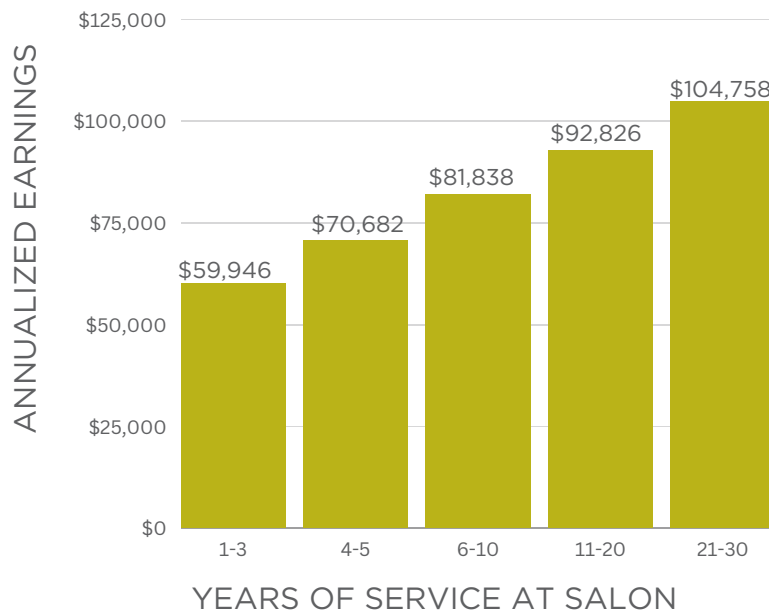
To remain consistent with the U.S. Bureau of Labor Statistics (BLS), which states that "annual wages have been calculated by multiplying the hourly mean wage by a 'year-round, full-time' hours figure of 2,080 hours,"\* we have provided an adjusted or annualized set of earnings data throughout this section. While many service providers choose to work fewer than 40 hours/week, this provides an additional point of reference for a career professional who may choose to work 40+ hours/week.

**BLS AVERAGE  
ANNUALIZED EARNINGS**  
**\$35,990**

VS

**THE STUDY AVERAGE  
ANNUALIZED EARNINGS**  
**\$79,807**

## ANNUALIZED EARNINGS BY YEARS OF SERVICE\*\* (ADJUSTED TO A 40-HOUR WORKWEEK)



\*U.S. Bureau of Labor Statistics, 2022, [Occupational Employment and Wages, May 2021 \(39-5012 Hairdressers, Hairstylists, and Cosmetologists\)](#)

# A PATH TO SIX FIGURE EARNINGS



24% of service providers in the Study earned over \$48.08 per hour, the amount necessary to earn \$100,000 or greater per year, if adjusted to a 40-hour work week.

24% OF RESPONDENTS WOULD  
EARN \$100,000 IF ADJUSTED  
TO 40 HOURS/WEEK

# \$100K

7% of cosmetologists in the Study reported actual W2 earnings of over \$100,000, with some working as few as 17 hours/week and some working as many as 50 hours/week. 37 individuals in the Study earned over \$150,000 per year.

A review of the geography revealed that there was NOT a concentration of salons in areas with a high cost of living. Of the top 8 earners in the Study, only 1 came from a city in the top 10, from a cost of living standpoint.

The highest wage earner in the Study earned \$327,453. The highest hourly rate reported in the Study was \$162.69/hour.

HIGHEST ACTUAL W2

# \$327,453

HIGHEST HOURLY RATE

# \$162.69



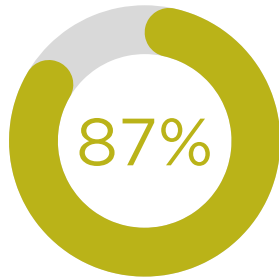
**INSIGHT:** Steady growth based on length of service and years in the industry demonstrates that a six figure income is possible for those who wish to achieve it. Most service providers are largely in control of their earnings possibilities. If cosmetologists want to make more money, most can do so by increasing the number of hours they work, amount they charge for services, number of clients they see, and/or average ticket. Despite this degree of control, many never reach their true earnings potential.

\*The adjustment to 40 hours per week is to remain consistent with the U.S. Bureau of Labor Statistics (BLS) which states that "annual wages have been calculated by multiplying the hourly mean wage by a 'year-round, full-time' hours figure of 2,080 hours." U.S. Bureau of Labor Statistics, 2022, [Occupational Employment and Wages, May 2021 \(39-5012 Hairdressers, Hairstylists, and Cosmetologists\)](#)

# TIP INFORMATION



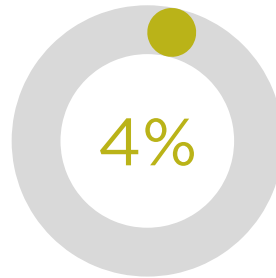
According to the IRS, tips should be included on the W2.\* Given that our findings are based on W2 data, the reader should assume that earnings figures include tips. Our survey data indicated that employers who participated in this Study have a high rate of tip compliance.



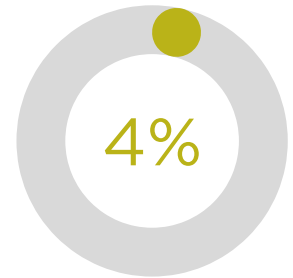
reported that tips are included on the W2 for **all** employees



reported that tips are included on the W2 for **some** employees



reported that tips are included on the W2 for **no** employees



do not allow their employees to accept any tips

## WHAT IF TIPS ARE UNDERREPORTED?

We did NOT make any adjustments for unreported tips or potentially underreported income when reporting compensation findings from the Study. One source attempted to develop an estimate of underreporting of tipped income suggested that earnings data is typically underreported by 8%-10%.\*\* Using the more conservative number of 8%, if we were to make an adjustment, the earnings data for cosmetologists in the Study would look like this:

**\$41.44**  
PER HOUR

**\$58,652**  
PER YEAR - ACTUAL

**\$86,192**  
PER YEAR - ANNUALIZED



**INSIGHT:** In our data collection, we simply had employers input W2 earnings, which by law, should include tip income. This was not a tip audit. Developing our own measurement of unreported tip income was beyond the scope of the Study.

\*IRS, 2022, [Tip Recordkeeping and Reporting](#)

\*\*Stephanie Riegg Cellini and Kathryn J. Blanchard, 2022, [Hair and Taxes](#)

# HAIR DEPARTMENT HIGHLIGHT



One of four department choices were available for each employee in the Study: hair, massage, esthetics, or nails. 84% of Study participants work primarily in the hair department.

When we segmented out the earnings data by department, we found even higher earnings data for hair stylists than the averages reported for all departments.

We chose not to segment out the other departments represented in this Study (nails, massage, and esthetics) because our sample sizes for those groups were not large enough to be representative.

HAIR DEPARTMENT EARNINGS	
Average Hourly Wage	\$39.60
Median Hourly Wage	\$35.74
Average W2 (actual)	\$56,591
Average Annualized Income (if adjusted to a 40-hour workweek)	\$82,361



**INSIGHT:** In the Study, a finding was that those in the hair department had higher earnings than the other departments. We have reason to believe that earnings for the esthetics and massage departments would be higher if our target had been day spas. We look forward to researching additional segments of the professional beauty workforce, including day spas, in the future.

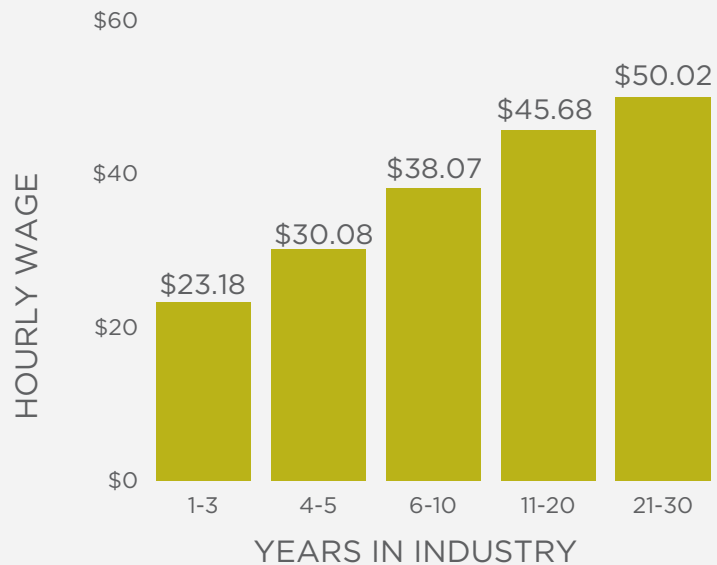


# EARNINGS BY YEARS IN THE INDUSTRY



## AVERAGE HOURLY WAGE BY YEARS IN INDUSTRY

We found that earnings continue to grow as the number of years a service provider works in the industry increases.



## EARNINGS AFTER 2-3 YEARS IN THE INDUSTRY

**\$16,600**

U.S. DOE MEDIAN ANNUAL EARNINGS DATA (AS ANALYZED BY THE CENTURY FOUNDATION)

VS

**\$33,950**

THE STUDY AVERAGE ACTUAL ANNUAL EARNINGS DATA

When adjusted to a 40-hour work week, the annualized earnings of those who have been working in the industry for 2-3 years was \$52,802.

**\$52,802**

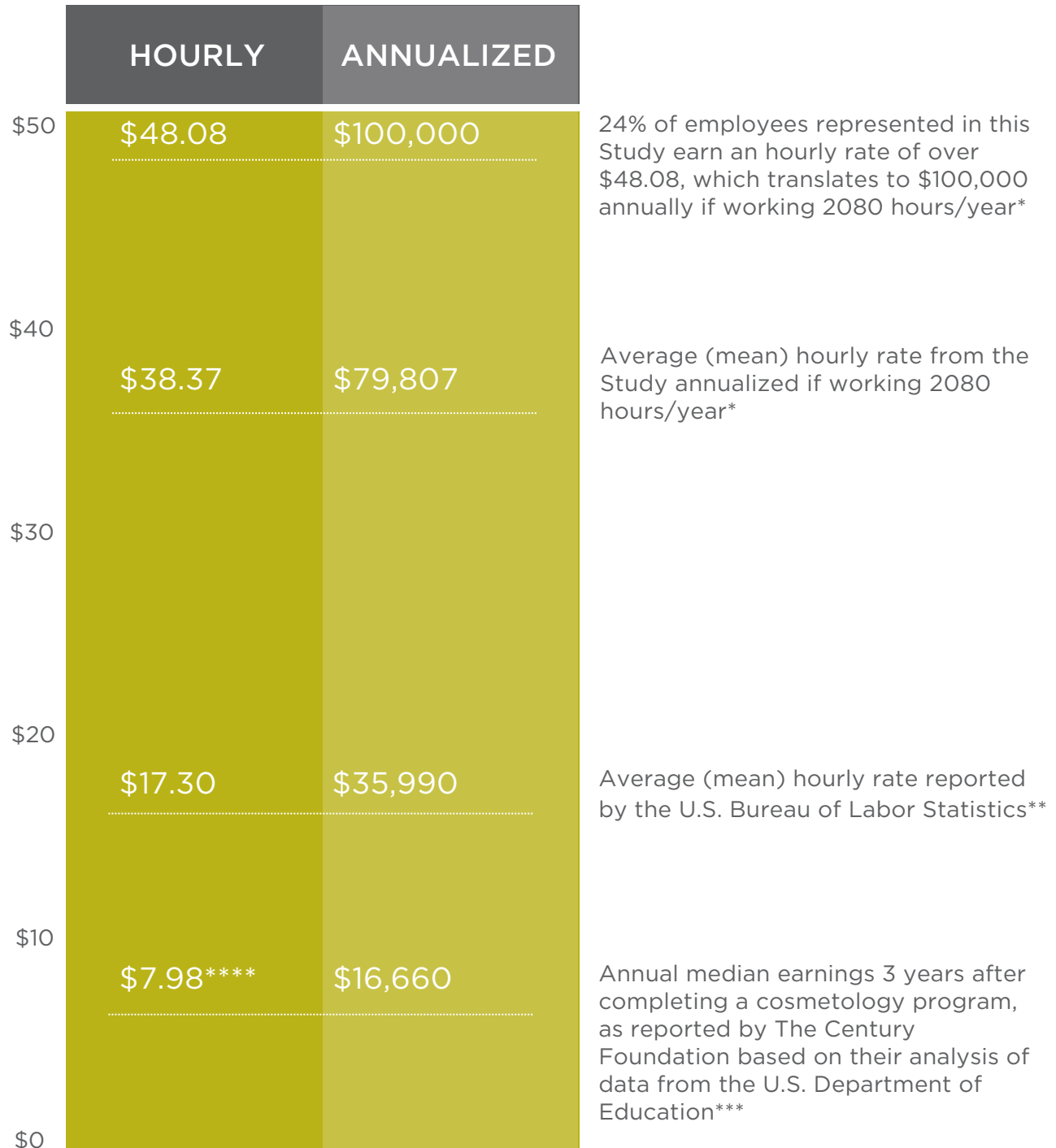


**INSIGHT:** A particularly staggering finding from our research was an earnings figure reported by The Century Foundation using data from the U.S. Department of Education (DOE). They stated that "three years after completing their program, the average cosmetologist earns only \$16,600 a year."<sup>\*</sup> We lack confidence in this number for two reasons: First, the DOE states that they "cannot fully confirm the completeness" of the data.<sup>\*\*</sup> Second, this analysis left us with questions about how many hours the cosmetologists earning \$16,600 worked. Our data analysis revealed that those who have been working in the industry for 2-3 years were making \$33,950 actual annual earnings, while working an average of 27.8 hours/week.

<sup>\*</sup>Carolyn Fast, Peter Granville, and Tiara Moultrie, The Century Foundation, 2022, [Cosmetology Training Needs a Makeover](#).

<sup>\*\*</sup>U.S. Department of Education College Scorecard, 2022, [Glossary](#).

# EARNINGS SUMMARY



\*Qnity Professional Beauty Compensation Study

\*\*U.S. Bureau of Labor Statistics, 2022, [Occupational Employment and Wages, May 2021 \(39-5012 Hairdressers, Hairstylists, and Cosmetologists\)](#)

\*\*\*U.S. Department of Education College Scorecard, 2022, <https://collegescorecard.ed.gov/data/>

\*\*\*\*U.S. Department of Education did not publish this hourly rate; We inferred it from their annual earnings information based on a 2080 hour working year. Since they did not provide the total number of hours worked, this number may not be correct.

INSIGHT:

# COMPENSATION

## IS MUCH MORE THAN JUST A PAYCHECK

In addition to earnings, career factors like flexibility, benefits, training, inclusion, possibilities, ROI (return on investment), and passion are all necessary to tell the full story of compensation in a career in professional beauty.



# FLEXIBILITY

## HOURS WORKED



A flaw to other points of reference on salon compensation is lack of analysis of hours worked. In our analysis of 3,391 employee W2s and 160 companies surveyed, we found that the average number of hours worked per week by service providers is 27.8.

**AVERAGE NUMBER OF  
HOURS WORKED PER WEEK:**

**27.8**

94% of business surveyed have opportunities for service providers to work more hours. Analysis of the data also revealed that 3.5% of service providers worked 40 or more hours per week.

**COMPANIES WITH  
OPPORTUNITIES TO WORK  
MORE HOURS**

**94%**

**SERVICE PROVIDERS  
WORKING MORE THAN 40  
HOURS PER WEEK**

**3.5%**

**INSIGHT:** Recent publications have suggested that cosmetologists work "long hours with little time off."\* Our findings demonstrate that this is an industry that offers career professionals great flexibility, making it a top career choice for people who enjoy the flexibility of fluctuating hours, have a need to create their own schedules, or choose to work less than 40 hours. The fact that so many choose to work less than full time demonstrates how much career professionals view this as a benefit.



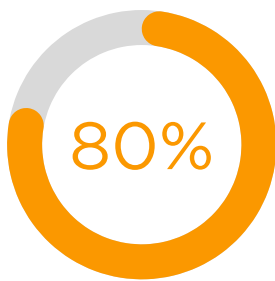
\*Mindy Menjou, Michael Bednarczuk, Ph.D., and Amy Hunter, Institute for Justice, 2021, [Beauty School Debt and Drop-Outs](#)

# SCHEDULE FLEXIBILITY

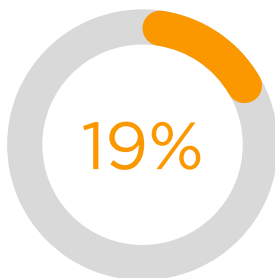


Cosmetologists can make a great living whether they choose to work part time or full time. There aren't many industries where an employee has as much choice about the number of hours they work. This career path allows professionals not only to choose the number of hours they want to work, but also when they want to work those hours.

We found that the vast majority of companies surveyed offer generous flexibility for scheduling, with 80% offering some schedule flexibility, 19% offering total schedule flexibility, and only 1% offering no schedule flexibility.



OF EMPLOYERS IN THIS STUDY OFFER SOME SCHEDULE FLEXIBILITY



OF EMPLOYERS IN THIS STUDY OFFER TOTAL SCHEDULE FLEXIBILITY

Schedule flexibility is defined as the ability to choose the hours an employee works within business hours. We looked at data from the Society for Human Resource Management (SHRM), which reports that just 54% of employers across all industries in the US economy offer some schedule flexibility.\*



99%

OF EMPLOYERS IN THIS STUDY OFFER SOME OR TOTAL SCHEDULE FLEXIBILITY



54%

OF EMPLOYERS ACROSS ALL OTHER INDUSTRIES IN THE US ECONOMY OFFER SOME SCHEDULE FLEXIBILITY\*

\*Society for Human Resource Management (SHRM), 2017, [SHRM Customized Employee Benefits Prevalence Benchmarking Report](#)

# BENEFITS



## BENEFITS OFFERED

Another perception is that many small businesses within the professional beauty industry do not offer benefits. We found the opposite to be true, with 96% of employers offering benefits and 93% of employers contributing to the cost of these benefits. 89% of the businesses that participated in this Study have 1-3 locations and employ an average of 12 people.



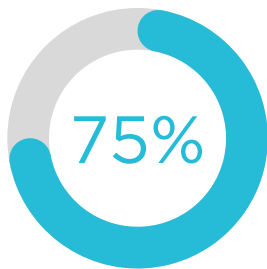
OF BUSINESSES SURVEYED  
OFFER BENEFITS TO EMPLOYEES



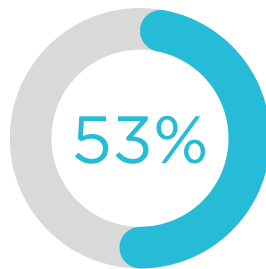
OF EMPLOYERS CONTRIBUTE TO  
THE COST OF THESE BENEFITS

In addition, there are government mandated benefits that are paid by employers on behalf of employees including: retirement savings (Social Security), retirement health care (Medicare), unemployment insurance in case of job loss, workers compensation insurance in case of accident at work, and liability insurance in case of client related challenges.

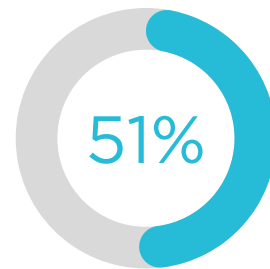
While we did not gather data on it, most employers also provide highly valued perks in the form of employee discounts on services and products, often extending those perks to family and friends. The annual value of these perks can easily be over \$1,000 per employee.



PAID TIME OFF



HEALTH INSURANCE



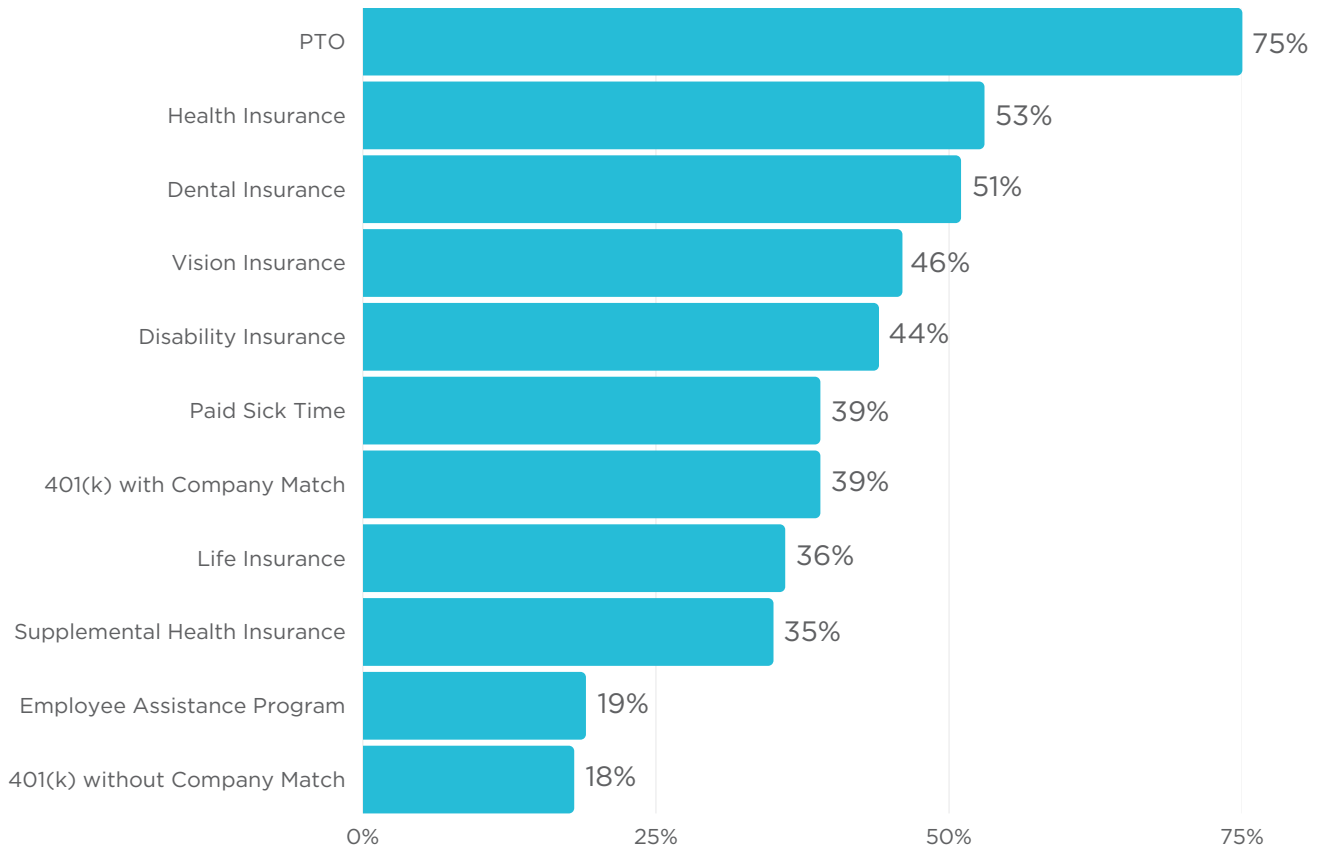
DENTAL INSURANCE

The top 3 benefits offered to employees in this Study were Paid Time Off (PTO), Health Insurance, and Dental Insurance. For a comprehensive list of benefits offered to employees, see the next page.

# COMPREHENSIVE BENEFITS



## BENEFITS OFFERED TO EMPLOYEES



**INSIGHT:** Salons allow service providers to focus on their craft and do what they love by providing support such as appointment booking, guest services, marketing, inventory, ordering, management, coaching, mentoring, tax reporting, and other operational support.

Taking full advantage of benefits can easily add 20% to total compensation.\* 58% of independents noted that lack of benefits, like health insurance and 401K, are a distinct disadvantage to being independent.\*\*

\*Qnity estimate based on salon compensation projects with salon companies across the U.S.

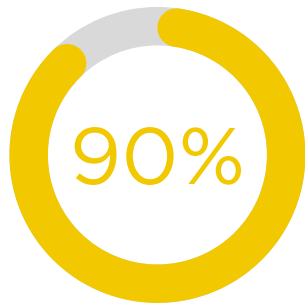
\*\*Modern Salon, 2022, [State of the Industry 2022: The Place of the Independent Salon Pro](#)



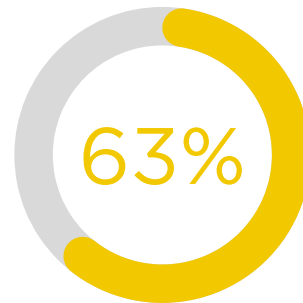
# TRAINING

## NEW HIRE TRAINING

Our findings show a strong emphasis placed on training new hires. Of the 90% of salons surveyed that offer a new hire training program, 63% of these programs last 6 months or longer, with 13% lasting 9 months, 9% lasting 12 months, and 5% lasting longer than 12 months.



OFFER A NEW HIRE TRAINING PROGRAM



OF NEW HIRE TRAINING PROGRAMS LAST 6 MONTHS OR LONGER



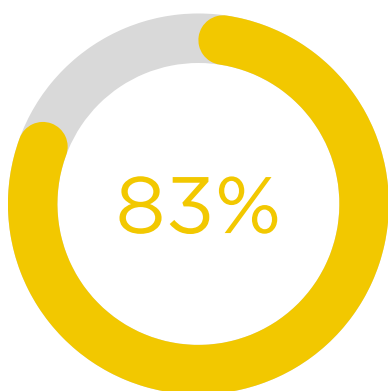




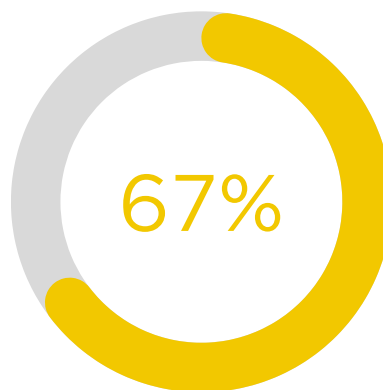
## ONGOING EDUCATION

Training, development, and education are high priorities among salon owners. With 90% of businesses offering a new hire training program, 63% of businesses offering a new hire training program that lasts 6 months or longer, and 83% of businesses contributing to the cost of outside education for their staff, the emphasis on technical education and developing technical skills is significant.

This Study shows the industry's strong commitment to education which is highly motivating to many members of the workforce.



CONTRIBUTE TO THE  
COST OF OUTSIDE  
EDUCATION



OFFER EDUCATION  
REIMBURSEMENT  
ALLOWANCES

Types of ongoing training commonly offered within the industry include technical skill-based training, trend updates, business building, communication skills, diversity, equity, inclusion, and belonging (DEI-B) training, ergonomics training, and more.

**INSIGHT:** The Quick Facts for Barbers, Hairstylists, and Cosmetologists data published by the U.S. Bureau of Labor Statistics states "none" in the category of on-the-job training.\* This is inaccurate information and is misleading to those who are looking to make career decisions and enter the professional beauty industry. Additionally, ongoing education is an important part of total compensation even though it is not normally quantified or reflected on W2 earnings.



\*U.S. Bureau of Labor Statistics Occupational Outlook Handbook, 2022, [Barbers, Hairstylists, and Cosmetologists](#).

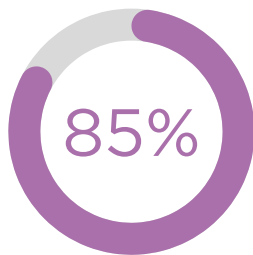
# INCLUSION

## DIVERSITY IN SALON OWNERSHIP

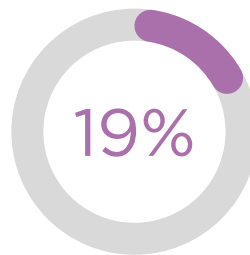


The professional beauty industry has been at the forefront of diversity, inclusion, and belonging for decades, long before it became a priority within other industries. While professional beauty is certainly not immune to issues related to justice, diversity, equity, inclusion, and belonging, the segment of the workforce who participated in this Study sets an example for the kind of diversity that is possible when a career path is made accessible.

Our survey of 160 unique businesses revealed a significant amount of diversity in salon ownership. In addition to the majority of these businesses having at least one female owner, there was diversity in a variety of other groups, including representation from the LGBTQIA+, Latino/a, Black, Native American, and AAPI communities. We were especially encouraged to see 85% female ownership and 19% LGBTQIA+ ownership represented in our Study participants.



85%  
OF BUSINESSES  
SURVEYED HAD AT  
LEAST ONE  
FEMALE OWNER



19%  
OF BUSINESSES  
SURVEYED HAD AT  
LEAST ONE  
LGBTQIA+ OWNER

REPRESENTATION OF  
IDENTITY MARKERS  
ACROSS SALON  
OWNERSHIP  
DEMOGRAPHICS FROM  
THE PRO BEAUTY  
COMPENSATION STUDY



## DEI-B WITHIN THE INDUSTRY



We can see from this initial sample that this is a diverse and inclusive industry that provides jobs, opportunities for entrepreneurship, and the ability to earn high wages for people of all genders, races, ages, and backgrounds. We recognize that our respondent profile likely skewed towards female ownership, but we are hopeful that this finding proves to be an unbiased representation of the larger professional beauty industry. We look forward to seeing how these demographics expand as we gather more data in future phases of this Study.



IT'S ENCOURAGING TO SEE THIS KIND OF REPRESENTATION AND DIVERSITY IN OWNERSHIP DEMOGRAPHICS IN THE DATA SET. IT REFLECTS THAT THERE IS DIVERSITY WITHIN THE INDUSTRY AND THAT DIVERSITY IS DISAGGREGATED ACROSS LOTS OF IDENTITIES.

JANET WILLIAMS  
FOUNDER, CEO, and DEI-B LEAD,  
PROGRESSIVE DISCOVERIES  
THINK TANK MEMBER



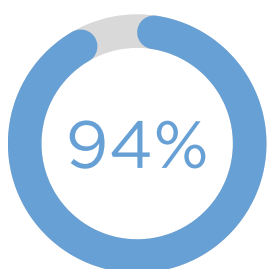
**INSIGHT:** There is work to be done across all segments of the professional beauty industry to ensure that diversity is centered, advocated for, and protected. Now that we have more information about who owns these small, community-based, local businesses, we can continue to advocate for increased representation and diversity.

# POSSIBILITIES

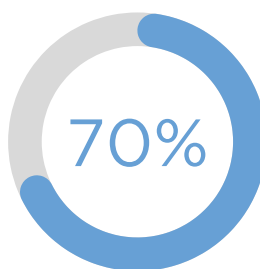


## GROWTH, DEVELOPMENT, CAREER MOBILITY

Career opportunities within the professional beauty industry are projected to grow by 11% from 2021 to 2031 (compared to 5% growth across all other occupations in the US economy), with an anticipated annual average of 93,800 job openings for cosmetologists.\* Amidst a pending global recession and at a time when many other industries are experiencing widespread layoffs, the professional beauty industry is a haven for job security. In addition to the tremendous potential for growth, development, and career mobility, the professional beauty industry offers something that can't be outsourced: human connection.



OF BUSINESSES SURVEYED HAVE POSITIONS OPEN FOR SERVICE PROVIDERS



OF BUSINESSES SURVEYED HAVE POSITIONS OPEN FOR SUPPORT STAFF

### 30 CAREER POSSIBILITIES

Possibilities for cosmetologists exist within their salon environment and within the industry at large. The following is a list of 30 Career Options for Licensed Cosmetologists, suggesting a wide variety of possibilities for beauty professionals to use their training in the way that best reflects their passion.\*\* Of course, there are many possibilities beyond this list.

Salon Owner | Color Specialist | Updo Specialist | Esthetics | Nails | Blowout Bar Stylist | Men's Barber | Senior Hair Care | Kids Cuts | Lash or Brow Specialist | Extension Expert | Fashion Week Stylist | Beauty Blogger/Influencer | Hotel or Cruise Ship Stylist | Editorial Hairstylist | Makeup Artist | Celebrity Hairstylist | Cosmetology School Instructor | Trichologist | Bridal Specialist | Curly Hair Specialist | Salon Manager | Distributor | Sales Consultant | Creative Director | Salon Education Director | Brand Educator | Film and TV Stylist | Theater Stylist  
Manufacturer/Product Inventor | Test-Salon Stylist

\*US Bureau of Labor Statistics Occupational Outlook Handbook, 2022, [Barbers, Hairstylists, and Cosmetologists](#)

\*\*Jackie Summers, Modern Salon, 2021, [30 Career Options for Licensed Cosmetologists](#)

# ENTREPRENEURSHIP



An additional opportunity for enormous career potential within this industry is entrepreneurship. In our analysis of 160 business owners who completed the survey portion of our Study, we found that 76% of business owners surveyed are cosmetology school graduates and 74% of business owners surveyed founded their businesses.

This suggests that in addition to building a career as a cosmetologist, graduates of cosmetology school often own and operate small businesses, providing jobs for the next generation of cosmetologists and bringing massive value to the communities they serve.

Of course, entrepreneurship is not the right career path for everyone, but we were inspired to see the ways in which creative professionals who choose entrepreneurship can thrive within this industry.

## 76%

of businesses owners surveyed are cosmetology graduates, suggesting that cosmetology school may spur entrepreneurship for some graduates

## 74%

of businesses owners surveyed founded their businesses

## 26%

of businesses owners purchased their business from a previous owner, suggesting that these businesses are likely to survive more than a single generation

**INSIGHT:** Not only are an abundance of job opportunities available within the professional beauty industry, there are possibilities open for nearly every type of professional. This limitless potential and mobility makes the professional beauty industry a great choice for those who aren't exactly sure what they want their career to look like.



# ROI

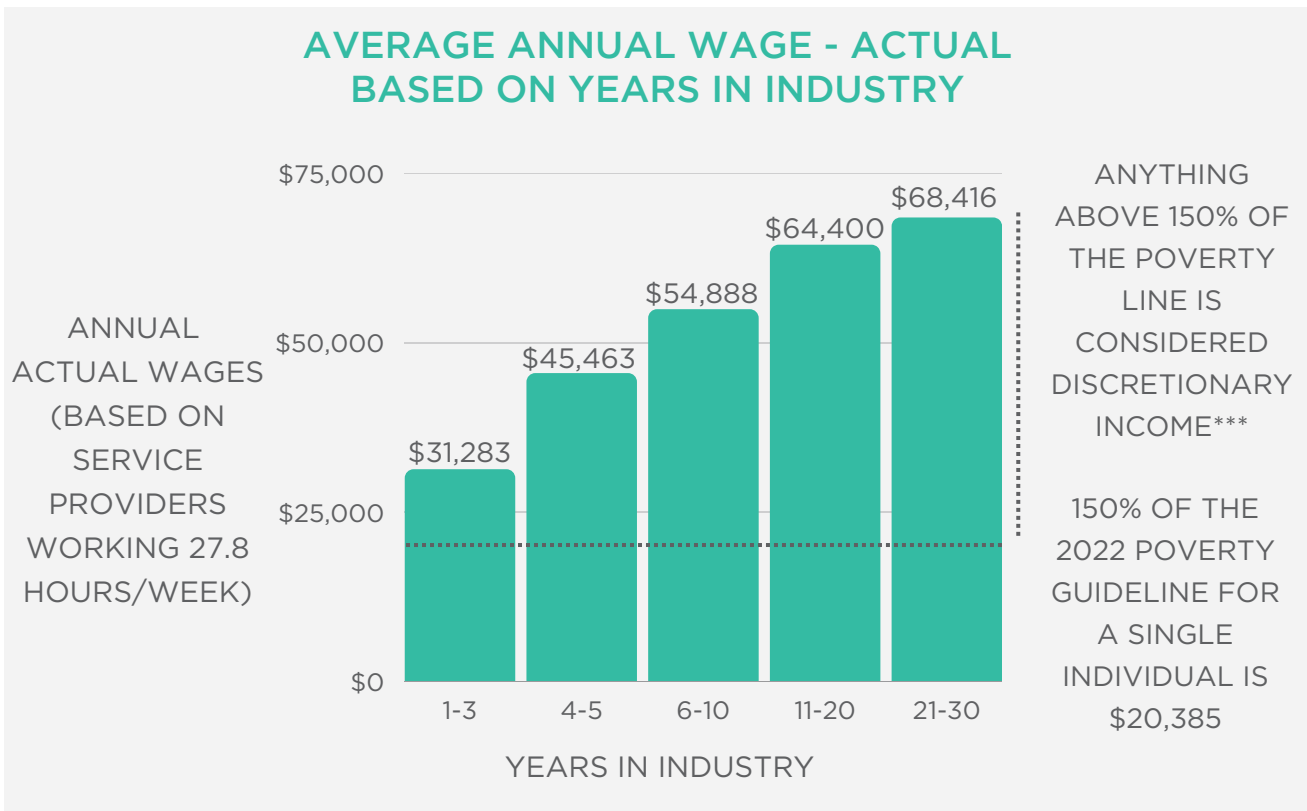
## SHORT PATH TO EARNINGS



Proponents of gainful employment have claimed that cosmetologists' income is so low that graduates cannot repay their student loans, leading to high default rates. We wanted to establish another point of reference around cosmetology graduates' ability to repay their student loans using our findings on compensation.

Using average earnings for each year of experience in the industry, we calculated discretionary income for each year at the beginning of a cosmetologist's career.

Discretionary income is defined as "the difference between your annual income and 150% of the poverty guideline for your family size and state of residence."\* For a single individual living in the 48 contiguous United States and the District of Columbia, the poverty guideline for 2022 was \$13,590.\*\* This number increases as the number of persons in a family or household increase; this graph assumes discretionary income for a single individual.

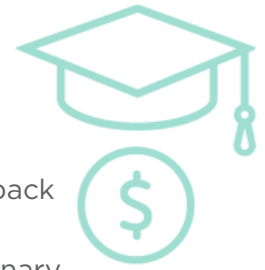


\*Federal Student Aid, [Discretionary Income](#)

\*\*Office of the Assistant Secretary for Planning and Evaluation (ASPE), 2022, [HHS Poverty Guidelines for 2022](#)

\*\*\*The Study analyzed W2 data from 2021. To create this chart, we used poverty guideline data from 2022. The poverty guideline for a single individual in 2021 was \$12,880. 150% of the 2021 poverty guideline is \$19,320. The reader can infer that if we had used 2021 poverty guideline data, the amount of discretionary income would have been higher than shown in this graph.

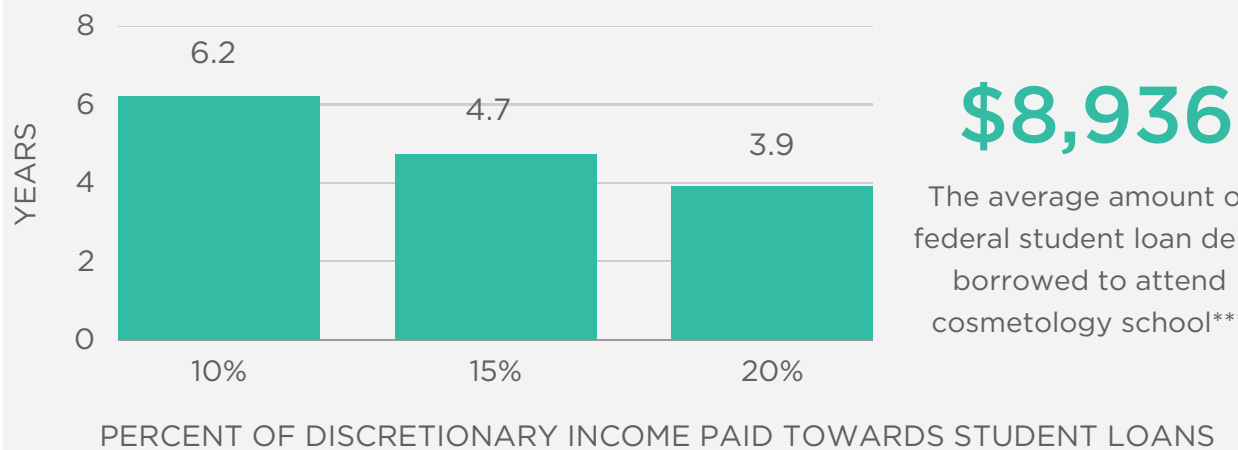
# STUDENT LOAN REPAYMENT PERIOD



We wanted to find out how long it would take cosmetology graduates to pay back their student loans based on the US Department of Education's income-driven repayment plan (IBR) guidelines of 10%, 15%, or 20% of an individual's discretionary income.\*

## AMOUNT OF TIME TO PAY BACK STUDENT LOANS BASED ON ACTUAL ANNUAL WAGES\*\*

IF BORROWING THE AVERAGE AMOUNT IN FEDERAL STUDENT LOANS



## 4-6 YEAR STUDENT LOAN PAYBACK

**INSIGHT:** The cost of a cosmetology degree is low compared to the cost of a 4-year education and the time to pay back student loans is much shorter than the standard 10-year repayment term. Earnings rise with years of experience in the industry, making it likely that graduates will experience a short path to high earnings.



\*Federal Student Aid, [Income-Driven Repayment Plans](#)

\*\*This graph makes the following assumptions:

- The student borrows the average amount of federal student loan debt to attend cosmetology school.
- The federal student loans accrue interest at a rate of 6%. We did not take into consideration any federal student loan forgiveness or pauses to repayment terms.
- The graduate enrolls in an income-driven repayment plan, which requires them to pay back their loans at a rate of 10%, 15%, or 20% of their discretionary income.

\*\*\*AACSB, 2022, [American Beauty Schools Educating a Workforce for Tomorrow](#)

# PASSION

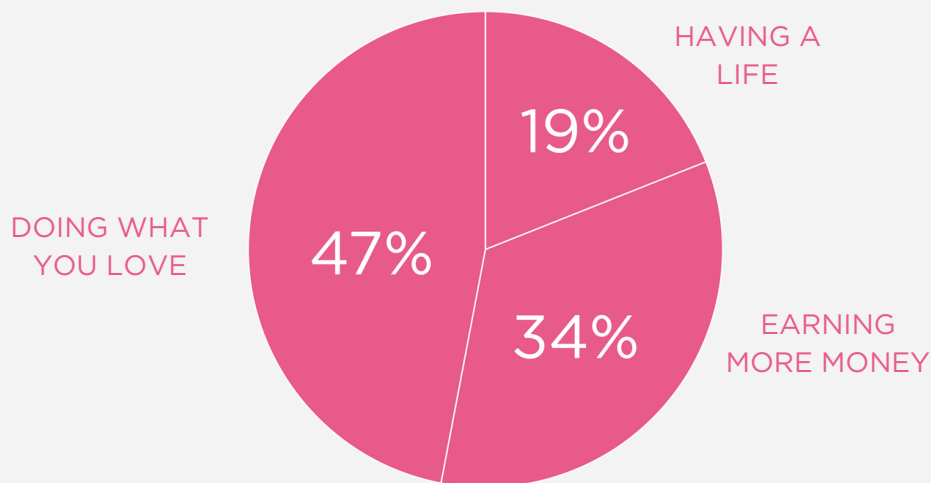
## AN IMPACTFUL CAREER



This work started because we saw an opportunity to make a positive impact on the lives of service providers, business owners, and the entire professional beauty industry. It continued because of the passionate people who make up the professional beauty workforce who want the rest of the world to know what we know: That this is a career where you can make great money, do what you love, and have a great quality of life.

In workplace surveys issued over the last 12 years, Qnity has asked thousands of licensed cosmetologists this question:\*

**AT THIS POINT IN YOUR LIFE AND CAREER, WHICH IS MOST IMPORTANT TO YOU: HAVING A LIFE, EARNING MORE MONEY, OR DOING WHAT YOU LOVE?**



**INSIGHT:** If the narrative that this is a "notoriously low paying" industry were true, we would have expected that a higher percentage of those surveyed would indicate earning more money was most important to them. This is not indicative of a career with "poverty-level earning." While 34% is a significant number, it could be true for any of us that we would like to earn more money regardless of our actual current earnings.

\*A tabulation from Qnity Inc. surveys from 2011-2022



## COMMENTS FROM STUDY PARTICIPANTS



At the end of our survey, we asked respondents to answer this question:

### WHAT IS ONE THING YOU WISH THE WORLD KNEW ABOUT THE PROFESSIONAL BEAUTY INDUSTRY?

We hope that reading these quotes inspires you and helps you understand the incredible passion, art, and heart of those who choose to pursue a career in professional beauty. Their answers showcase the incredible passion that those in the industry feel about pro beauty.

"THE COST OF A COSMETOLOGY EDUCATION IS INCREDIBLY AFFORDABLE COMPARED TO ITS EARNING POTENTIAL."

"THIS ISN'T A FALLBACK CAREER."

"THE POWER OF TOUCH IS NEEDED NOW MORE THAN EVER."

"THE INDUSTRY PROVIDES GREAT FINANCIAL PROSPERITY."

"WE TRULY LOVE WHAT WE DO."

"IT'S A RECESSION-PROOF BUSINESS."

"THIS INDUSTRY HAS SO MANY AVENUES TO BE SUCCESSFUL."

"UNLIMITED EARNING POTENTIAL."

"THERE IS NO GLASS CEILING."

"WE ARE EDUCATED PROFESSIONALS."

"YOU CAN MAKE A FANTASTIC LIVING WITH GREAT FLEXIBILITY!"

"WE ENRICH THE LIVES OF EVERY CLIENT WE TOUCH."

"THIS IS A VERY INCLUSIVE AND WELCOMING INDUSTRY THAT GIVES WOMEN AND MINORITY GROUPS ECONOMIC POWER."



05.

INSIGHTS



# THE CASE FOR FINANCIAL LITERACY

Our educational system has largely failed to emphasize financial literacy, resulting in a lack of economic empowerment for many of the individuals who comprise the workforce.

In pre-program financial literacy surveys of over 2,600 cosmetology students and professionals, we found that the majority have not received any financial literacy education and rate their financial confidence and literacy low.\*

PRE-PROGRAM FINANCIAL LITERACY SURVEY		
	STUDENTS IN QNITY'S MONEY EDU PROGRAM	PROFESSIONALS IN QNITY'S MONEY PRO PROGRAM
Have you ever received any financial education?	No: 76.6%	No: 69.6%
How would you rate your financial literacy? (1 = low; 10 = high)	5/10	5/10
How would you rate your financial confidence? (1 = low; 10 = high)	6/10	6/10

A high percentage of employees do not understand their paychecks or their total compensation. A lack of understanding and poor financial literacy create a ripple effect throughout the workforce: many employees leave good jobs for perceived better opportunities, get side hustles to make more money (often for a lower hourly rate); or leave the industry prematurely, thinking that they can't make it as a full time cosmetologist.

A pervasive lack of financial literacy among professionals in the beauty industry poses challenges to the workforce and perpetuates public perceptions that cosmetology is not a lucrative career choice.

\*A compilation of data from Qnity Inc. MONEY Edu and MONEY Pro pre-program surveys

# MONEY AND MATH ANXIETY

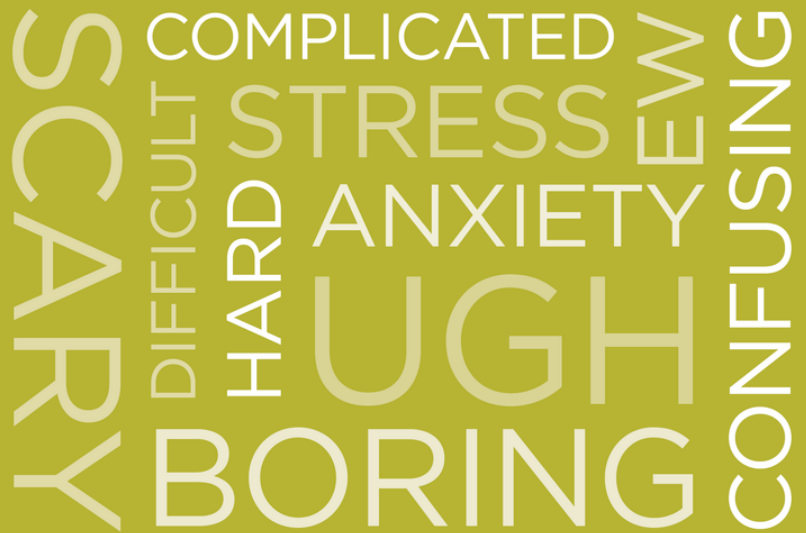
In over 10 years of Qnity studies, we have found that 69% of cosmetology students and 70% of professionals experience money or math anxiety, meaning that they experience a sense of fear, angst, or dread when talking about money.

**69%** OF STUDENTS REPORT MONEY OR MATH ANXIETY

**70%** OF PROFESSIONALS REPORT MONEY OR MATH ANXIETY

**"WHAT'S THE FIRST WORD YOU THINK OF WHEN IT COMES TO MONEY?"**

This word cloud shows the top 10 responses of over 2,600 students and professionals enrolled in the MONEY financial literacy curriculum



## FINANCIAL WELLNESS BENEFITS

**16%**

Only 16% of businesses surveyed in this Study offer a financial wellness benefit to their employees. The US Department of Education states that 3.8 million American women have financial literacy skills that are below a "basic" level, and while financial education does not always lead to financial literacy, it is an important place to start.\*

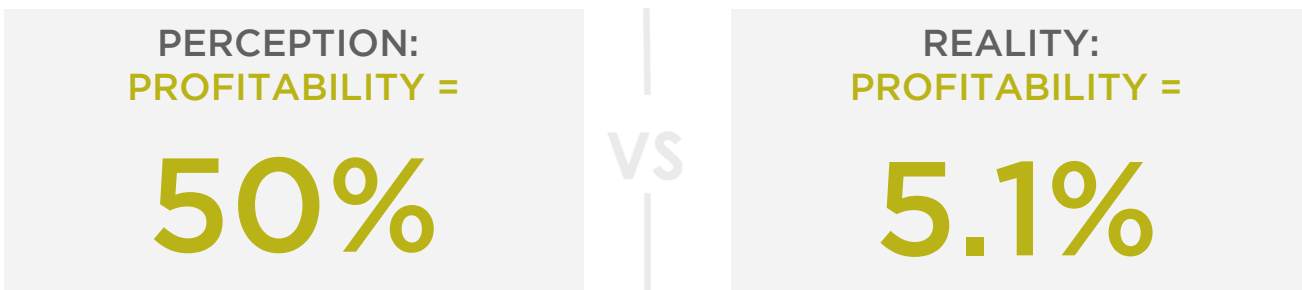
\*Elaine Silvestrini, Annuity.org, 2022, [Women and Financial Literacy](#).

## BRIDGING GAPS

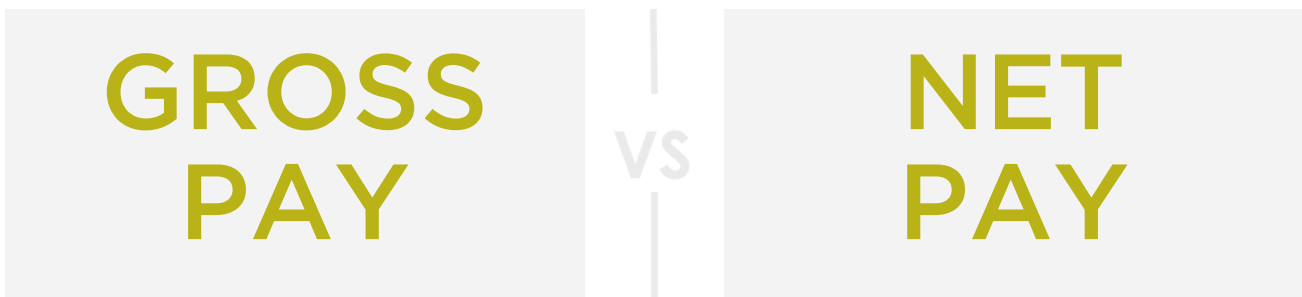
A primary purpose of this and other studies by Qnity is to bridge gaps between perception and reality with actionable data and financial literacy.

A compelling example of a wide gap between employers and employees in pro beauty that has caused unnecessary conflict is related to the amount of profit small businesses make. When queried, employees think that SBO's are earning a 50% profit margin.\* The reality is that salon owners on average make 5% net income.\*\*

When this data is made simple and visual and presented in a way that employees can see, trust, and understand, there is greater unity as a team.



As discussed, a high percentage of employees do not understand their paychecks or their full compensation. The gap to address with service providers is often their misunderstanding of gross vs net earnings.



Taxes are an area that contribute to gross vs net confusion. We maintain that a basic understanding of taxation is a core component of financial literacy. This includes understanding the differences between tax avoidance (legal) and tax evasion (illegal).

We believe that if workers truly understood the implications and risks of underreporting income and the benefits of full reporting, it would make an impact on individuals and the industry as a whole. Additionally, it would help narrow the 'tax gap,' which is the difference between the amount of tax owed under the tax code and the amount reported and paid.

\*Based on inquiries from over 5,000 service providers between 2012 and 2021

\*\*Based on data from the 2T010 Project collection of salon Profit and Loss statements

# THE RIPPLE EFFECT OF LOW FINANCIAL LITERACY

Current statistics across all US industries in the workforce paint a bleak reality of the state of financial wellness in this country:



of Americans rate finances as a significant source of stress\*



of employees state that they live paycheck to paycheck\*\*



of financially stressed employees say financial stress makes them less productive at work\*\*\*



Financially stressed employees are 2x more likely to look for a new job\*\*\*

We see examples of low financial literacy at both low income and high income levels. Without a thorough understanding of their compensation, employees are at risk of making disempowered decisions when it comes to budgeting, saving, managing debt, planning for the future, and other important life decisions.

**BUT WHAT IF THE PROFESSIONAL BEAUTY INDUSTRY COULD SERVE AS AN EXAMPLE OF AN INDUSTRY THAT PRIORITIZES ACTIONABLE DATA AND FINANCIAL LITERACY AND ENABLES ECONOMIC EMPOWERMENT FOR CURRENT AND FUTURE MEMBERS OF THE WORKFORCE?**

\*Capital One, 2019, [Study Reveals Tension in How People Think About Finances](#)

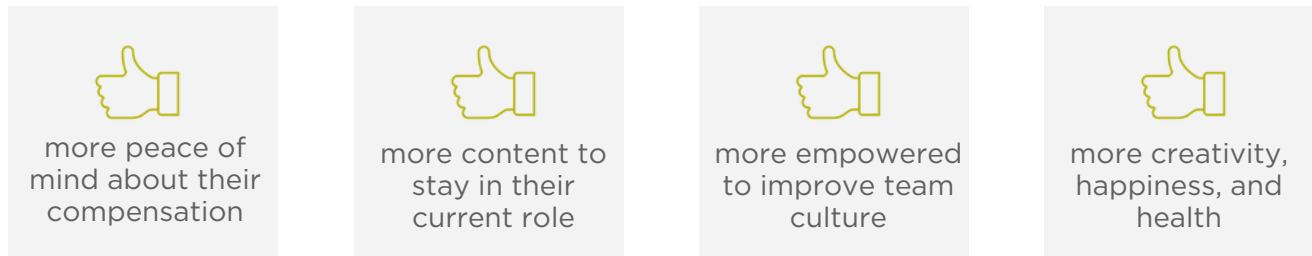
\*\*MetLife, 2019, [Financial Wellness Programs Foster a Thriving Workforce](#)

\*\*\*PwC, 2022, [2022 PwC Employee Financial Wellness Survey](#)



# IS ECONOMIC EMPOWERMENT POSSIBLE?


Supportive employers who take the time to answer questions about compensation, explain the details of an employee's paycheck, help an employee understand their total compensation, and explain the details of a W2 report some common themes about how their employees feel:



- more peace of mind about their compensation
- more content to stay in their current role
- more empowered to improve team culture
- more creativity, happiness, and health

But economic empowerment is about more than work. So what else is possible for the people who make up the professional beauty and wellness workforce?





ACTIONABLE DATA  
AND FINANCIAL  
LITERACY ALLOW  
FOR ECONOMIC  
EMPOWERMENT  
FOR CURRENT AND  
FUTURE MEMBERS  
OF THE WORKFORCE

# COMMENTS FROM THE STUDY TEAM AND THINK TANK

As our Study Team and Think Tank worked on this project, we had several insights about the data we collected. We offer these comments for the benefit of the reader.

## STERN NEILL

In contrasting the literature and study findings, the need for an alternative narrative becomes ever more critical. Painting an occupation with a broad brush leads to generalizations and helplessness.

By providing a different, data-rich perspective of professional beauty careers, the study findings demonstrate hope and empower change. The call for conversation and collaboration is how we realize a stronger community.

## SONJA ECKLUND

Before my work with the Qnity Institute, I would have believed everything that other points of reference have published about compensation for a career in professional beauty. I never thought to question it when I read about cosmetologists making low earnings, working long hours, and being in a low tier profession - I took these comments at face value without ever considering that this might not be the full story.

I am grateful to have played a part in helping to make data accessible and actionable to the talented professionals who make up this industry and I look forward to continuing to break the stigma about a career in beauty.

## DOUG ROBINSON

As the owner of a five-location salon in Colorado, my experience is entirely contrary to the data that is being presented by those outside the industry and supplied to policy makers. The truth needs to be shown!

This career is a great opportunity, the study findings of average working hours and average hourly wage are very healthy and so contrary to what is being portrayed. Long hours and low pay are just not the case.

# COMMENTS FROM THE STUDY TEAM AND THINK TANK

## TRACEE HERRING

I've personally experienced how the negative perception of the beauty industry affects those looking to enter the industry - my own daughter experienced it, even though I'm a successful salon owner.

A hairdresser's work is never going to be outsourced, it's a virtually recession-proof industry, and it offers a ton of flexibility with the ability to make really good money. The stigma that hairdressers don't make good money and can't create a good future for themselves just isn't true. I have a great passion to prove this narrative wrong.

## TOM KUHN

Bad data lead to bad decisions. Much of what is published on pro beauty earnings just doesn't make sense, it's not grounded in reality.

In my 28 years in the beauty industry, I've had access to a LOT of data. Doing research for this Study was the first time I had seen "poverty-level wages" attributed to cosmetologists. I was shocked. I've observed the same reaction from others in all facets of the industry.

This negative narrative on beauty industry earnings, supported by incomplete and inaccurate data, is having major effects on the sustainability of our industry and there's more to come if we don't step in. This wasn't the original intention behind this Study, but now that I have an awareness, I feel compelled to make an impact.

While this Study only covers one segment of the workforce, there is compelling evidence that the earnings we collected are not an anomaly from other segments of the pro beauty workforce. We look forward to sharing more in future phases.

In addition, we believe 2022 earnings will be even higher considering the industry was still recovering from the pandemic in 2021. Comparing data year-over-year will be an important part of future phases.

I'm confident that data can bridge gaps between perception and reality.

06.

CONCLUSION



# CONCLUSION

The Pro Beauty Compensation Study was born from a desire to provide additional points of reference on compensation so that professionals working in the industry could have greater clarity on the details of their compensation. It began with a seemingly simple question:

---

## WHAT DOES COMPENSATION LOOK LIKE FOR A CAREER IN PROFESSIONAL BEAUTY?

---

Those of us with extensive experience in the industry know that a career in professional beauty can be highly competitive from an earnings, hours worked, and quality of life perspective.

But widespread perception issues pose a threat to the viability and sustainability of the industry.

The industry currently faces several workforce challenges:

- Attracting talent to the industry
- Retaining great talent across businesses of all sizes
- Making professional beauty a top career choice
- Addressing negative perceptions about what a career in beauty can look like

At a time when the workforce across all industries faces challenges caused by outsourcing jobs to technology, the great resignation, the great regret, and quiet quitting, a career in professional beauty offers a viable, lucrative, and fulfilling career opportunity for people of all ages, genders, races, education levels, and walks of life.

It offers a career filled with compassion, human touch, and beauty, three things that can never be replaced with technology.

Data can and should stimulate conversation and further research. Our intention is to continue to ask questions, collect data, and learn more about this unique industry.

Together we can bridge the gap between perception and reality and compile data to address misconceptions about a career in beauty. If we're honest about the gaps in the professional beauty industry, we can take steps to close them.

# THE NEW NARRATIVE

It should not be a secret that the professional beauty industry offers several different career opportunities that enable professionals to make great money, do what they love, and have a great quality of life.

Our hope is that the information available to social circles (family, friends, peers, classmates), centers of influence (teachers, guidance counselors, career coaches), and points of reference (social media, research publications, articles) can tell a more complete picture of the possibilities this career can provide.

---

**WHAT IF THE NARRATIVE AROUND A CAREER IN BEAUTY COULD SHIFT SO THAT PROFESSIONALS FEEL CONFIDENT, SELF-ASSURED, AND PROUD OF THEIR CAREER CHOICE?**



SOCIAL CIRCLES



CENTERS OF INFLUENCE



POINTS OF REFERENCE

---

The data reflects a new narrative about a career in professional beauty:

- A high-impact career that offers professionals an incredible opportunity to change the lives of those they touch
- Cosmetology school is a relatively low-cost investment for education
- Provides great prospects for finding a job with a short path to high earnings
- Offers great flexibility, especially for those who want to travel, continue their education, raise a family, etc.
- Offers competitive and comprehensive benefits
- Provides on-the-job training and ongoing technical and business education
- Creates an accessible career path to entrepreneurship, creating jobs for future professionals
- Provides a lucrative career with no glass ceiling or limit on earnings potential
- Is an outlet for professionals with a penchant for self-expression, creativity, and art



# CHANGING THE NARRATIVE

Actionable data and financial literacy helped Jade, Selena, Adam, Zoey, and Nellie tell a new narrative about the reality of a career in professional beauty.



## JADE

OLD  
NARRATIVE

School counselor said she couldn't make good money without a college degree  
Family asked why she would want to work so hard for so little money  
Questioned and shamed for her career choice

NEW  
NARRATIVE

Thriving in cosmetology school and interning at top US salon group  
Will graduate with no student loan debt  
Will be earning good money in her career well before her college-bound siblings



## SELENA

OLD  
NARRATIVE

Parents taught her she needed a college degree to succeed  
Attended college for a while, but left to pursue her dreams as a cosmetologist  
Believed her husband's corporate career was more lucrative than her career

NEW  
NARRATIVE

Primary income earner even though she works part time  
Has incredible scheduling flexibility  
Enjoys lots of quality time as a parent



## ADAM

OLD  
NARRATIVE

Believed he was being underpaid  
Lacked financial literacy; didn't understand his paycheck or compensation  
Nearly gave up his 20+ year career as a stylist and educator

NEW  
NARRATIVE

Learned he was making \$148k/year putting him in the top 8% of US wage earners  
He now understands his compensation, working to increase his financial literacy  
Proud of his career and his opportunities as a cosmetologist



## ZOEY

OLD  
NARRATIVE

Avoided money conversations because they made her feel uncomfortable  
Didn't understand her benefits and assumed that they were boring  
Believed that hairstylists need to work forever and can't retire

NEW  
NARRATIVE

Fully understands and utilizes her benefits  
Working with a financial coach through her company's EAP benefit  
Saving for retirement and taking advantage of her company's 401K match



## NELLIE

OLD  
NARRATIVE

Was told she couldn't make it in the US as a single mom  
Struggled to make ends meet and support her children for several years  
Others believed she was destined for a life of poverty

NEW  
NARRATIVE

Successful business owner  
Debt free business with double digit profitability  
Creating a legacy and is building a solid financial future for generations to come

# NEXT STEPS

We are looking forward to continuing the work we've started by introducing Phase 3 of the Study, launching in 2023.\*

<input checked="" type="checkbox"/> BETA PHASE	<input checked="" type="checkbox"/> PHASE 1	<input checked="" type="checkbox"/> PHASE 2	<input type="checkbox"/> PHASE 3
Q1 2022	Q2 2022	Q3-4 2022	2023 +

## PHASE 3:

- Will collect data from the Phase 2 workforce segment\*\* in order to compare results year over year, identify trends, and to increase the number of data points
- Expand to include other workforce segments through multiple studies. Additional studies may include the following segments of the workforce:
  - Brands with 11+ locations (W2s)
  - Franchises (W2s)
  - Day Spas (W2s)
  - Barbering (W2s)
  - Independents (non-W2s)

## PARTICIPATE IN PHASE 3:



Support and advocate for better and more accurate data to fill the gaps between perception and reality



Encourage salons and spas in your network to submit data and participate in future phases of this Study



Help level up financial literacy in the professional beauty industry



Make the data actionable in your business; educate your staff on total compensation



Help fund future phases of this Study by becoming a sponsor - Future phases are dependent on funding

\*Future studies, including Phase 3, are contingent on funding and other factors

\*\*Employee-based, 1-10 locations, hair as the primary service

07.

# ACKNOWLEDGEMENTS



# THE STUDY TEAM



## **TOM KUHN**

Qnity Institute Chair and CEO of Qnity and Qnity for Schools. For more on Tom's bio, see the APPENDIX. Tom served as the overall project lead and was involved in most aspects of the Study, from data to design.



## **SONJA ECKLUND, NBC-HWC**

National Board Certified Health and Wellness Coach, Financial Social Work Coach, and Qnity Director of Learning and Development. Sonja contributed in many areas including outreach, project management and report writing.



## **STERN NEILL, PhD**

A PhD in Business Administration and is a professor of marketing at Cal Poly Orfalea College of Business. Stern consulted on the development of Study, survey methodology, and the final report.



## **BEN MESICK, ACAS**

An Associate of the Casualty Actuarial Society, an actuarial and analytics manager, and an independent data analyst. Ben completed all of the analysis in the findings section of the final report.



## **JARED SANDERS, CPA**

A Certified Public Accountant (CPA) and a Shareholder and Audit Partner at Lighthouse Sanders. Jared oversaw the data collection and preliminary analysis.



## **CANDY LIU, CPA**

A Certified Public Accountant (CPA) and audit manager at Lighthouse Sanders. Candy managed the data collection process for the W2 data portion of the Study.



## **MICHELLE SHUSTER**

COO for Qnity and Qnity for Schools. Michelle managed production and editing of the report, and assisted with project management.



## **ERIN KUHN**

President and Partner for Qnity and Qnity for Schools. Erin managed external relations with sponsors, advocates and other stakeholders, and is a spokesperson for the Study, bringing its findings to life for audiences.

# THE THINK TANK

The members of this team served as research consultants and provided valuable contributions to the development of the survey. Additionally, they shared insights and reactions to the preliminary findings of this Study, which helped us develop the narrative behind this report.



## MYRA IRIZARRY REDDY

Director of government affairs at Professional Beauty Association. MA in political science.



## JANET WILLIAMS

Founder, CEO, and DEI-B Lead at Progressive Discoveries.



## TRACEE HERRING

Owner of Davanti Salon. 30 years of experience in workforce development consulting and HR at a Fortune 500 company.



## DOUG ROBINSON

Managing Partner at Dry Fly Capital. Adjunct professor of Finance at University of Colorado Boulder.



## KEVIN LIGHTHEART, CPA

Shareholder and tax partner at Lighthouse Sanders. MA in Accounting with a Tax emphasis.



## AL OSBORNE, PhD

PhD in business economics and MBA in finance. Professor emeritus at UCLA. Conducted Global Salon Business Awards.



## ELAINE HAGAN, PhD

Associate Dean of entrepreneurial initiatives at UCLA Anderson School of Management.

# ACKNOWLEDGEMENTS

## STUDY PARTICIPANTS

A huge thank you to the businesses who completed this Study. Without your participation, this entire project would not have been possible. We thank you for your trust in the Qnity Institute, for your advocacy for small businesses, and for helping to move the industry forward. We greatly appreciate you for stepping up.

## SPONSORS

In order to conduct Phase 2 of this Study, we needed support. We were fortunate that several organizations stepped up to provide financial support for this Study. To the sponsors of this Study, we thank you. If you would like to get involved with Phase 3, please reach out to us at [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com).



## ADVOCATES

Our sponsors and advocates helped with advocacy and outreach efforts that helped drive participation in Phase 2 of the Study.

AVEDA | BEAUTY CHANGES LIVES | BOULEVARD | JOHN PAUL MITCHELL SYSTEMS  
NEILL CORPORATION | PROFESSIONAL BEAUTY ASSOCIATION | ROSY SALON  
SOFTWARE | SALONBIZ | WELLA

## SPECIAL MENTIONS

This project would not have been possible without the talents and hard work of many. The Chair would like to extend personal, heartfelt thanks to the Qnity team (Sonja Ecklund, Michelle Shuster, JP Gunderson, Erin Kuhn), the Design Team (Katelyn Magney and Linda Henneman), Lighthouse Sanders (Jared Sanders, Candy Liu), Stern Neill, Ben Mesick, members of the Think Tank, and the Phase 1 Study Team (Jodi Ohama and Barry Matthews).

As a team, we'd also like to thank the following individuals for their counsel, research, feedback, advocacy, and other support: Sydney Berry, Steve Reiss, Sue Trondson, Victoria Anthony, Kristin Firrell, Ellen Anding, Lynelle Lynch, Robert Passage, Phil Horvath, Edwin Neill, Kevin Cameron, Candy Shaw, and Ronan Perceval. Thanks also to the businesses who participated in the BETA Study (Citrus, Ruiz, Gadabout, Mitchell's), the Lightbulb Moments audience, and the MANY others we haven't mentioned that were instrumental in this project.





08.

APPENDIX



# DEFINITIONS

Words matter. For the purpose of this Study, we have identified the following definitions for important words used throughout this report.

**COSMETOLOGIST** A person licensed to provide cosmetic treatments to the hair, skin, and nails. Specialties include hairdressers, haircutters, colorists, barbers, estheticians, nail technicians, and massage therapists.

**EMPLOYEE-BASED** Businesses that have employees and issue W2s. This includes commission, hourly, or other pay methods. Many in the industry mistakenly call employee-based salons commission salons, this is inaccurate.

**FULL-SERVICE SALON** A salon offering more than one specialized service or category.

**INDEPENDENT** A non-W2 member of the workforce. The Study uses various terms interchangeably for these individuals: self-employed, independent, solo, non-W2, renter, and solopreneur. Independents often work as a suite renter, rent a chair in another establishment, or work in-home. They may also provide salon-related services as an independent contractor in the entertainment or fashion industries.

**POINT OF REFERENCE** Data or commentary used to classify, clarify, or bring another perspective to data and insights presented from the Study.

**PRO BEAUTY** An abbreviation for the professional beauty industry, which, for the purposes of this report, consists of licensed service providers.

**SBO** Small business owner, including members of the leadership team.

**SEGMENTS OF THE WORKFORCE** The process of identifying distinct groups of the workforce based on criteria such as employment status, licensing, and other identifiers.

**STANDARD OCCUPATIONAL CLASSIFICATION (SOC)** A federal statistical standard used by BLS to classify workers. BLS data referenced in the study refers to 39-5010 through 39-5012 including barbers, hairdressers, and cosmetologists and 39-5090 through 39-5094 including makeup artists, manicurists and pedicurists, shampooers, and skincare specialists.

**W2** The W2 is an Internal Revenue Service tax form used in the United States to report wages paid to employees and the taxes withheld from them. Employers must complete a Form W2 for each employee to whom they pay a salary, wage, or other compensation as part of the employment relationship.

# METHODOLOGY +

Employers participating in this Study were asked to submit anonymous W2 data in a private portal and complete a 50-question survey.\* In addition to data collection and analysis, the Study Team and Think Tank did extensive outside research.



## SUBMIT W2 DATA IN A PRIVATE PORTAL

This included information about locations, hours worked, length of service, service provider department, and compensation information - without collecting the names of any individual employees.

Step-by-step instructions were provided for salon owners to privately submit W2 data. The process was outsourced to an independent CPA firm to provide an extra layer of objectivity and protection of the data, and to ensure confidentiality and privacy.

- Companies only submitted data for employees who had completed a full year of service in 2021
- All submissions matched W2 information submitted to the IRS by the employer
- No adjustment was made for employees who were on leave for part of the year
- Data was classified into 4 departments: hair, esthetics, massage, nails
- Individual employee names were not collected

The data collection process also included:

- Salon location
- Total hours worked in 2021
- Average hours worked per week
- Length of service in the salon
- Years of service in the industry



## COMPLETE A 50-QUESTION SURVEY

This included both qualitative and quantitative information that led to the development of our 8 key findings: Earnings, Flexibility, Benefits, Training, Inclusion, Possibilities, ROI, and Passion.

The survey was written by the Study Team and rigorously reviewed by the Think Tank. It included 50 questions that allowed the Study participants to share qualitative and quantitative information about:

- Compensation structures
- Scheduling flexibility
- Benefits offered
- New hire training and ongoing education
- Ownership
- Location demographics and minimum wage information
- Services and products offered
- Pricing
- Accepting and processing tips

\*Not all companies that participated in the Study submitted W2 information AND completed the survey. See LIMITATIONS for further information.

# LIMITATIONS

As with any data collection, there are limitations and tradeoffs. Examples of the limitations of this Study are indicated throughout the report and outlined below.

## SALON TYPE

As discussed, we decided to focus on collecting data from one segment of the workforce: W2 employee-based salons. The Study does not address every aspect of our industry, nor was it intended to. We recognize that while employee-based salons comprise a large subset of the workforce in professional beauty, it is not the full picture. We acknowledge that this is just one segment of the professional beauty workforce and that there are cases where a worker may be both a W2 employee and a 1099 contractor. We look forward to expanding to other segments as we continue onto Phase 3.

A limitation of our Study was the type of salon this Study attracted. Many salons were contacted, but only some chose to respond. Those that responded may not be representative of the greater salon community. Readers of this report should use caution when applying Study findings for benchmarking with other businesses given the geographical, pricing, and labor differences between participating companies.

## PARTICIPATION

Despite a massive outreach effort, it was challenging to get salon owners to complete both the W2 data submission and the survey. The average number of outreach attempts made to each business who expressed interest in participating was approximately 10; Our Study Team placed phone calls, emails, and text messages and held in-person conversations to encourage businesses to participate in this data collection.

Sampling bias occurs when some members of a population are systematically more likely to be selected in a sample than others. For example, perhaps salon owners taking the time to complete the survey are doing better financially and thus have more time and energy and are more excited to share their results than those that are struggling.

## SAMPLE SIZE

We were encouraged by the participation we received in this Study. We look forward to expanding the sample size and collecting more data in future phases.

17% of participants only completed the survey, and 11% of participants only submitted W2 data. Therefore, we were only able to compare the datasets of the 72% who completed both the W2 data submission and the survey.

Additionally, we only collected W2 data from service providers that worked at the business for the full year of 2021. So the actual number of licensed professionals per company is likely higher than the number reported due to partial year employees.

# DISCLAIMER AND DATA PROTECTION

Confidentiality, privacy, and transparency are foundational and of paramount importance to this and other studies conducted by Qnity Institute.

Employers participating in this Study executed a CONFIDENTIALITY and TERMS OF USE agreement prior to submitting data. This included disclaimers, an NDA, and clear objectives for the use of data.

This document provided Study participants with a thorough understanding of how their data would be collected, protected, and used throughout all phases of the Study.

After executing this agreement, a representative from the participating company was given access to the two parts of the Study for completion.

Published findings from this Study include only aggregate and anonymous data supplied by employers. Data is presented so that third parties, including the general public are not able to tie any confidential information back to participating employers. Employers did NOT provide any personally identifying information as a part of this Study.

In the interest of transparency, Qnity Inc.'s mission is to provide greater financial wellness for the beauty and wellness industry. Through various business units, Qnity Inc. provides training, coaching, and other services to achieve this aim.

Qnity Inc. began this market research on a grassroots basis as an impact-driven initiative to support its mission and to advocate for more points of reference on salon compensation.

Although Qnity Inc. has created a separate division called Qnity Institute to isolate activities, team members, funding, etc. from other Qnity business units, Qnity Inc. understands and respects that there will be perceived and actual conflicts of interest in undertaking this market research. The views expressed in this report are solely those of its authors.

Future studies, such as Phase 3, are contingent on funding and other factors. Contact us at [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com) to support this work.

Any material omissions related to the Study are unintentional.

# TERMS OF USE & COPYRIGHTS

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy or any storage or retrieval system, without express written permission by Qnity Institute.

The entire contents of this document and other related materials are copyrighted and/or trademarked by Qnity Institute and/or Qnity Inc. Use of and/or modification of this content is prohibited unless otherwise authorized in writing by Qnity Institute.

For permission to reproduce any material contained in this report, or for any clarification, contact [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com). If consent is granted, attribution to 'Qnity Institute' or 'Qnity Pro Beauty Compensation Study' should be made.

While this information may be used by participating businesses for their own internal uses, to ensure the integrity and accuracy of the information, no disclosure or use of any portion of the contents may be made without the express written consent of Qnity Institute.

This report is prepared for general guidance only and does not constitute professional advice. Readers should not act upon the information contained in such report, without obtaining specific professional advice.

This report is the proprietary information of Qnity Institute Insights are based, in part on aggregate, private, and anonymous data from businesses participating in this Study. We have licensed this report to certain entities. For licensing or other requests, contact [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com).

Readers of this report should use caution when applying Study findings for benchmarking with other businesses, given the geographical, pricing, and labor differences between participating companies.

This document has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Qnity Institute, Qnity Inc., its members, employees and agents do not accept or assume any liability, responsibility, or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

# ABOUT

---

## THE QNITY INSTITUTE

The purpose is to create economic empowerment through actionable data and financial literacy. Building on over a decade of 200 studies from Qnity Inc. and ground-breaking data projects, such as the 2TO10 Project, the Institute was formed to deepen data collection and expand research initiatives. Separating the Institute from Qnity Inc. was essential to encourage industry wide collaboration and allow dedicated resources for research, data collection and analysis.

---

## QNITY

Qnity is a learning and development company with education and visual-thinking tools that have helped transform beauty and wellness businesses and individuals across the globe. We believe in a simple and visual approach to financial wellness. With solutions for entrepreneurs, intrapreneurs, solopreneurs, and students - our programs and services help individuals and businesses reach greater levels of financial success.

---

## THE CHAIR AND PROJECT LEAD

Qnity Founder Tom Kuhn is a trusted financial expert and leader in the beauty and wellness industries. He has studied the economics of pro beauty, including salon compensation, for 28 years. He's performed over 300 financial assessments, led groundbreaking studies on multi-location salon performance, and has been an advisor to many top beauty industry companies.

Tom is the founder of the 2TO10 Project and a board member for the non-profit organization Beauty Changes Lives. He has worked globally in owner and/or C-level roles for salons, spas, distribution, retail, and manufacturing. He was a Guest Professor at the Entrepreneurship Center at U-Mass Boston and has worked with non-beauty clients such as Merrill/BOA and JP Morgan/Chase. For the first 15 years of his career, he was a CPA with national and regional firms specializing in creative entrepreneurial companies, financing, and taxation.

Tom is dedicated to the financial success and sustainability of the industry. He is an educator and program designer, a whole-brain thinker, and is known for making finance and money matters simple, visual, and approachable, especially for creative professionals.





2023 by Qnity Institute, a division of Qnity Inc.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic, or mechanical, including photocopy or any storage or retrieval system without express written permission by Qnity Institute or Qnity Inc.

The entire contents of this document and other related materials are copyrighted and/or trademarked by Qnity Inc. Use of and/or modification of this content is prohibited unless otherwise authorized in writing by Qnity Inc.

For permission to reproduce any material contained in any Study reports, or for any clarification, contact [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com). If consent is granted, attribution to 'Qnity Institute,' 'Qnity,' or 'Qnity Pro Beauty Compensation Study' should be made.

Qnity Institute, Excelsior, MN 55331

If you are interested in supporting our work, email us at [compstudy@qnityinc.com](mailto:compstudy@qnityinc.com).

Learn more at [qnityinc.com](https://qnityinc.com)

Qnity<sup>®</sup> INSTITUTE

QNITY Inc.  
Excelsior, MN  
[qnityinc.com](http://qnityinc.com)