

Spa, salon sales dip as consumers cut spending

By Wendy Lee • THE TENNESSEAN • December 16, 2008

Splurging on a massage, new hairstyle or pedicure can wait. More consumers are cutting back on trips to the beauty salon and spa in a bid to make their dollars stretch further for necessities such as food, housing and fuel.

"People are a lot more cautious about spending their [money](#)," said Lisa Smith, owner and licensed massage therapist of Basic Kneads Massage & Skin Care in Nashville. "People are putting a real limit on their spending compared with last year due to fear of where the economy is going."

Local businesses that sell health and beauty products or services report weaker sales this fall because many consumers can't afford to keep up with payments or they're waiting longer to get haircuts, facials and manicures.

Smith said sales at her shop have slipped recently compared with a year ago and clients are waiting longer to book appointments for \$70 massages or \$80 European facials.



JOHN PARTIPILO / THE TENNESSEAN
Pat Rapheld, owner of A Kut Above Hair, Nail and Tanning Salon on Nolensville Road, says some customers are waiting up to four months before coming in for haircuts

At A Kut Above Hair, Nail and Tanning Salon on Nolensville Road, some customers are waiting up to four months instead of two months to come in for haircuts, said Pat Rapheld, owner and operator. Others are attempting to color their hair at home to save money, Rapheld said.

"They are holding onto their money as long as they can," Rapheld said. "I can't blame them."

The slower sales mirror what's happening in the retail sector for beauty aids.

U.S. beauty products classified as makeup, skin care and fragrances sold at mostly department stores were down 1 percent during the first half of this year to \$3.8 billion, according to New York-based NPD Group.

Sales at cosmetics, beauty suppliers and perfume stores are down about 10 percent this year compared with 2007, added Sageworks Inc., a North Carolina-based research firm.

Salons feel the heat

Christine L. Easterling, a 47-year-old sales associate, said she stopped getting her nails done, a twice-a-month ritual. Now, she does it herself and saves about \$110 a month.

"It's really sad what's happening," Easterling said of the faltering economy. "I think people are rolling with the punches."

Professional salons are hurting nationally. Roughly 70 percent of salons surveyed this fall by the Chicago-based National Cosmetology Association said they are experiencing weaker sales and the severity of losses has increased in the second half of the year.

Gordon Miller, the association's executive director, said he expects sales to remain flat this year in the estimated more than \$60 billion-a-year industry.

"This is an industry that has been considered recession-proof in the past," Miller said. "What we are seeing in this downturn is consumers cutting back on extras and stretching appointments."

More consumers are seeking out budget salons for less expensive haircuts, analysts say, and they're buying hair products on sale at drug stores instead of paying more for name-brand products at the beauty shop.

Minneapolis-based Regis Corp., owner of hair salons, said during the quarter ended Sept. 30, sales at its value-priced salons open at least a year — such as Supercuts — were up 2.8 percent, while sales at more expensive concepts such as Regis Salons were down 3.8 percent.

"Consumers seem to be trading down in many categories, including hair care," Paul Finkelstein, the company's chairman, CEO and president, said on a [conference call](#) with investors. "Frankly, what this shows is that none of us can swim against the tide forever."

Miller said he expects more salons to offer specials on retail merchandise and others may expand loyalty-reward programs.

Other consumers may be slashing spending on some aspects of their health. For example, the YMCA of Middle Tennessee said membership cancellations have increased 10 percent year-to-date — due in some cases to clients losing their jobs, spokeswoman Jessica Fain said.

Consumers [nationwide](#) are cutting back on weight-loss programs, too.

For example, New York-based Weight Watchers International Inc. reported thinner enrollment levels during the third quarter. In October, the lower enrollment trend "was a clear step-down from the levels we've seen in prior periods," said David Kirchoff, president and CEO.

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