

# Spa Industry Recovering Nicely, According to PBA

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Sales and customer traffic levels continue to gradually increase as the Professional Beauty Association's (PBA) Salon & Spa Performance Index (SSPI) hit a record high in the second quarter of 2010. The SSPI-- a quarterly composite index that tracks the health of, and outlook for, the U.S. salon/spa industry--stood at 103.6 in the second quarter, up 0.5% from its first quarter level and continuing a rising trend.

"The beauty industry touches just about every consumer every day in some form or another. As the broader economy continues to show signs of rebounding, the SSPI is a good measure of how consumers are returning to normal everyday products and services as their optimism increases," states Sam Leyvas, associate executive director for the PBA.

The SSPI is based on the responses to SSPI, which are fielded quarterly among salon/spa owners nationwide on a variety of indicators. It is constructed so that the health of the salon/spa industry is measured in relation to a steady-state level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The index consists of two components: the Current Situation Index and the Expectations Index.

The Current Situation Index, which measures current trends in five industry indicators (service sales, retail sales, customer traffic, employees/hours and capital expenditures), stood at 102.2 in the second quarter--up 1.8% from its first quarter level. In addition, the Current Situation Index rose above 100 for the second consecutive time, which represents expansion in the current situation indicators.

With the record rise in the Current Situation Index, a majority of salon/spa owners reported higher service sales in the second quarter. In addition, the industry's labor indicators registered their strongest performance in the six-quarter history of the SSPI, with staffing levels and employee hours increasing

The Expectations Index, which measures salon/spa owners' six-month outlook, considers the following five industry indicators: service sales, retail sales, employees and hours, capital expenditures and business conditions. With an index decline of 0.7% from the first quarter, salon/spa owners showed less optimism about overall industry growth and future economic conditions. Although, 80% of salon/spa owners said they expect higher service sales within six months and have maintained an overall very positive outlook since the SSPI survey began.

Although salon/spa owners might have a less optimistic look for the economy, the outlook for capital spending activity has remained steady in recent months. In fact, 56% of salon/spa owners expect to make capital expenditures for equipment and remodeling purposes in the next six months, a 1% decrease from the first quarter.

The full SSPI report and the Salon & Spa Tracking Survey can be found at [www.probeauty.org/research](http://www.probeauty.org/research).