

# BEAUTY UNITED



## **COVID-19 THREATENS INDUSTRY** SURVEY of ONTARIO BEAUTY SECTOR RE: COVID-19 RESPONSE

Submitted to The Honourable Doug Ford,  
Premier of Ontario

August 12 2020

# INTRODUCTION

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## BEAUTY UNITED OVERVIEW

[beautyunited.ca](https://beautyunited.ca)

BEAUTY UNITED was founded and began its work in May 2020.

Our mission is to understand and advocate on behalf of the beauty and wellness sector in Ontario, as well as advocate for stricter standards of safety.

We have been successful in providing industry feedback and advocacy to government, as well as suggesting protocols for the safe reopening of the beauty industry in the Province. We continue to update sector leadership with regular communications.

**Today we draw attention to the continued threat to many beauty and wellness businesses across the Province, and are suggesting support below.**

# SURVEY OVERVIEW

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## SURVEY OVERVIEW

Sent to 200+ business owners on August 5, 2020.

Closed August 12, 2020; received 68 responses.

The following report details responses received.

We have aggregated long-form answers, no attributions are made; representative quotes have been extracted and presented unedited.

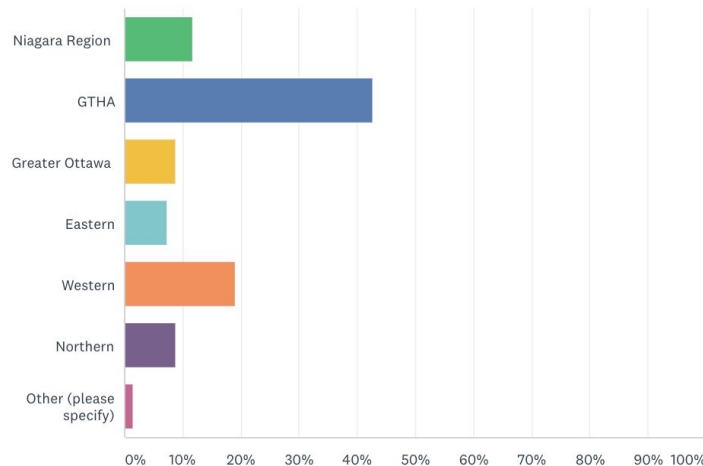
A +25% response rate was achieved, meaning the findings can be confidently generalized with a high degree of reliability.

# Organization Location

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What region of Ontario is your business located in?

Answered: 68 Skipped: 0



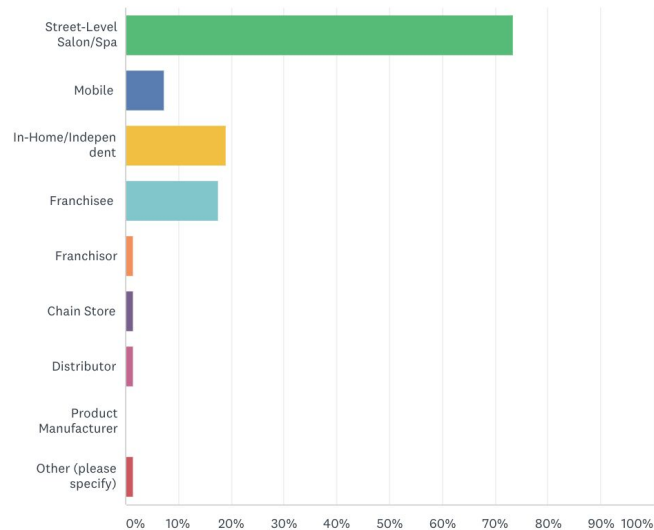
| ANSWER CHOICES           | RESPONSES |
|--------------------------|-----------|
| ▼ Niagara Region         | 11.76%    |
| ▼ GTHA                   | 42.65%    |
| ▼ Greater Ottawa         | 8.82%     |
| ▼ Eastern                | 7.35%     |
| ▼ Western                | 19.12%    |
| ▼ Northern               | 8.82%     |
| ▼ Other (please specify) | 1.47%     |
| TOTAL                    | 68        |

# Business Types

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Is your business (select all that apply):

Answered: 68 Skipped: 0



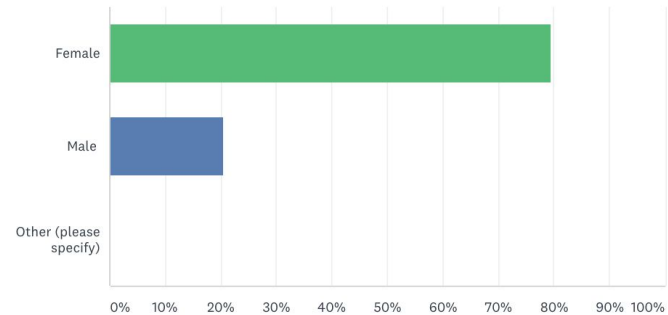
| ANSWER CHOICES           | RESPONSES |    |
|--------------------------|-----------|----|
| ▼ Street-Level Salon/Spa | 73.53%    | 50 |
| ▼ Mobile                 | 7.35%     | 5  |
| ▼ In-Home/Independent    | 19.12%    | 13 |
| ▼ Franchisee             | 17.65%    | 12 |
| ▼ Franchisor             | 1.47%     | 1  |
| ▼ Chain Store            | 1.47%     | 1  |
| ▼ Distributor            | 1.47%     | 1  |

# Demographic Information

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What gender do you identify with?

Answered: 68 Skipped: 0



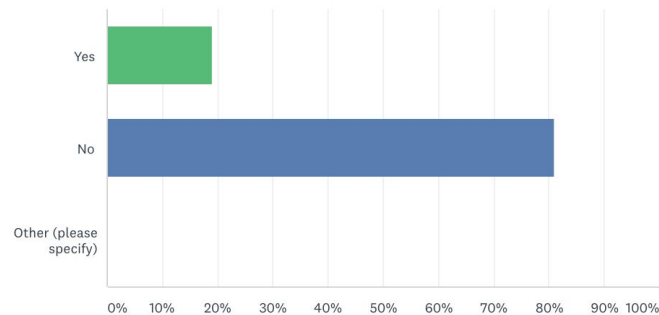
| ANSWER CHOICES         | RESPONSES |    |
|------------------------|-----------|----|
| Female                 | 79.41%    | 54 |
| Male                   | 20.59%    | 14 |
| Other (please specify) | 0.00%     | 0  |
| TOTAL                  |           | 68 |

# Demographic Information

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Do you identify as a visible minority?

Answered: 68 Skipped: 0



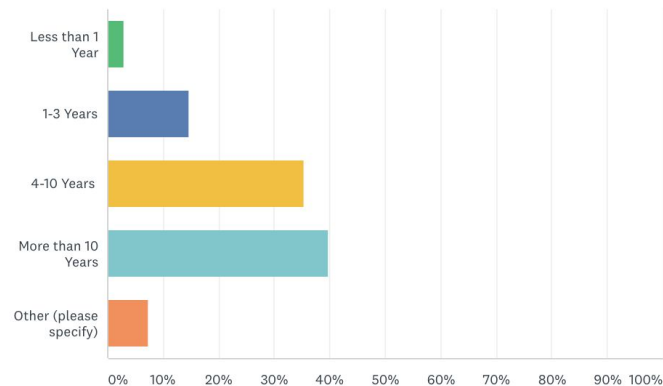
| ANSWER CHOICES           | RESPONSES       |    |
|--------------------------|-----------------|----|
| ▼ Yes                    | 19.12%          | 13 |
| ▼ No                     | 80.88%          | 55 |
| ▼ Other (please specify) | Responses 0.00% | 0  |
| TOTAL                    |                 | 68 |

# Longevity of Business

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How long have you been in business?

Answered: 68 Skipped: 0



| ANSWER CHOICES         | RESPONSES |
|------------------------|-----------|
| Less than 1 Year       | 2.94% 2   |
| 1-3 Years              | 14.71% 10 |
| 4-10 Years             | 35.29% 24 |
| More than 10 Years     | 39.71% 27 |
| Other (please specify) | 7.35% 5   |
| TOTAL                  | 68        |



# Types of Service as % of Revenue

|                                                                         |     |
|-------------------------------------------------------------------------|-----|
| Esthetics (nails, facials, waxing, lashes, laser hair removal, medical) | 66% |
| Massage                                                                 | 7%  |
| Hair                                                                    | 27% |

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Total contacts  
across 68 business  
databases

446,925  
Ontario  
Consumers

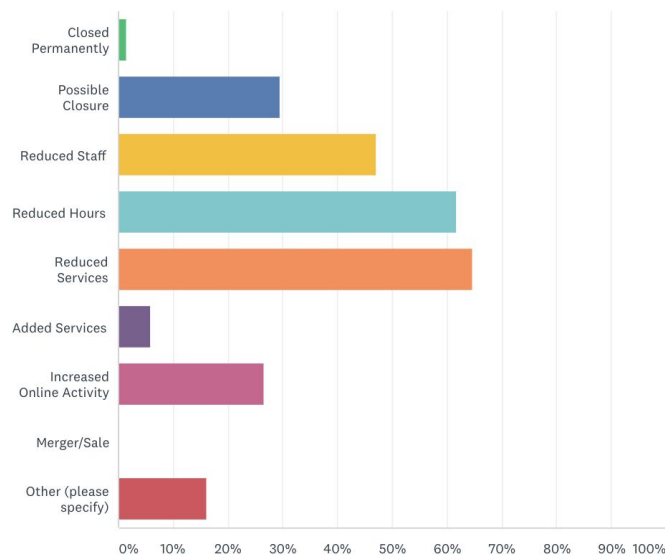
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# Business Changes due to COVID-19

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How has your business changed due to COVID-19 (choose all that apply)?

Answered: 68 Skipped: 0



| ANSWER CHOICES              | RESPONSES |    |
|-----------------------------|-----------|----|
| ▼ Closed Permanently        | 1.47%     | 1  |
| ▼ Possible Closure          | 29.41%    | 20 |
| ▼ Reduced Staff             | 47.06%    | 32 |
| ▼ Reduced Hours             | 61.76%    | 42 |
| ▼ Reduced Services          | 64.71%    | 44 |
| ▼ Added Services            | 5.88%     | 4  |
| ▼ Increased Online Activity | 26.47%    | 18 |

# Business Changes due to COVID-19

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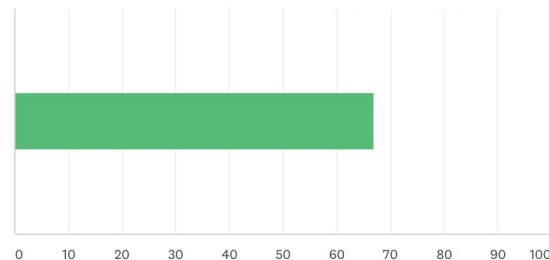
|                      |                             |
|----------------------|-----------------------------|
| July 2019 - Jan 2020 | 1.24% increase in staffing  |
| Jan 2020 - July 2020 | 21.47% decrease in staffing |

# Assessment of efficacy of Ontario Government Response to COVID-19

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On a Scale of 1 - 100 (with 100 being Most Excellent), how would you rate the Ontario Government's Response to COVID-19?

Answered: 68 Skipped: 0



| ANSWER CHOICES        | AVERAGE NUMBER | TOTAL NUMBER | RESPONSES |
|-----------------------|----------------|--------------|-----------|
| Responses             | 67             | 4,558        | 68        |
| Total Respondents: 68 |                |              |           |

# Respondents' Rationale of Assessment of Government Relief To-Date (Themes)

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Comments are aggregated here and anonymized.

Themes found in comments:

|                                                                                                              |       |    |
|--------------------------------------------------------------------------------------------------------------|-------|----|
| Financial assistance (other than CECRA) was strong and timely                                                | 20.8% |    |
| There was a lack of industry consultation and understanding relative to regulations                          | 15.3% |    |
| CECRA was poorly planned, executed with predictably poor participation rates                                 | 13.9% |    |
| Government communications were consistent and transparent                                                    | 13.8% |    |
| Rules/regulations were not clear and applied equally across similar sectors                                  | 11.2% |    |
| A large population of SMEs were not eligible for any or few financial support mechanisms                     | 11.1% |    |
| Financial support programs were clumsily rolled out and too complex                                          | 8.3%  |    |
| Geographic disparities in infection levels did not manifest in meaningful policy differences or phase timing | 2.8%  |    |
| Other (mandatory mask policy could have been initiated at the onset; vulnerable populations ignored)         | 2.8%  | 14 |

# Respondents' Views: How Government Could Improve Rating (Themes)

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Comments are aggregated here and anonymized.

Themes found in comments:

|                                                                                                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Engage industry stakeholders (salons/spas; schools; brands; associations) to develop clear, concise, efficacious rules and regulations (including sectoral licensing) | 20.6% |
| Redesign the CECRA to remove the landlord as the agent of change                                                                                                      | 19.1% |
| The Government has done the best they could do under these extraordinary circumstances - thank you!                                                                   | 14.7% |
| Leverage industry knowledge/education relative to infection control and hygiene (well educated professionals could inform policy)                                     | 13.3% |
| Extend financial assistance beyond 2020 especially relative to CEWS and a revised CECRA (and possibly HST relief)                                                     | 13.2% |
| Push for a CERB2 that declines over time and accommodates greater earning (current CERB is negatively affecting employer staffing recall effort)                      | 7.4%  |
| Other                                                                                                                                                                 | 11.7% |

# Example of CERB2

Example of CERB2 that declines over time and accommodates greater earnings

(Current CERB is negatively affecting employer staffing recall efforts)

| example | CERB (month) | Earnings allowed (w/o affecting CERB) |
|---------|--------------|---------------------------------------|
| Current | \$2,000      | \$1,000                               |
| Month 1 | \$1,800      | \$1,200                               |
| Month 2 | \$1,600      | \$1,400                               |
| Month 3 | \$1,400      | \$1,600                               |
| Month 4 | \$1,200      | \$1,800                               |
| Month 5 | \$1,000      | \$2,000                               |

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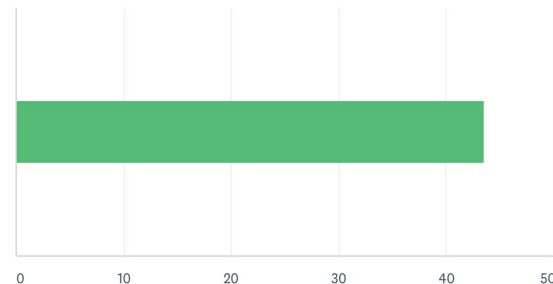


# Percentage of Revenue Lost to New Safety Regulations

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How much revenue have you lost due to new safety regulations?

Answered: 68 Skipped: 0



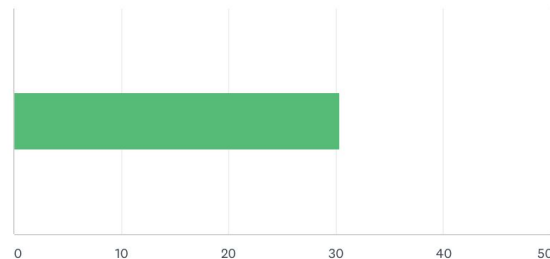
| ANSWER CHOICES        | AVERAGE NUMBER | TOTAL NUMBER | RESPONSES |
|-----------------------|----------------|--------------|-----------|
| Responses             | 44             | 2,962        | 68        |
| Total Respondents: 68 |                |              |           |

# Percentage of Cost Increase due to New Safety Regulations

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How much have your costs increased due to new safety regulations (e.g. due to reduced capacity)?

Answered: 68 Skipped: 0



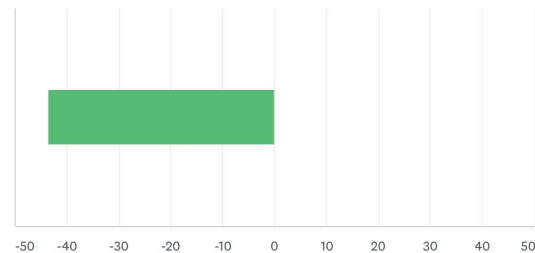
| ANSWER CHOICES        | AVERAGE NUMBER | TOTAL NUMBER | RESPONSES |
|-----------------------|----------------|--------------|-----------|
| Responses             | 30             | 2,060        | 68        |
| Total Respondents: 68 |                |              |           |

# Lost Revenue of 44% on average reported year-over-year

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What has the effect been on your revenue July 2019 versus July 2020?

Answered: 68 Skipped: 0



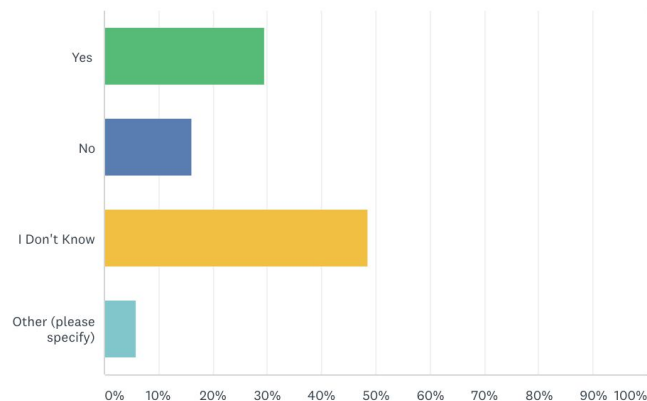
| ANSWER CHOICES        | AVERAGE NUMBER | TOTAL NUMBER | RESPONSES |
|-----------------------|----------------|--------------|-----------|
| Responses             | -44            | -2,965       | 68        |
| Total Respondents: 68 |                |              |           |

# Likelihood of Business Closure in Event of Second Economic Shutdown

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Will your business close if there is a second economic closure/quarantine?

Answered: 68 Skipped: 0



| ANSWER CHOICES           | RESPONSES       |    |
|--------------------------|-----------------|----|
| ▼ Yes                    | 29.41%          | 20 |
| ▼ No                     | 16.18%          | 11 |
| ▼ I Don't Know           | 48.53%          | 33 |
| ▼ Other (please specify) | Responses 5.88% | 4  |
| TOTAL                    |                 | 68 |

# Respondents' Rationale of Assessment of Government Relief To-Date (Select Comments)

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“Supply Chain. And operating costs. It’s one thing getting the products and another thing affording the new costs of these items that are required under new restrictions. And we can’t increase our prices as the clients we are trying to bring back expect “discounts.”

**- A survey respondent**

“Just losing all my hard work. I have built my business from the ground up and was very successful and ready to make a big leap forward and now I’ve been set back a year with my dreams and I can’t even move forward because I have no assurance of what will happen, I literally don’t know what to do or if I can move forward in the next few years...”

**- A survey respondent**

# Ongoing Worries (Voluntary 62/68 submitted)

## (Themes)

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Comments are aggregated here and anonymized. Themes found in comments:

|                                                                               |             |
|-------------------------------------------------------------------------------|-------------|
| Closing Permanently / Viability                                               | 28 Comments |
| Working Capital                                                               | 17 Comments |
| PPE Availability                                                              | 10 Comments |
| Staffing                                                                      | 10 comments |
| Reassuring the Public                                                         | 9 comments  |
| Safety                                                                        | 7 comments  |
| Shutting Down Again                                                           | 5 comments  |
| Underground Economy/Lack of Regulation                                        | 2 Comments  |
| Other (Waste/PPE Disposables, CERB Issues, Retail Display restrictions, etc.) |             |

# Interpreting Results

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The respondents to our survey are primarily located in the GTA (43%), Street-Level Spas (74%), Female-led (79%), and are established businesses open 4 years or more (75%). Almost 20% of respondents are visible minorities.

Businesses have been impacted significantly. 65% have reduced services, 62% have reduced hours, 47% have reduced staff, and 29% face permanent closure. Safety regulations have caused 44% revenue decline partly due to loss of overall capacity from social distancing, etc. Costs have increased 30% as well.

Overall respondents are only moderately satisfied with the Ontario government, giving the overall COVID response a 67/100 score on average. On the positive, respondents site good financial support (21%) and timely communications (14%) as drivers of good opinion. Negative opinions were driven by perceptions of lack of consultation (15%), problems with CERB program (14%) ineligibility for programs (11%) and inconsistent standards (11%).

Respondents are calling for more engagement with industry (21%), and relatedly asking that knowledge is incorporated in decisions (13%), as well as revised rent programs (19%) and financial assistance (13%).

# Additional Ideas from Survey Respondents

- Provide greater financial aid to those who could not access support programs, i.e. greater portion of \$40,000 loan as forgivable
- The financial support mechanisms did not accommodate high growth businesses (historical metrics are useless)
- The financial support mechanisms did not accommodate seasonality
- Beef up municipal Health Departments to facilitate education, monitoring and enforcement
- Provide grants to industry associations to drive education and compliance
- Encourage beauty colleges to take a more active role in industry licensing and advocacy
- Standardize/harmonize Health & Safety codes across the Province

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THANK YOU

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