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FEATURES AND DEVELOPMENT TRENDS OF THE BEAUTY INDUSTRY MARKET IN RUSSIA

***Abstract:** The paper analyzes the development of the market, the beauty industry in the Russian Federation, taking into account its characteristics and trends, as well as factors that have the strongest influence on the formation of markets. The economic and regional features of development were highlighted. According to the results of the analysis, a forecast for the development of the beauty industry market for the near future was made.*

Key words: beauty industry, economic efficiency, segmentation, development trends.

Formulation of the problem. The beauty industry has been popular among the population of the whole world for several millennia and is currently a promising industry for doing business. The Russian market is attractive for foreign investors and entrepreneurs, which indicates its development in accordance with global trends in the beauty industry. Every year, services in this area are gaining more and more popularity in almost all countries of the world. People do not want to save on their own beauty and health, therefore, business in this area is profitable and successful.

At the moment, the average resident of the Russian Federation spends as much on cosmetic procedures and health and beauty care products as an inhabitant of Italy. This is despite the fact that the average salary in Russia is 40 thousand rubles, and in Italy 180 thousand rubles. With a salary difference of 4.5, the level of costs for beauty and health remains the same. First of all, this suggests that people are willing to spend money to stay beautiful and healthy [4].

The services of the beauty industry at the moment are very diverse, from massages and body wraps to hair, eyelash and eyebrow extensions. Even in Ancient Egypt, Rome, Ancient Greece and China, women carefully monitored the health of nails and hair. The history of hairdressing is more than a thousand years old, the first

full-fledged hairdressing salons in modern representation appeared in France in the XII century. The concept of the "beauty industry" appeared and came into use relatively recently, but the first beauty salon was opened at the end of the 19th century in the Australian city of Melbourne. The first salon was opened by Elena Rubinstein, currently known as the founder of the popular brand HelenaRubinstein. She, having moved from Poland to Australia, noticed that local women have very dry skin on their faces. Elena started selling them Polish sunscreen and pretty soon opened a beauty salon, where she helped women take care of their skin and gave valuable advice. In the third such salon, Elena introduced the services of a hairdresser and a variety of beauty services. It is her third salon that can be considered the first beauty salon. Since then, similar salons began to appear all over the world, each entrepreneur strove to introduce new services, improve the service and professionalism of the craftsmen. The rapidly growing competition among such salons stimulated the rapid development of the industry as a whole.

Relatively recently, weight loss centers have become fashionable, although the services of nutritionists have been in demand for a long time. The image of a thin girl as the ideal of beauty began cultivated in the twentieth century, after the world economy experienced several serious crises that were the result of wars. The reason for being thin then was extremely simple - there was little food. However, even after the economy stabilized, the fashion went nowhere. It is convenient and cheap for clothing designers to sew on thinner girls, their figures do not have pronounced features, therefore, the clothes that were sewn for one model are suitable for others. So, thinness quickly became an integral part of fashion. However, it is not easy for everyone to keep fit, so weight loss centers quickly became a separate and independent sector of the beauty industry [3].

Analysis of research and publications on the problem. The beauty industry market has been developing very rapidly lately and is one of the most promising. The following factors are identified that determine the rapid development of this industry:

- the desire of people to comply with all fashion trends;
- lack of time for self-service;

- an increase in the pace of life of the population;
- strict standards of beauty imposed by society and fashion.

The beauty industry market is developing very dynamically, so every year 25-30% of beauty salons declare themselves bankrupt and close, but the total number of such enterprises is growing. This means that new salons are being replaced by new ones. This market is very specific to other markets. The total volume of services sold to the population does not depend on what phase the economy is in at the moment. Even during periods of economic downturn, beauty industry enterprises provide a stable volume of services. Moreover, many enterprises in this industry lack the seasonality factor [4].

Speaking about the economic efficiency of business in the beauty industry market, it should be noted a significant difference in the profitability of sales of various types of services. In this case, profitability will be understood as the ratio of the profit from the sale of the service to the company's revenue. From this point of view, the most cost-effective services are hardware cosmetology. First of all, this is the merit of scientific and technological progress in this area. Over the past 10 years, the amount of consumables consumed by a cosmetic device has decreased tenfold, which has a significant impact on the cost of the service. Despite the high cost of such devices, they allow you to achieve the profitability of the service provided up to 75%. The effectiveness of "hardware services" also lies in the fact that they require much less qualifications of a master than, for example, injection cosmetology.

The second most effective group of services in terms of cost-effectiveness is "care cosmetology". The profitability in this area can reach 50%. Despite the rather high profitability of services, it depends on the phase of economic development at the moment, since during the crisis this type of service is the least in demand among the population.

The third group can be attributed to injection methods of correction, the profitability of these services is rapidly declining and currently stands at 25-30%.

Summing up the profitability of sales of various cosmetology services in the total turnover of the cosmetology market, we can say that the average profitability in the market is 50%, providing an average profitability of organizations of 25-30% [4].

Such a detailed analysis of the economic efficiency of cosmetology services, on the one hand, is due to the fact that it is due to cosmetology that modern enterprises increase the overall profitability of the enterprise, introducing such services as additional ones. Thus, enterprises increase their attractiveness. On the other hand, cosmetology clinics and offices are a fairly large niche in the beauty industry market [2].

After analyzing the market of the beauty industry in Russia and Europe, we can say that on average a Russian woman spends about 13,500 rubles. in year. This is an order of magnitude more than in Europe. For comparison, residents of France and England spend 11,000, Germans - 9,500. Since 2000, the attendance of beauty salons has increased 10 times and is 40% of the female population. But according to BusinessStat data from the report "Analysis of the market for hairdressing and beauty services in Russia", the growth in attendance at beauty salons in recent years is insignificant. In 2014-2015 it amounted to 1% (160 million rubles), for 2015-2016 there was a decline of 1.5% [1]. In the last 2 years, there has been a slight increase, which is associated with a decrease in the paying capacity of the country's population. But despite this, the share of companies with foreign capital on the Russian market is growing. According to Rosstat data over the past six years, the most popular and developing are hairdressing services, they make up 5.6% of all services provided, followed by cosmetology services - 3%, and nail services - 1.9%. These data are not accurate, since the specificity of Russian beauty salons makes it difficult to calculate the revenue of enterprises. The most obvious problem here is the involvement of some enterprises in the shadow economy. At the end of 2018, there were over 75,000 beauty industry enterprises in the Russian Federation. The data was collected in the 90 largest cities of Russia, but this calculation did not include representatives of small businesses in one way or another connected with the beauty industry, employed in the regions of the country. Their number ranges from 25 to 26 thousand enterprises [3].

Research results. The beauty industry has been popular among the population of the whole world for several millennia and is currently a promising industry for doing business. The Russian market is attractive for foreign investors and entrepreneurs, which indicates its development in accordance with global trends in the beauty industry. However, after analyzing the specifics of the Russian beauty industry market, it was possible to identify its price segmentation. Figure 1 shows a diagram of the division of enterprises into 4 segments.

Two leading groups can be distinguished: middle class enterprises and upper middle class enterprises. The average cost of a service in a middle-class enterprise is 1,700 rubles, and in an above-average enterprise - 3100 rubles. These two segments, according to research and statistics, are the least affected by the crisis. When the economy is in a crisis phase, the demand for services falls by 15%. Currently, not only large enterprises of the beauty industry are beginning to appear, but also a network of enterprises. In large cities, competition is growing and enterprises are trying to increase the average check, in smaller cities such enterprises are focused on the "average check" customer. The leader in terms of prices for salon and hairdressing services was and remains Moscow. Over the past 10 years, prices in Moscow have increased by 110%, which has led to a 1.5-fold reduction in service consumption. In the consumption of salon services by the population, the leaders are the Sakhalin Region, the Khabarovsk Territory, and the Murmansk Region [5].

Experts note that the level of service and staff motivation in Russia is significantly lower than in Europe. With this and with a decrease in the ability to pay and the life of the population, they associate the fact that in some regions of Russia, beauty industry enterprises experience a slight increase or decrease in the growth rate of service consumption. These regions include: Perm, Chelyabinsk, Kaliningrad and Omsk [5].

Conclusions and recommendations. We can say that the Moscow beauty industry service market sets development trends for the entire country market. Thus, the research shows that Moscow enterprises are the first to introduce the latest developments and methods in their work, and they are the first to commission new or

modernized equipment. A little later, enterprises in other regions of Russia are gradually introducing a similar thing at their enterprises. Today the Moscow market is represented by a full range of beauty salons. The sexual orientation of the salons only for men or only for women did not justify itself, and enterprises tried to improve their own policy, salons for the whole family, for pets appeared, SPA procedures gained particular popularity. Figure 2 shows a breakdown diagram of the full spectrum of beauty salons.

When analyzing market enterprises, one can also note the saturation of the industry with various forms of business, the number of which is increasing annually.

The market for beauty industry enterprises is relatively stable and promising, having analyzed its structure and rates of development, we can conclude that it is at the stage of active development. Based on forecasts for 2019, we can assume that the market will grow by 5%.

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