



Hair Salons Want A Cut From The Gig Economy

Insights

3.20.18

The gig economy continues to grow into all sectors of the modern world. By some accounts, on-demand workers are projected to comprise 43 percent of the United States workforce by 2020. If true, we can anticipate large groups of workers searching for non-traditional, more flexible work options in all industries. While the gig economy model is more pervasive in areas like the ride-sharing industry, we will no doubt continue to see growth in countless others. Could the beauty and grooming industry be up next?

For decades, owners in the beauty and grooming industry have relied on a traditional model where workers are typically classified as 1099 independent contractors. They usually do not receive portable benefits from the businesses they work with, and are also not entitled to workers' compensation insurance, unemployment insurance, and other protections that W2 employees enjoy. Workers typically pay the owner a booth rental fee. In exchange, the owner provides a booth, grooming equipment, and other perks. In many arrangements, workers straddle a thin line between being an employee and an independent contractor. Although this system has been effective, there are untapped opportunities for businesses and workers.

In 2016, a husband and wife team created ShearShare, which is a mobile application for on-demand workers in the beauty and grooming industry. As stylists and owners themselves, they intimately understood issues impacting the industry. They wanted to create an application that would connect on-demand stylists with owners of established salons. They believed the application would be mutually beneficial to owners and workers alike.

In any business, employee turnover is an issue. This issue can be particularly troublesome in the grooming industry. For example, when a worker leaves a salon, the owner can incur costs associated with having an empty booth. If the owner is purchasing the space, the monthly mortgage fee will not change because a worker decided to leave. If the owner is renting the building, in most cases, the owner of the building will expect to receive their monthly rental fee. The mobile application enables owners to quickly search for qualified stylists who may be available to start working immediately. This allows businesses to quickly mitigate lost revenue.

The application also provides benefits to freelance workers. For those workers who operate a business from their homes, being able to rent space from a professional salon can be helpful. Operating out of a professional salon will likely enable workers to charge higher fees for their services. Workers might be able to retain more clients due to walk-in traffic and other

their services. Workers might be able to retain more clients due to word-of-mouth and other marketing efforts the salon offers. For freelance workers who have full-time jobs, but want to make additional income, the application enables them to work as little or as much as they so decide.

Although the application is still in its infancy stage, it is being used in over 350 cities and 11 countries. Only the future will tell us how this application, and similar applications, will change the beauty and grooming industry, but it is indicative of the way that the gig economy is allowing businesses and workers to capitalize on these arrangements for mutual benefit.