Post-COVID19 Report

Facing the Challenges
In Singapore's
Beauty & Wellness
Industry

Edward Wong
January 2023

SWAS
Specialists in Wellness
Association Singapore
新加坡养生专家协会

Acknowledgement

I thank all respondents for taking time to complete the SWAS Manpower Survey. The information, feedbacks and suggestions given have provided important insights into the business environment, critical issues and challenges of the Beauty & Wellness industry.

I am especially grateful to my colleagues who have assisted me in the preparation of this report.

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- Raymond Ooi who organised and managed the manpower survey,
- Laurie Chin who coordinated the meetings and communications, and
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SWAS Manpower Committee Members (in alphabetical order)

- Ang Cheng Lam
- Dawn Yip
- Edward Wong (Chair)
- Isaac Goh,
- Jeff Lim
- Lau Wee Kiat
- Laurie Chin (Secretariat)
- Raymond Ooi
- Suzanne Ng
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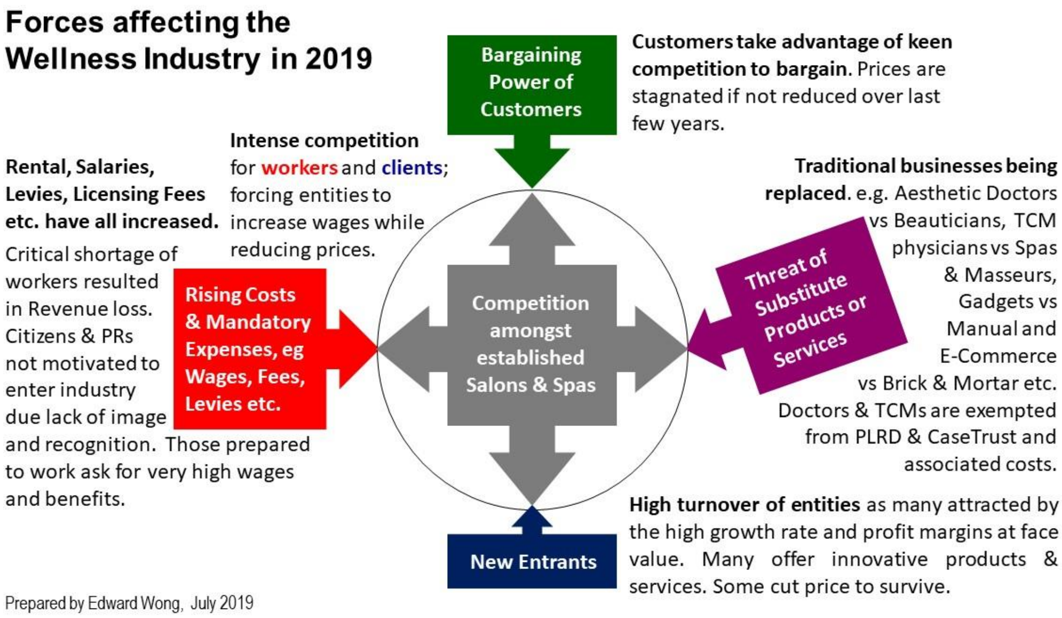
***Facing the Challenges** in Singapore’s Beauty & Wellness Industry* is prepared by Edward Wong with contributions from Suzanne Ng. References are made to various publications of the Global Wellness Institute for statistics and forecasts of the global, regional and country wellness economy.

CONTENTS

(1) Introduction

Singapore's Beauty & Wellness Industry was going through a fast pace of development from 2017 to 2019. While new entrants brought innovative ideas and vigour to the industry, existing players were facing many forces in the business environment that exert change.

COVID-19 became the catalyst to accelerate these changes as personal safety, working from home, digital shopping and wellness abruptly became a part of consumer lifestyle. Things that were perceived as good to have suddenly became essentials for business sustainability and growth.



This report examines the developments and trends in the global wellness arena and in Singapore. The findings of the SWAS Manpower survey in 2022, based on information gathered across different sectors and segments of the Beauty & Wellness business community, is included to provide a candid picture of the challenges faced by the industry due to manpower shortage.

Purpose of this Report

To provide relevant information of the Beauty and Wellness industry for further study and review. This report includes global, regional and Singapore statistics, opinions and projections by various industry experts, outcome of primary and secondary research of trends, potentials, challenges, threats and opportunities.

To facilitate stakeholders, including owners and managers of business entities; government agencies; related trade associations; decision makers; researchers and influencers of the beauty and wellness industry to,

- Assess markets and business sectors,
- Conduct feasibility studies,
- Consider competitiveness, risks and benefits,
- Address pain points, issues and plan corrective actions,
- Develop and manage strategies and business plans, and
- Carryout further research on various factors, visions and challenges that affect the development and growth of Singapore's beauty and wellness industry.

(2) About SWAS

The Specialists in Wellness Association of Singapore (previously known as the Spa and Wellness Association of Singapore) or SWAS was set up in 2004 by businesses and professionals working in the Beauty and Wellness industry to promote the business interests of stakeholders; develop competencies, facilitate networking and communication to augment growth.

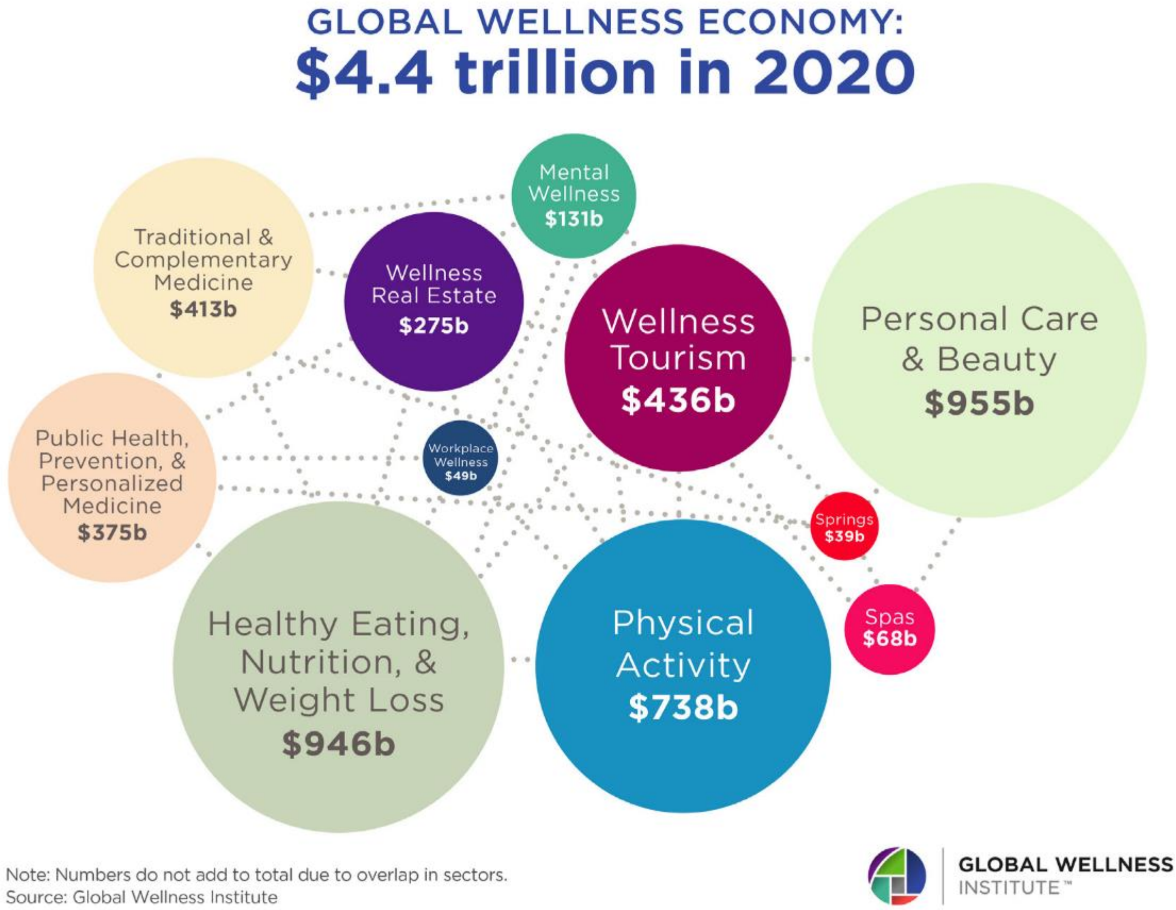
SWAS has since developed into an umbrella association for the Beauty & Wellness industry covering beauty services, slimming, hair services, nails, spa and wellness sectors. SWAS has about 450 members including Individual members who hold an accredited vocational qualification in beauty and/or wellness and Corporate members whose businesses are relevant to the industry, either as service providers; product manufacturers, distributors and retailers; education and training institutions; digital solutions providers; management consultants and other business entities associated with the Beauty & Wellness industry.

SWAS supports development and growth in the Beauty & Wellness industry through:

- Business facilitation, e.g. participation in trade exhibitions, trade missions and conferences;
- Education and skills development, e.g. partnership with Republic Polytechnic and Pearson UK to provide training and certification;
- Competency recognition and enhancement, e.g. through SWAS Registry of Complementary Therapists;
- Recognition of business/service excellence, e.g. through SWAS Excellence Star Awards:
- Augment good professional practices and industry standards; and
- Provide networking and business opportunities to members.

(3) Overview of the Global Wellness Economy

The Global Wellness Economy grew by 6.6% annually from 2017 reaching US$4.9 trillion in 2019. However, the COVID-19 pandemic resulted in revenue decreasing 11% to US$4.4 trillion in 2020. The Global Wellness Institute[1] has projected in 2020 that the trend will reverse and continue to grow at a robust rate of 9.9% annually to reach about US$7 trillion in 2025.



COVID-19 has affected the wellness industry across different regions and sectors, bringing new opportunities to some and calamities to others. Revenue of spas, personal care centres, beauty salons and other physical activity entities whose services are provided at designated places of business were disrupted during the pandemic.

While brick and mortar businesses were locked down, consumers were making purchases online; trying out new DIY personal care products, smart gadgets and other newly created digital technologies to enhance beauty and wellness. Restrictions on

[1] The Global Wellness Institute (GWI) is a 501(c) (3) non-profit organization and is the leading global research and educational resource for the global wellness industry.

congregation of people and close personal contacts were eased in 2022 and many consumers resumed their visits to personal care and service providers. However, the new habits and joy of shopping online and using DIY personal care products continued.

COVID-19 has fortified the mindset of people about wellness. The pandemic has brought greater awareness of the importance of holistic wellbeing, to be more than just being healthy, Interest in wellness has accelerated during the pandemic and is being embedded in mainstream consumer lifestyles globally. The wellness landscape is broadening rapidly to include all kinds of things and activities for an equally fast expanding consumer base. Wellness has become the focus of innovative entrepreneurs and intrapreneurs in selling their products.

Wellness Economy by Region, 2017, 2019, 2020

	Wellness Economy				Average Annual Growth Rate	
	(US$ billions)			*Per Capita 2020*	2017-2019	2019-2020
	2017*	2019	2020			
Asia-Pacific	$1,370.5	$1,602.8	$1,500.2	*$359.74*	*8.1%*	*-6.4%*
North America	$1,288.1	$1,514.0	$1,310.8	*$3,566.93*	*8.4%*	*-13.4%*
Europe	$1,168.3	$1,288.6	$1,141.5	*$1,235.83*	*5.0%*	*-11.4%*
Latin America-Caribbean	$311.7	$302.1	$235.4	*$360.31*	*-1.5%*	*-22.1%*
Middle East-North Africa	$104.7	$120.9	$107.7	*$214.53*	*7.4%*	*-10.9%*
Sub-Saharan Africa	$74.0	$81.7	$73.7	*$64.74*	*5.1%*	*-9.8%*
WORLD	**$4,317.3**	**$4,909.9**	**$4,369.3**	***$563.44***	***6.6%***	***-11.0%***

** 2017 figures for this sector have been revised since GWI released the previous version of the Wellness Economy Monitor (see box below for more details).*
Note: Figures may not sum to total due to rounding.
Source: Global Wellness Institute, based on extensive primary research and secondary data sources.

4. Statistics & Projections

Global Wellness Institute estimated that the Global Wellness Economy grew 6.6% from 2017 to 2019, reaching US$4.9 trillion and fell 11% in 2020 to US$4.4 trillion[2]. The performances of different regions varied. The Asia-Pacific region contributed 31.7% in 2017 and increased to 34,3% in 2020. North American contributed 29.8% in 2017 and 29.9% in 2020, whereas Europe contributed 27% in 2017 and 26.1 in 2020.

Summary of the ***Wellness Economy by Region, 2017, 2019, 2020 report***:

- Asia-Pacific was the fastest growing Wellness market from 2017 to 2019 (at 8.1% growth) contributing the largest share to the global wellness economy throughout the period 2017 to 2020.
- North America's share of the Wellness economy was constant at around 29.9%
- Europe's share has decreased slightly during the pandemic.
- The Asia-Pacific region was least affected by COVID-19 with minus 6.4% in 2020 as compared to North America's minus 13.4% and Europe's minus 11.4%.
- Collectively, the three regions contributed 90% of the global wellness economy.
- Per capita spending in Wellness was highest in North America at $3,566.93. Europe at $1,235.83 whereas the Asia-Pacific region averages at $359.74 in 2020.

It is important to note that the revenue registered were not entirely from local (residents) spending as international travellers account for about 27% in wellness tourism.

[2] The Global Wellness Economy: Looking Beyond COVID, Global Wellness Institute, December, 2021

5. Performance by Sectors

Various restrictions and personal safety measures during COVID-19, including travel ban, border closure, service suspension, stay home order and social distancing etc., have affected the sustainability of personal services and travel related activities and businesses. Disruptions to supply chains, brick and mortar stores lock down or closing, discretionary purchasing etc. have affected revenue and profits.

Wellness Economy Sectors, 2017, 2019, 2020

	Wellness Economy (US$ billions)			Average Annual Growth Rate	
	2017*	2019	2020	2017-2019	2019-2020
Personal Care & Beauty	$1,021.6	$1,097.3	$955.2	*3.6%*	*-13.0%*
Healthy Eating, Nutrition, & Weight Loss	$858.1	$912.3	$945.5	*3.1%*	*3.6%*
Physical Activity	$789.5	$873.8	$738.1	*5.2%*	*-15.5%*
Wellness Tourism	$617.0	$720.4	$435.7	*8.1%*	*-39.5%*
Traditional & Complementary Medicine	$376.2	$431.9	$412.7	*7.1%*	*-4.5%*
Public Health, Prevention, & Personalized Medicine	$328.3	$359.1	$375.4	*4.6%*	*4.5%*
Wellness Real Estate	$148.5	$225.2	$275.1	*23.2%*	*22.1%*
Mental Wellness	N/A	$122.3	$131.2	*N/A*	*7.2%*
Spas	$93.6	$110.7	$68.0	*8.7%*	*-38.6%*
Workplace Wellness	$47.7	$52.2	$48.5	*4.6%*	*-7.0%*
Thermal/Mineral Springs	$56.1	$64.0	$39.1	*6.8%*	*-38.9%*
Wellness Economy	**$4,317.3**	**$4,909.9**	**$4,369.3**	***6.6%***	***-11.0%***

** 2017 figures have been revised since GWI released the previous version of the Wellness Economy Monitor (see box below for more details).*
Note: Figures do not sum to total due to overlap in sectors.
Source: Global Wellness Institute, based on extensive primary research and secondary data sources.

- Nonetheless, Personal Care & Beauty remained the lead contributor to the global wellness economy at 21.9% or US$955 billion in 2020, in spite of taking a fall of 13% in revenue.
- Healthy Easting, Nutrition & Weight Loss, was a very close second contributing 21.6% or US$945 billion. This sector saw a higher growth of 3.6% in 2020.
- Physical Activity and Wellness Tourism maintained their respective third and fourth positions even though both sectors were severely affected by the pandemic. Physical Activity revenue fell 15.5% in 2020 contributing US$ 738 billion or 16.9% and Wellness Tourism fell 39.5% in 2020 contributing US$436 billion or 10% to the global wellness economy,
- The four leading sectors (above) made up over 70% of the global wellness economy.
- Wellness Tourism, Spas and Thermal/Mineral Springs were the most affected sectors during the pandemic, falling 39.5%, 38.6% and 38.9% in revenue respectively.

6. The Personal Care & Beauty Market by Region

Global Wellness Institute placed under “Personal Care & Beauty” products and services for personal hygiene and appearance, encompassing the care of body, face, skin, hair and nails. (excluding Spas which constitute another sector)

Global consumer spending on personal care & beauty grew from US$1,021.6 billion in 2017 to US$1,097.3 billion in 2019, and then declined in 2020 to US$955.2 billion. The 13% decline in revenue of the personal care & beauty sector from 2019-2020 was much higher than the 4.2% decline in overall consumer spending over the same period indicating that the pandemic had affected the personal care and beauty sector much more than the average.

In 2020, the Asia-Pacific region had, however, moved from the third to become the first revenue contributor to the global economy; suggesting that consumer spending on personal care and beauty in Asia-Pacific was less affected by the pandemic as compared to other regions. The GWI report[3] highlighted that long periods of staying at home have impacted people’s grooming habits including adopting a more casual attitude about personal appearance while increasing awareness of the concepts in self-care, prevention, healthy lifestyle etc.; and that external appearance was connected to one’s general state of health.

Personal Care & Beauty Market by Region, 2017, 2019, 2020

	Personal Care & Beauty Market				Average Annual Growth Rate	
	(US$ billions)			*Per Capita 2020*	2017-2019	2019-2020
	2017*	2019	2020			
Asia-Pacific	$262.8	$297.0	$275.8	*$66.13*	*6.3%*	*-7.1%*
Europe	$290.4	$303.8	$273.6	*$296.25*	*2.3%*	*-9.9%*
North America	$289.0	$320.4	$263.3	*$716.44*	*5.3%*	*-17.8%*
Latin America-Caribbean	$122.6	$112.7	$86.4	*$132.18*	*-4.1%*	*-23.3%*
Middle East-North Africa	$36.2	$41.5	$37.2	*$74.18*	*7.0%*	*-10.2%*
Sub-Saharan Africa	$20.6	$22.0	$18.9	*$16.63*	*3.2%*	*-13.8%*
WORLD	**$1,021.6**	**$1,097.3**	**$955.2**	***$123.18***	***3.6%***	***-13.0%***

** 2017 figures for this sector have been revised since GWI released the previous version of the Wellness Economy Monitor, due to data revisions and updates made by key underlying data sources such as Euromonitor.*
Note: Figures may not sum to total due to rounding.
Source: Global Wellness Institute, based on data from Euromonitor.

7. The Spa Market by Region.

The Global Wellness Institute defines spas as establishments that promote wellness through the provision of therapeutic and other professional services aimed at renewing the mind, body and spirit. The spa sector includes Hotel/Resort Spas, Day/Club/Salon Spas, Destination Spas & Health Resorts, Medical Spas and Spas located at Thermal/Mineral Springs.

The spa industry was growing at 8.7% from 2017 to 2019 reaching US$110.7 billion in 2019. The rapid growth was largely driven by rising consumer incomes, ongoing tourism growth and an increasing propensity to spend on all things related to wellness. The Asia-Pacific region has the largest number of spas whereas Europe has the highest spa revenues.

Spa revenues may be generated from local customers, domestic as well as international travellers. Amongst the different categories of spas, Hotel/Resort spas had the highest revenues as well as in numbers with the growing interest in wellness tourism. Day spas formed the largest group in the Spa sector with many establishments offering body massage as the main service.

Spa Revenues by Region, 2017, 2019, 2020

	Spa Revenues				Average Annual Growth Rate	
	(US$ billions)			*Per Capita 2020*	2017-2019	2019-2020
	2017	2019*	2020*			
Europe	$33.3	$39.8	$25.2	*$27.24*	*9.3%*	*-36.7%*
Asia-Pacific	$26.5	$31.4	$19.1	*$4.58*	*8.9%*	*-39.2%*
North America	$22.9	$26.1	$16.5	*$44.85*	*6.8%*	*-36.9%*
Latin America-Caribbean	$6.6	$7.4	$4.2	*$6.37*	*6.1%*	*-43.8%*
Middle East-North Africa	$2.8	$3.9	$2.0	*$3.95*	*18.4%*	*-49.7%*
Sub-Saharan Africa	$1.6	$2.1	$1.1	*$0.95*	*13.8%*	*-47.4%*
WORLD	**$93.6**	**$110.7**	**$68.0**	***$8.77***	***8.7%***	***-38.6%***

** The large increase in spa revenues in 2019 is not entirely due to new builds, but also due to a dramatic increase in the number of hotel/resorts listing themselves and their spa facilities/services on global online booking sites, especially in emerging market countries. The 2020 revenue figures are preliminary estimates, based upon currently available data.*
Note: Figures may not sum to total due to rounding.
Source: Global Wellness Institute.

data.
***The number of hotel/resort spas stays the same from 2019-2020 because we currently have no basis for determining whether there were any permanent closures in 2020.*
Note: Figures may not sum to total due to rounding. See Appendix A for descriptions of the spa categories.
Source: Global Wellness Institute.

Restrictions in travel, temporary business shutdown and stay-at-home orders in 2020 drastically reduced global spa revenues by 38.6% to US$68 billion.

8. Asia-Pacific Wellness Economy

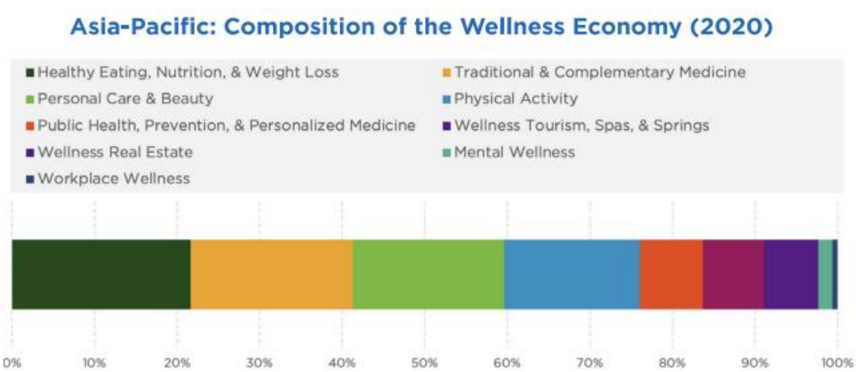
The composition of the Asia-Pacific wellness economy differed from the global line-up in 2020. Healthy Eating, Nutrition and Weight Loss together became the largest sector contributing 21.7% to the Asia-Pacific wellness economy. The traditional and complementary medicine sector was second, contribution 19.7%. Personal care and beauty sector was third, contributing 18.3% and physical activities sector fourth, contributing 16.5%. These four sectors contributed over 76% of the Asia-Pacific wellness economy.

Five markets made up over 82% of Asia-Pacific wellness economy. They are China, Japan, South Korea, Australia and India, which together contributed over US$ 1,242 billion to the region's total US$ 1,502 billion wellness economy.

Wellness Economy: Top 10 Markets in Asia-Pacific (2020)

	US$ billions
China	$682.7
Japan	$303.6
South Korea	$94.1
Australia	$84.4
India	$77.6
Taiwan	$38.4
Indonesia	$36.4
Philippines	$33.0
Thailand	$29.0
Malaysia	$24.4

Source: GWI



Source: Global Wellness Institute

9. Growth Projection of the Global Wellness Economy (2020 – 2025)

GWI projected that the global wellness economy will return to its robust growth and will continue to expand its share in consumer spending and the global economy at 9.9% annually to US$7 trillion in 2025.[4] The sectors, which were affected most by the pandemic, e.g. physical activities, wellness tourism and personal care services, are expected to recover and grow at a high rate to pre-pandemic levels.

Wellness Economy Growth Projections by Sector, 2020-2025

	Market Size (US$ billions)		Projected Market Size (US$ billions)					Projected Average Annual Growth Rate
	2019	2020	2021	2022	2023	2024	2025	2020-2025
Personal Care & Beauty	**$1,097.3**	**$955.2**	$1,093.5	$1,208.5	$1,282.6	$1,349.3	$1,412.9	***8.1%***
Healthy Eating, Nutrition, & Weight Loss	**$912.3**	**$945.5**	$986.3	$1,035.8	$1,089.2	$1,147.2	$1,209.9	***5.1%***
Physical Activity	**$873.8**	**$738.1**	$828.0	$907.7	$999.9	$1,094.5	$1,198.8	***10.2%***
Wellness Tourism	**$720.4**	**$435.7**	$652.8	$816.5	$928.2	$1,030.6	$1,127.6	***20.9%***
Traditional & Complementary Medicine	**$431.9**	**$412.7**	$448.4	$480.0	$512.6	$546.5	$582.6	***7.1%***
Public Health, Prevention, & Personalized Medicine	**$359.1**	**$375.4**	$394.5	$412.4	$429.7	$453.3	$478.3	***5.0%***
Wellness Real Estate	**$225.2**	**$275.1**	$347.1	$398.4	$459.7	$516.9	$580.3	***16.1%***
Mental Wellness	**$122.3**	**$131.2**	$147.5	$163.4	$180.1	$195.5	$209.8	***9.8%***
Spas	**$110.7**	**$68.0**	$101.9	$122.3	$131.5	$140.7	$150.5	***17.2%***
Workplace Wellness	**$52.2**	**$48.5**	$50.8	$52.8	$54.5	$56.4	$58.4	***3.8%***
Thermal/Mineral Springs	**$64.0**	**$39.1**	$58.5	$71.5	$77.4	$83.3	$89.7	***18.1%***
Wellness Economy	**$4,909.9**	**$4,369.3**	**$5,040.2**	**$5,588.7**	**$6,055.1**	**$6,514.9**	**$6,992.0**	***9.9%***

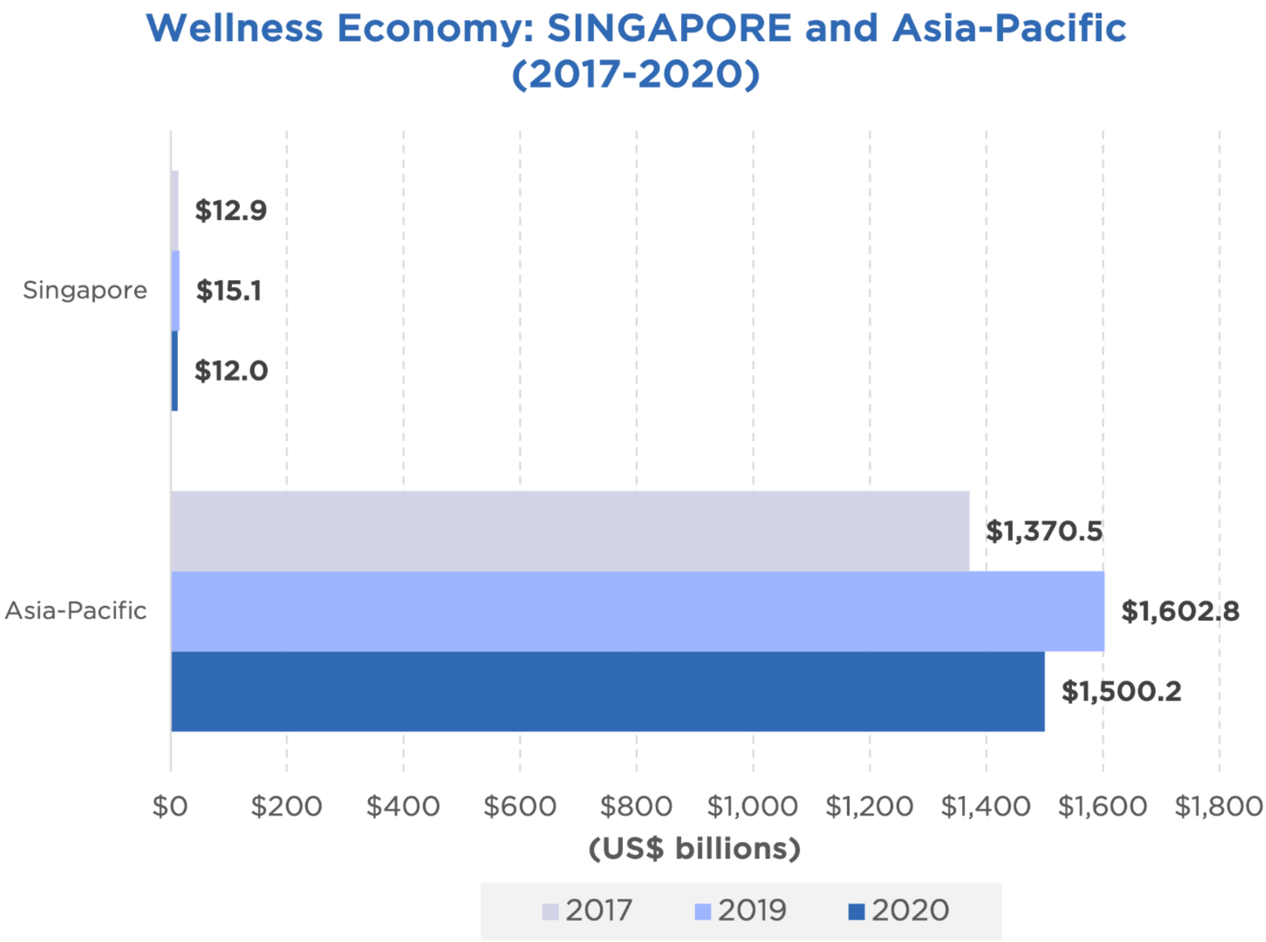
Note: Figures do not sum to total due to overlap in sectors.
Source: Global Wellness Institute estimates, based upon economic and industry sector projections from the IMF, ILO, Euromonitor, and GWI's data and projection model.

Forces that propel the growth of wellness include the expanding global middle class, population aging, ongoing awareness of environmental, physical and mental wellness and the pandemic (acting as a catalyst) are expected to produce a robust growth rate of 9.9% annually.

[4] The Global Wellness Economy: Looking Beyond COVID – December 2021

10. The Wellness Industry in Singapore

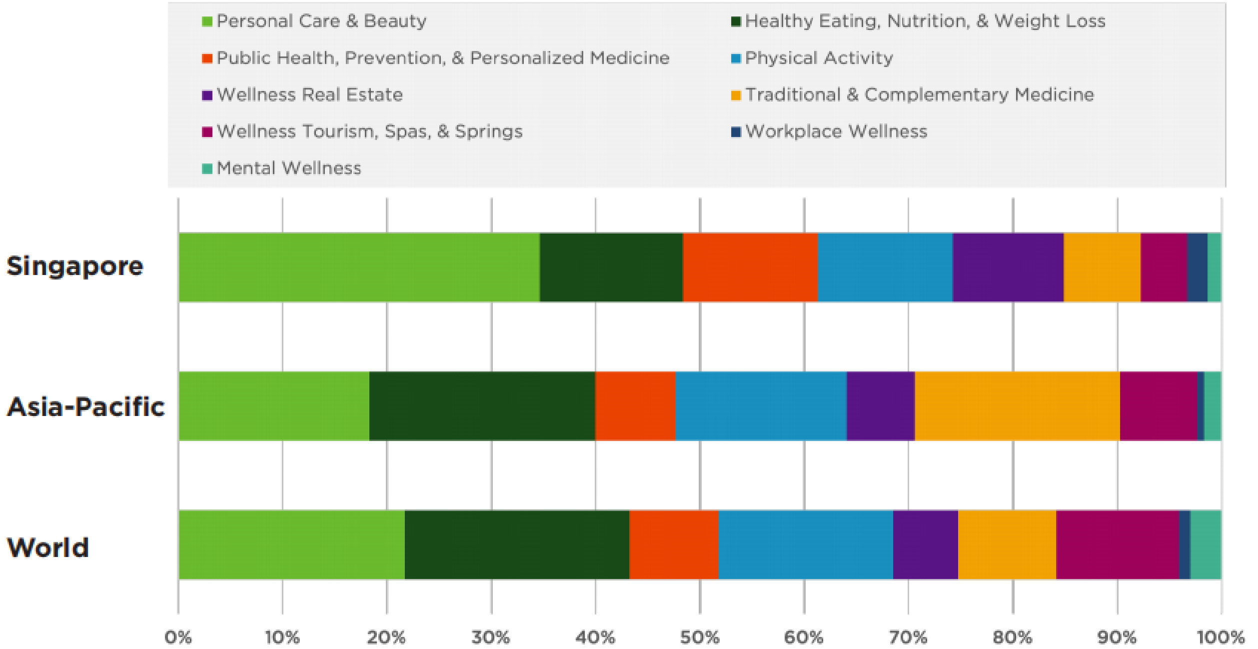
Based on GWI's research, Singapore ranks 14 out of 45 countries in the Asia-Pacific wellness economy. Singapore's wellness revenue reached US$15.1 billion in 2019 and declined to US$12.0 billion in 2020. Singapore is a small market by regional standard.



Source: Global Wellness Institute

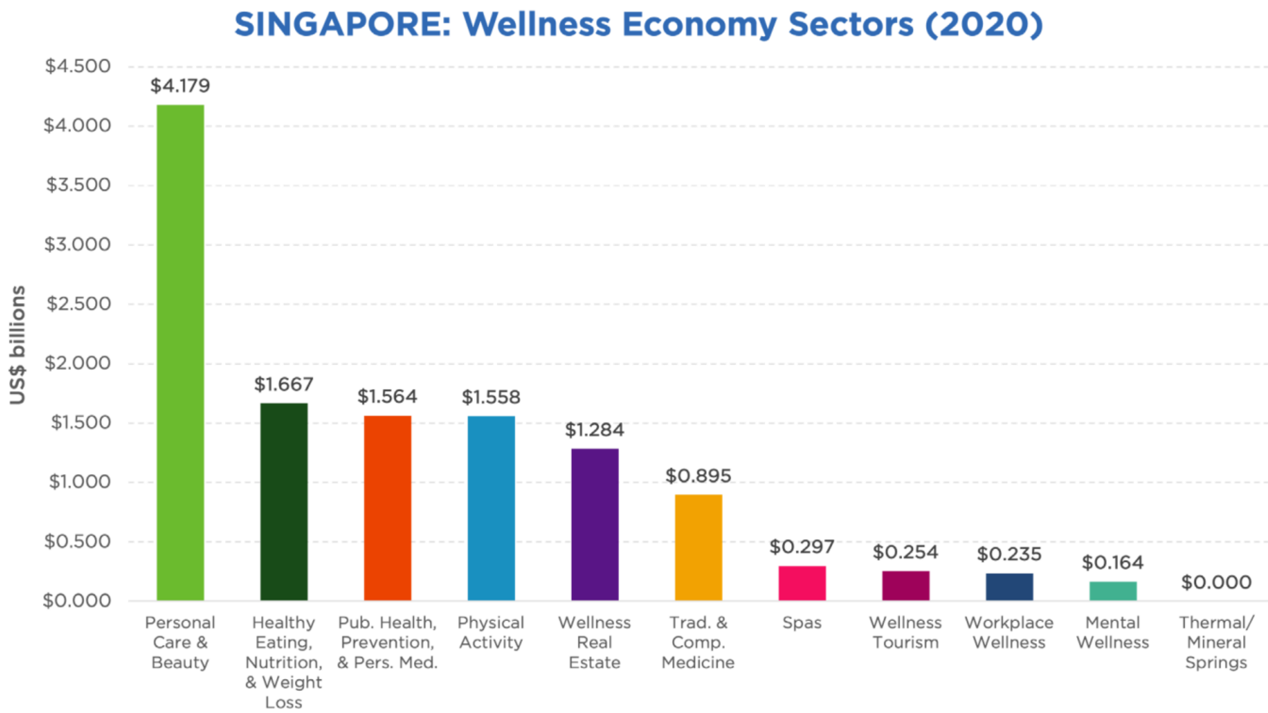
As a small nation with limited land resources and a small population, the emphasis in Singapore's Wellness market is different from those of Asia-Pacific and Globally. The Personal Care and Beauty sector is the main contributor, accounting for 34.8% or US$4.17 billion, is about 2.6 times higher than the other 3 leading sectors, Healthy Eating, Nutrition & Weight Loss; Public Health, Prevention & Personal Medicine and Physical Activities which contributed between 13% to 13.9% each.

Composition of the Wellness Economy (2020)



Source: Global Wellness Institute

The spas, wellness tourism and work-place wellness sectors contributed only about 2% to 2.5% to Singapore's wellness economy in 2020. Revenue of Hotel/Resort Spas declined 72% and other Spas about 43% between 2019 and 2020.



a) The Future of Singapore's Wellness Tourism Industry

Excerpt from *Challenge*'s interview with Mr. Keith Tan, Chief Executive of Singapore Tourism Board[5].

"We are reimaging what a sustainable urban destination and wellness in a busy city could look like"

Mr. Keith Tan is "absolutely confident" about Singapore's tourism revival and a go-to vacation spot for stressed-out families to relax, with holistic offerings that differentiate Singapore from other traditional wellness destinations. Accessibility to green spaces, surrounding seas, healthy food options etc. make Singapore a potential wellness hub.

Spas

Spa Establishments and Revenues by Type in Singapore: 2017, 2019, 2020

	Spa Revenues (US$ millions)			Number of Spas		
	2017	2019*	2020*	2017	2019*	2020*
Day/Club/Salon Spas	$297.0	$337.0	$197.0	513	535	509
Other Spas	$66.1	$78.9	$44.7	206	215	208
Hotel/Resort Spas**	$104.9	$138.0	$38.7	68	82	82
Medical Spas	$16.5	$18.7	$10.9	13	13	13
Destination Spas & Health Resorts	$5.8	$18.9	$5.3	1	3	3
Thermal/Mineral Springs Spas	$0.0	$0.0	$0.0	0	0	0
TOTAL	**$490.3**	**$591.6**	**$296.7**	**801**	**848**	**815**

**The large increase in number of spas and spa revenues in 2019 is not entirely due to new builds, but also due to a dramatic increase in the number of hotel/resorts listing themselves and their spa facilities/services on global online booking sites, especially in emerging market countries. The 2020 figures are preliminary estimates by GWI, based upon currently available data.*
***The number of hotel/resort spas stays the same from 2019-2020 because we currently have no basis for determining whether there were any permanent closures in 2020.*
Note: Figures may not sum to total due to rounding. See Appendix for descriptions of the spa categories.
Source: Global Wellness Institute.

[5] Challenge is a publication of the Singapore Public Service.

b) The Beauty & Wellness Industry in Singapore

According to a study by Ernst & Young in 2020, the Beauty & Wellness industry in Singapore is made up of approximately 6,000 entities with a workforce of 13.300 generating two billion Singapore dollars in revenue.

Ernst & Young was engaged by the Beauty Services Alliance to develop a Competency Framework for the Beauty & Wellness industry, in an initiative supported by Enterprise Singapore. The findings were published in August 2020.

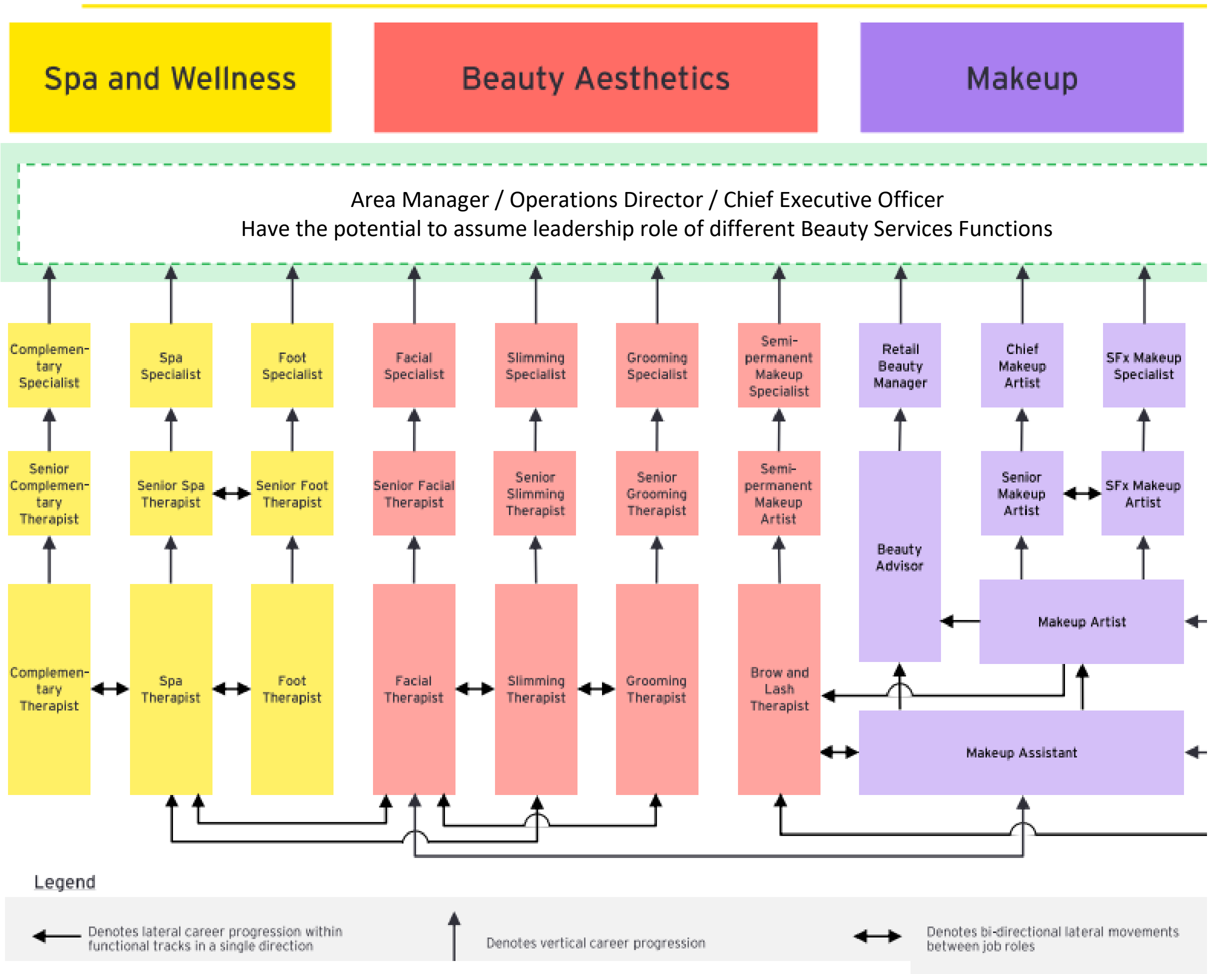
Key Statistics published

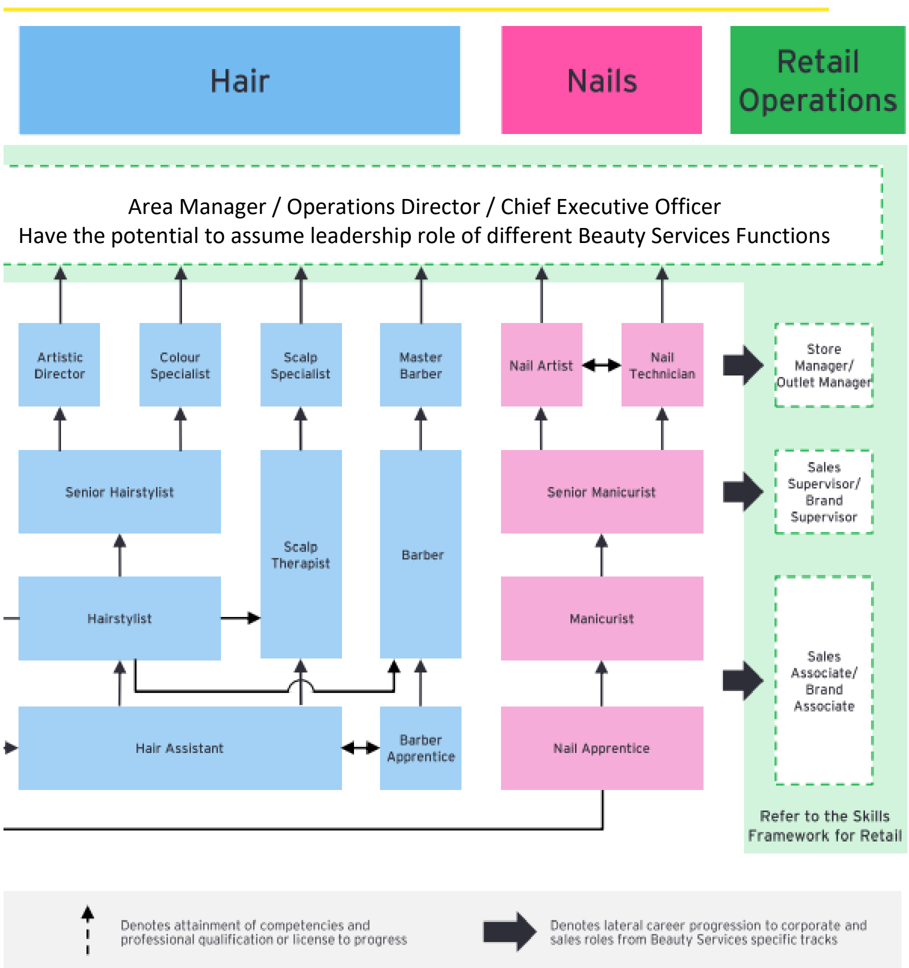
c) Career Map for the Beauty & Wellness Industry

A detailed career map of the various sectors in the Beauty & Wellness industry was created by Ernst & Young for the Beauty Services Alliances in February 2020 covering:

- Spa and Wellness
- Beauty Aesthetics
- Makeup
- Hair
- Nails
- Retail Operations.

Job roles and career pathways are detailed for progression from Apprentice level positions to Specialist jobs in the various sectors.


Spa and Wellness
Beauty Aesthetics
Makeup
Area Manager / Operations Director / Chief Executive Officer
Have the potential to assume leadership role of different Beauty Services Functions
Complementary Specialist
Spa Specialist
Foot Specialist
Facial Specialist
Slimming Specialist
Grooming Specialist
Semi-permanent Makeup Specialist
Retail Beauty Manager
Chief Makeup Artist
SFx Makeup Specialist
Senior Complementary Therapist
Senior Spa Therapist
Senior Foot Therapist
Senior Facial Therapist
Senior Slimming Therapist
Senior Grooming Therapist
Semi-permanent Makeup Artist
Beauty Advisor
Senior Makeup Artist
SFx Makeup Artist
Makeup Artist
Complementary Therapist
Spa Therapist
Foot Therapist
Facial Therapist
Slimming Therapist
Grooming Therapist
Brow and Lash Therapist
Makeup Assistant
Legend
Denotes lateral career progression within functional tracks in a single direction
Denotes vertical career progression
Denotes bi-directional lateral movements between job roles


Hair
Nails
Retail Operations
Area Manager / Operations Director / Chief Executive Officer
Have the potential to assume leadership role of different Beauty Services Functions
Artistic Director
Colour Specialist
Scalp Specialist
Master Barber
Nail Artist
Nail Technician
Store Manager/ Outlet Manager
Senior Hairstylist
Scalp Therapist
Barber
Senior Manicurist
Sales Supervisor/ Brand Supervisor
Hairstylist
Manicurist
Sales Associate/ Brand Associate
Hair Assistant
Barber Apprentice
Nail Apprentice
Refer to the Skills Framework for Retail
Denotes attainment of competencies and professional qualification or license to progress
Denotes lateral career progression to corporate and sales roles from Beauty Services specific tracks

11. SWAS Manpower Survey

a) The Circumstances

SWAS members have faced prolonged difficulties in finding therapists and service personnel for Beauty & Wellness businesses. To better understand the issues and severity of the situation, SWAS formed the Manpower taskforce in May 2022 to study the issues and conducted a survey to gather data and feedbacks from members as well as associates. SWAS also invited other associations in the industry to participate in the survey.

b) Objectives of the Manpower Survey

- Understand the manpower situation in each sector,
- Ascertain the extent of manpower shortage,
- Confirm the number of Singapore residents employed in each sector,
- Confirm the number of foreign workers working in each sector and their nationality,
- Quantify manpower shortage in each sector,
- Collect feedback on challenges faced by businesses in each sector,
- Identify Key issues and challenges,
- Invite suggestions on how to resolve or ease critical issues.

c) Responses to the Survey

There were 50 respondents in the Manpower survey from SWAS members and associates providing the following data.

i) Types of Business Organisations

Most of the respondents (42) are SME. There are 5 corporations and 3 respondents stating that they are multi-national companies. 4 respondents indicated that they are operating as a group of companies. The total tally exceeded 50 as some businesses are classified under more than 1 type of business organisation.

10 categories of services were offered by the 50 respondents as follows:

- 32 offer beauty treatments including face, body and slimming services,
- 19 offer massage services including Swedish, Thai, Shiatsu, Sports etc.,
- 16 offer nail, brow and/or waxing services,
- 13 offer hair and scalp treatments,
- 9 offer products for retail,
- 8 offer complementary therapy including reflexology, aromatherapy, TCM etc.,
- 7 offer wellness therapy including fitness, diet, relaxation etc.,
- 3 offer medical aesthetics services,
- 3 offer training in wellness and beauty services,
- 2 offer grooming and makeup services,
- 1 offers lifestyle classes,

The numbers of entities do not tally as some entities offer multiple services.

ii) Size of Organisation and Employment

Respondents in the survey consist of different size businesses offering jobs to therapists, service providers, stylists & artists and operation personnel.

- 18 respondents have only one (1) outlet offering jobs to an average of 6.5 employees (amongst 18 entities).
- 14 respondents have two (2) outlets offering jobs to an average of 9.1 employees (per entity)
- 15 respondents have three (3) or more (up to 10) outlets (Small Chain), offering jobs to an average of 77 employees (per entity)
- 3 respondents are larger corporations with over 10 outlets (Large Chain), offering jobs to an average of 300 employees each.
- A total of 50 entities participated in the survey, operating 276 outlets, offering 2,928 jobs.
- 1,366 Singapore Residents were employed in these 50 entities at the time of survey.
- There were 509 job vacancies to be filled at the time of survey.
- Small Chains (operating 3 to 10 outlets) have the most job vacancies.

Breakdown of Respondents					
Entity Size (No. Outlets)	**No. of Entities**	**No. of Outlets**	**Total No. of Jobs offered**	**S'pore Res Employed**	**Total Vacancies**
1	18	18	181	64	64
2	14	28	191	64	63
3 to 10	15	90	1533	675	260
Over 10	3	140	1023	563	122
Total	**50**	**276**	**2928**	**1366**	**509**

iii) Employment by Sector (5 main sectors)

Beauty Services

There were 32 respondents offering beauty services. These entitles:

- Offered in total 899 Beauty Services related jobs,
- Employed 391 Singapore Residents,
- Employed 271 Malaysians,
- Employed 30 Chinese nationals,
- Employed 27 from other ASEAN countries,
- Had 180 jobs vacancies.

Beauty Services						
Entity Size (No. Outlets)	**Staffs Required**	**S'pore Residents**	**M'sians**	**Chinese**	**Other ASEANS**	**Vacancies**
1	55	23	14	0	3	15
2	80	28	7	10	10	29
3 to 10	351	132	105	9	16	89
Over 10	413	208	145	11	2	47
Total	**899**	**391**	**271**	**30**	**31**	**180**

Massage Services

There were 19 respondents offering massage services. These entities

- Offered in total 949 Massage services related jobs,
- Employed 462 Singapore Residents,
- Employed 204 Malaysians,
- Employed 101 Chinese nationals,
- Employed 21 from other ASEAN countries,
- Had 161 jobs vacancies.

Massage Services						
Entity Size (No. Outlets)	**Staffs Required**	**S'pore Residents**	**M'sians**	**Chinese**	**Other ASEANS**	**Vacancies**
1	78	21	16	0	9	32
2	42	12	3	12	12	11
3 to 10	805	417	184	82	8	114
Over 10	24	12	1	7	0	4
Total	**949**	**462**	**204**	**101**	**29**	**161**

Hair, Makeup & Nail Services

There were 13 respondents offering hair styling, Makeup & Nail Art services. These entities

- Offered in total 665 hair/makeup/nail services related jobs,
- Employed 299 Singapore Residents,
- Employed 188 Malaysians,
- Employed 9 Chinese nationals,
- Employed 5 from other ASEAN countries,
- Had 64 jobs vacancies.

Hair, Makeup & Nail Services						
Entity Size (No. Outlets)	**Staffs Required**	**S'pore Residents**	**M'sians**	**Chinese**	**Other ASEANS**	**Vacancies**
1	7	4	1	0	0	2
2	32	6	12	0	0	14
3 to 10	168	33	24	4	2	5
Over 10	458	256	151	5	3	43
Total	**665**	**299**	**188**	**9**	**5**	**64**

Wellness Specialists

There were 6 respondents offering wellness services. These entities

- Offered in total 37 wellness services related jobs,
- Employed 16 Singapore Residents,
- Employed 5 Malaysians,
- Had 16 jobs vacancies.

Wellness Specialists Services						
Entity Size (No. Outlets)	**Staffs Required**	**S'pore Residents**	**M'sians**	**Chinese**	**Other ASEANS**	**Vacancies**
1	6	2	3	0	0	1
2	2	1	1	0	0	0
3 to 10	11	6	1	0	0	4
Over 10	18	7	0	0	0	11
Total	**37**	**16**	**5**	**0**	**0**	**16**

Operation Personnel

There were 50 respondents offering Operational Jobs. These entities

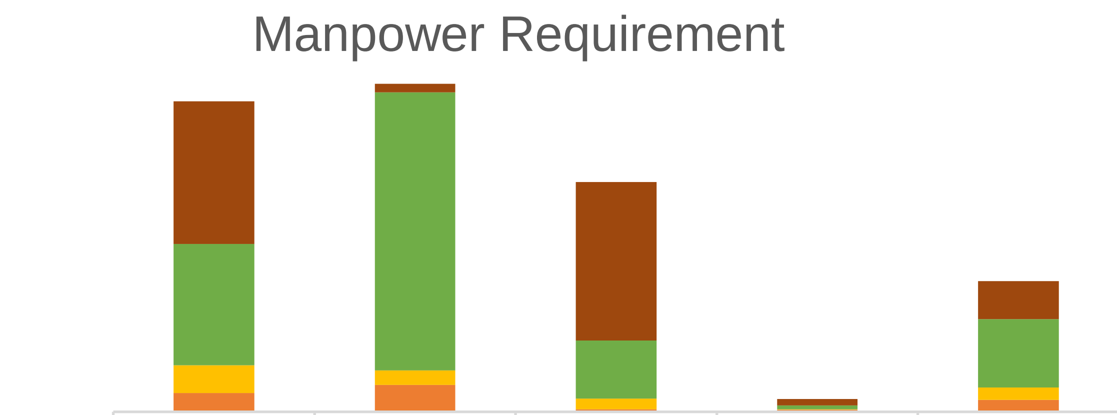
- Offered in total 378 operation related jobs,
- Employed 198 Singapore Residents,
- Employed 66 Malaysians,
- Employed 1 Chinese nationals,
- Employed 25 from other ASEAN countries,
- Had 88 jobs vacancies.

Operation Personnel						
Entity Size (No. Outlets)	**Staffs Required**	**S'pore Residents**	**M'sians**	**Chinese**	**Other ASEANS**	**Vacancies**
1	35	14	2	0	5	14
2	35	17	3	1	5	9
3 to 10	198	87	54	0	9	48
Over 10	110	80	7	0	6	17
Total	**378**	**198**	**66**	**1**	**25**	**88**

iv) Overview of Manpower Needs in Each Sector

The 50 entities participating in the survey offered employment to 2,928 beauty & wellness therapists; services providers; stylists; makeup and nail artists and operation personnel. There were,

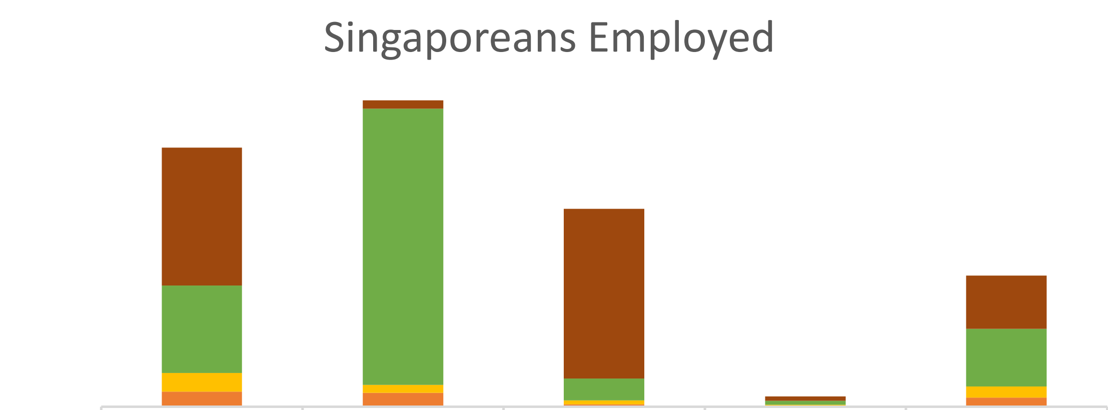
- 3 large chains (together) operating 140 outlets and offered 1023 jobs,
- 15 small chains (between 3 to 10 outlets each) totalling 90 outlets and offered 1,533 jobs,
- The 32 SMEs (with 1 to 2 outlets) operating 46 outlets offered 372 jobs



	1	2	3	4	5
> 10	413	24	458	18	110
3-10	351	805	168	11	198
2	80	42	32	2	35
1	55	78	7	6	35

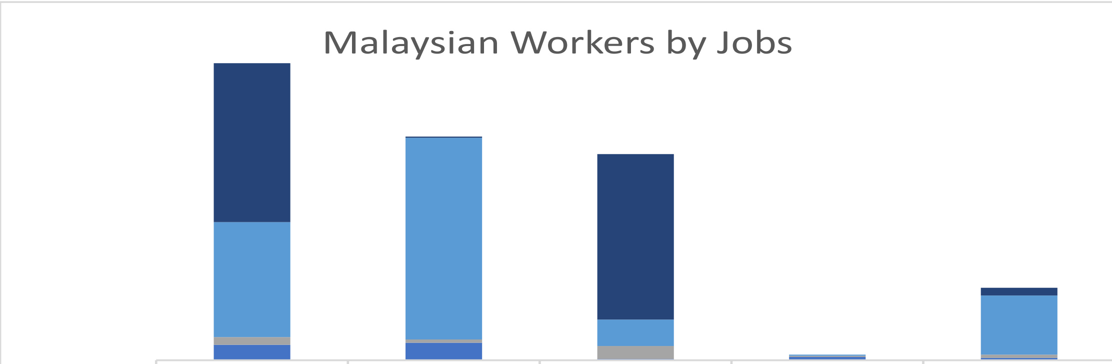
v) Employment by Sector

- A total of 1,366 Singapore residents were employed by the 50 respondents accounting for about 67% of total Service workers employed



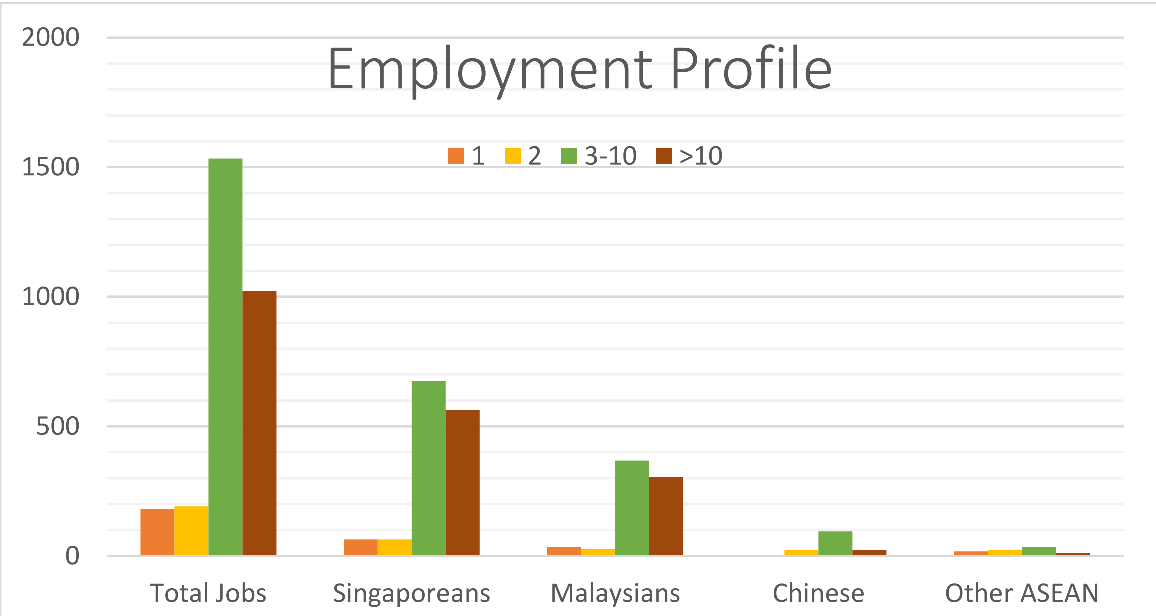
	1	2	3	4	5
>10	208	12	256	7	80
3-10	132	417	33	6	87
2	28	12	6	1	17
1	23	21	4	2	14

- A total of 559 Malaysians were employed by the same respondents.
- Obviously, the larger entities with more outlets and employees have more quota to employ Malaysian and Chinese workers.
- Malaysians made up about 30% of Service workers in the participating companies and were mostly working in the Beauty and Hair sectors.



	Beauty	Massage	Hair/Nail	Wellness	Operattion
> 10	145	1	151	0	7
3 to 10	105	184	24	1	54
2	7	3	12	1	3
1	14	16	1	3	2

- Chinese foreign workers were few as the quota ratio is very high. Most of them were working as masseuses.

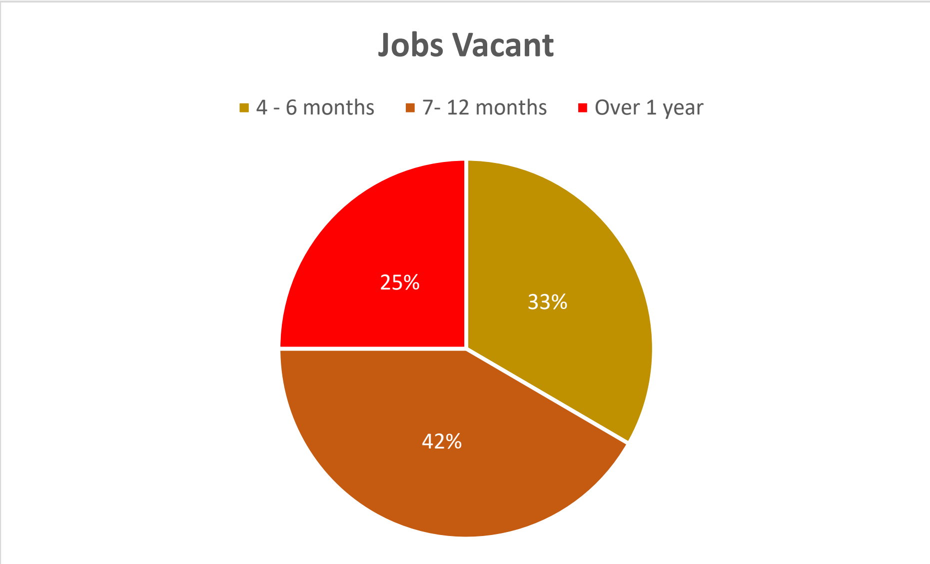


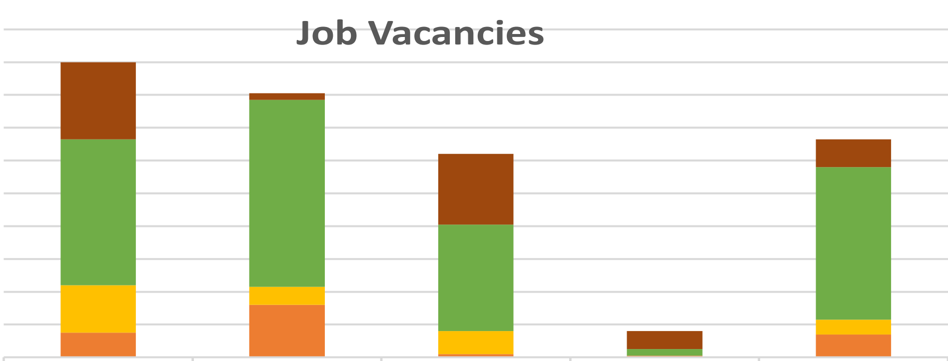
- The 50 respondents employed just 82 foreign workers from other ASEAN countries.

vi) Jobs Vacancies

There were 509 job openings which the 50 companies have difficulty finding workers. Feedbacks were as follows:

- Most respondents complained about the lack of application from Singapore Residents when advertising for Beauty & Wellness related service workers.
- There were very few applicants and mostly from non-ASEAN countries.
- 33% of the complainants had jobs vacant for 4 to 6 months
- 42% had jobs vacant for 6 to 12 months
- 25% had jobs vacant for over 1 year.





	Beauty	Massage	Styling	Welllness	Operation
>10	47	4	43	11	17
3-10	89	114	65	4	93
2	29	11	14	0	9
1	15	32	2	1	14

vii) Consequences of Manpower Shortage

Response to "How is your business affected by the manpower situation?"

- **Loss of revenue**

  Many business opportunities were lost due to the lack of manpower. Respondents were not able to book appointments, sell services and products due to the shortage of manpower, which affected their revenue and profitability.

- **Customer dissatisfaction**

  Many customers were not happy when appointments cannot be made and the lack of service due to manpower shortage. Furthermore, staffs had to multi-task and were unable to give full attention to service.

- **Quality of Service**

  Over worked staffs, the shortage of qualified and skilled applicants and short training periods (due insufficient staffs) affected quality of service. Existing workers had increased workload which ultimately affected their wellness and quality of work.

- **Work Performance**

  As positions were unfilled for months, businesses were resigned to employ almost any Singapore resident who has a qualification or some experience. Employment standards were lowered, due to the critical shortage of workers, ending up with job hoppers seeking higher salaries and benefits and/or poor performers having issues with their employers.

  The combination of lower competencies, poor work attitudes and lack of interests or commitment in new employees affected work performance, the standard and outcome in treatments.

- **Safety, Health & other Operational issues**

  Safety, health and other operational risks have increased due to the heavy workload and multi-tasking of existing employees and the lack of competency and/or insufficient training of new employees.

- **Challenging Employment Costs & Workers' Terms**

  The cost of repeated advertisements, expenses and time spent on recruitment, induction and training etc. have increased. The critical manpower shortage in the Beauty & Wellness industry have given

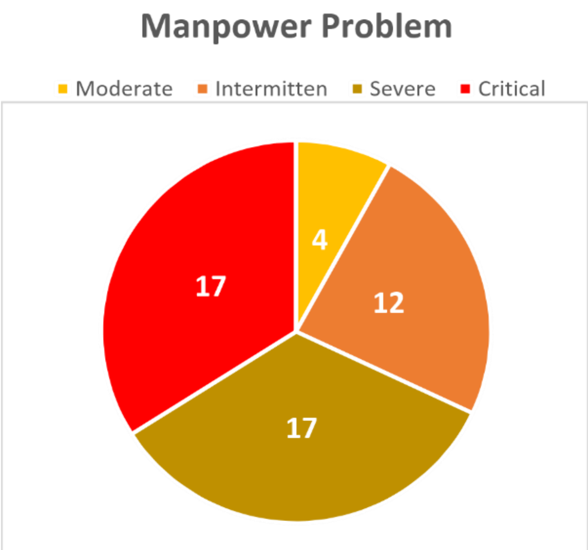
Singapore residents extremely high bargaining power for higher salaries, more benefits, working shorter hours and/or less days as well as not willing to work late, on weekends and public holidays etc.

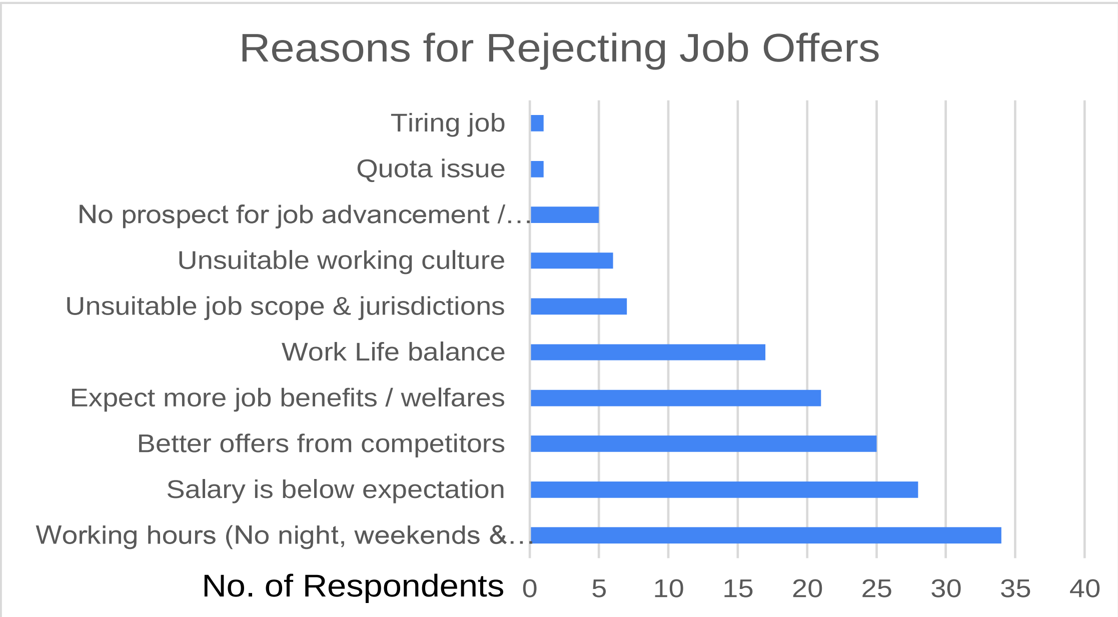
The demand for higher salaries and more benefits have increased expenses whereas the lack of staffs during the busy business hours (when most Consumers shop for personal care; like after work, in the evenings, weekends and holidays etc.) are affecting Beauty & Wellness businesses in revenue and profit margins.

- **Business Sustainability**

Critical manpower issues have affected respondents in their ability to meet business plans, revenue targets, cashflows, expenses & other financial commitments.

Some of the Beauty & Wellness chains have indicated that they had to reconsider business development and future plans for Singapore in view of the challenging manpower issues. 17 respondents have indicated facing sustainability issues.





viii) Recruitment Challenges

Why are the jobs unfilled? What are the challenges?

- **No response to advertisements**

  Most available, qualified and experienced workers in the Beauty & Wellness sectors are either already employed or do not want to work. 29 respondents feedbacked that, most of the time, their advertisements received no response at all.

- **No Singapore Resident applied for the jobs**

  38 respondents feedbacked that no Singapore Resident applied for the jobs they advertised.

- **No Quota for foreign workers**

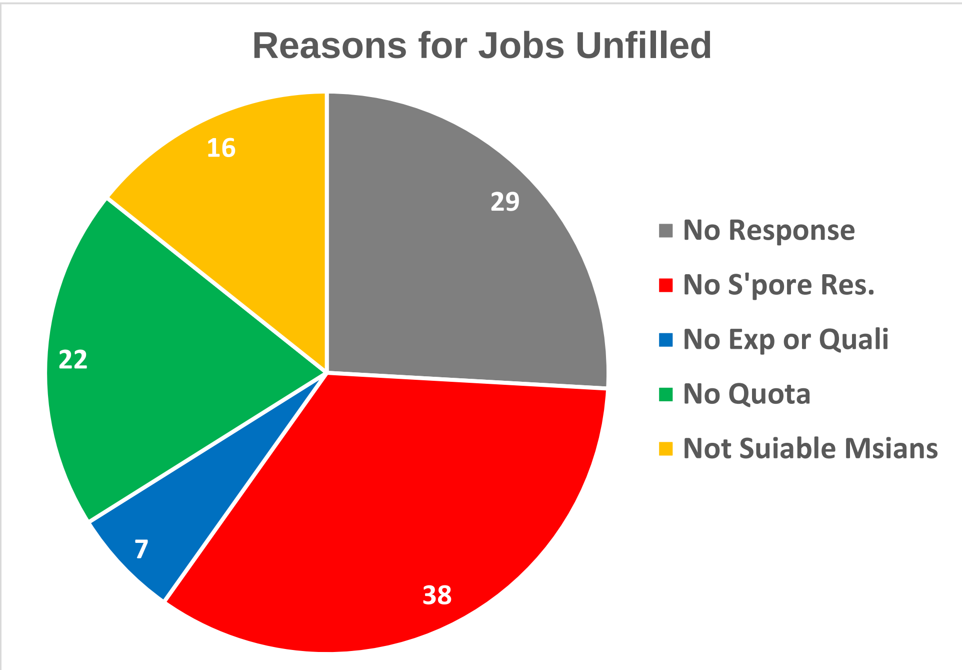
  Without sufficient Singapore Resident employees, 22 respondents said they do not have the quota to employ foreign workers.

- **Do not have Experience or Qualification**

  7 respondents said that applicants do not have the required job experience or qualifications advertised.

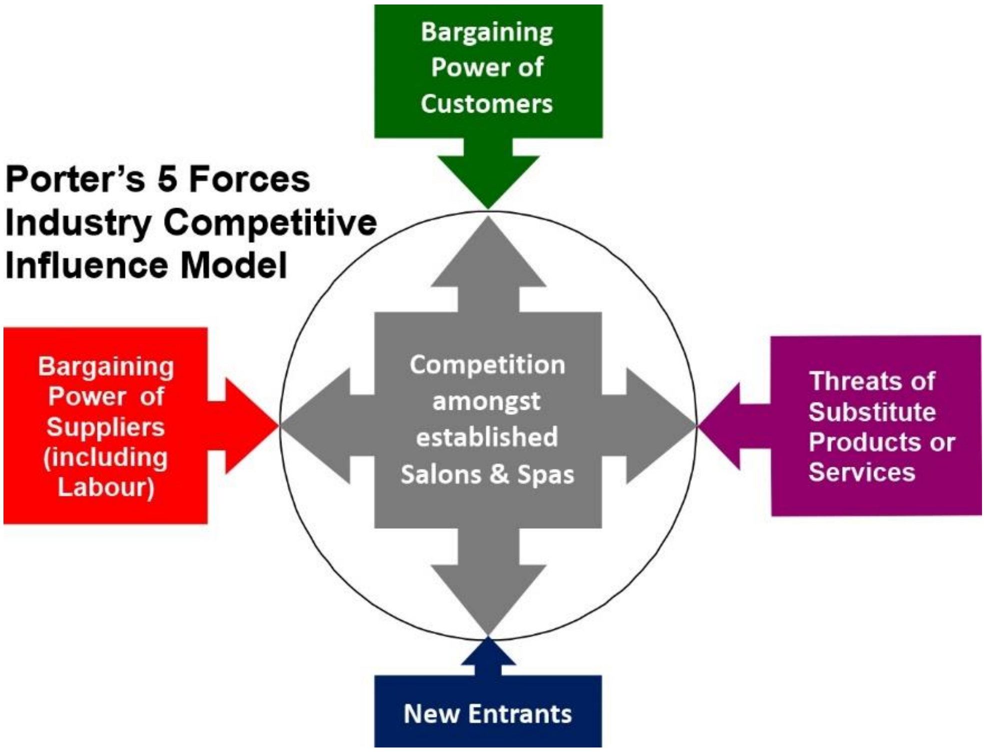
- **Not Suitable Foreign Workers**

  16 respondents feedbacked that most foreign workers applying for jobs do not have relevant qualifications and experience.



12. Forces affecting the Beauty & Wellness Industry in 2022

Using Porter's 5 forces Industry Competitive Influence model, the competitive environment within the Beauty & Wellness industry in 2019 (refer Introduction) has extended to 2022 with some external forces intensified.



a) Competition amongst existing salons & spas

i) Competition amongst salons and spas for customers remained intense. As the COVID-19 pandemic had curtailed foreign visitors, salons and spas catering to tourists had to compete for domestic customers, thereby intensifying competition.

ii) The pandemic, shut-downs, regulations and fear have affected consumer spending on beauty and spa services. Businesses had to offer attractive deals to entice customers to spend.

iii) While travel restrictions have kept Singapore residents from visiting neighbouring countries for beauty and spa services, the impact on Singapore's salons and spas were minimal as these travellers were mainly price conscious consumers.

iv) Price undercutting has subsided as salons and spas were laden with higher operating costs and insufficient workers to cater to regular customers.

v) Manpower shortage was aggravated by fewer new student intakes at ITE and Republic Polytechnic for Beauty & Wellness courses. Most recent graduates did not enter the industry.

vi) The turnover of salons and spas remained high with new entities opening while others closed after they failed to sustain the business.

vii) CASE reported that the Beauty industry was the most complained about in 2022. There were 1,434 complaints about Beauty salons and 495 about Hair salons. The numbers were 1,441 complaints about Beauty salons and 381 about Hair salons in 2021. One in four complaints was related to pressure sales tactics and misleading or false claims. The rest stem from consumers being unable to obtain service or refunds from salons, aesthetic clinics and spas due to sudden business closure[6]

b) Bargaining Power of Customers

i) Price conscious customers had more options as many salons and spas were offering low-price trial service or treatments to attract new customers.

ii) Most salons and spas had to maintain competitive prices in spite of cost increment, thereby affecting profit margins.

iii) Customers were however unable to bargain for lower prices from existing service providers as most are facing labour shortage and prioritize providing service to good regular customers.

iv) On the whole, customer bargaining power had weakened as salons and spas faced with severe shortage of manpower were able to pick customers. Bargain hunters can still find low price trial services at entities short of regular customers and/or are seeking new customers.

c) Bargaining Power of Suppliers

i) Costs of beauty and spa treatments as well as retail products have increased as manufacturing, packaging, shipping, forwarding and handling costs have increased substantially; even though few individual suppliers can command a sharp increase in price.

ii) Suppliers of Safety equipment and supplies were able to command a good price as salons and spas were required to provide necessary protection to customers.

[6] Reported by the Straits Times on 4 February 2023.

iii) Workers, freelancers and those offering service on a contractual basis were able to bargain for high salaries, fees and other cash or tangible benefits due to the acute shortage of manpower in majority of salons and spas.

- COVID-19 and various restrictions have reduced the flow of foreign workers. Many Beauty & Wellness entities were faced with severe shortage of service and operation staffs. affecting revenue, service quality and sustainability. Businesses were forced to offer higher remunerations and extra benefits to employ and keep staffs.
- Singapore citizen and PRs are taking advantage of the acute shortage of manpower to demand for higher salaries and more benefits including working 5 or 4 days, shorter working hours, off-days on weekends etc. working conditions which were impalpable in the past in the Beauty & Wellness industry, as the demand for beauty and personal care services are highest in the evenings, on weekends and public holidays.
- Privileged foreign workers like Malaysians are demanding higher salaries and more benefits. As the Beauty & Wellness industry in Malaysia is growing rapidly, salaries have increased with many job openings in Malaysia. According to Euromonitor International, Malaysia's beauty and personal care revenue is expected to reach USD3.6 billion by 2025 at a CAGR of 7.4% during 2020-2025.
- Search on Indeed, a regional job/recruitment portal, under the following headings in September 2022 showed positions available in Singapore and **Average Base** salaries (excluding commissions, service fees, incentives and other benefits):

	Average Annual Base Salaries
o Beautician – 93 job openings.	$39,412
o Therapists - 113 job openings	$43,158
o Massage Therapist - 96 job openings	$43,008
o Nail Technician – 6 job openings	$31,744
o Trainer – 8 job openings	$44,746
o Branch Manager – 6 job openings	$49,781
o Salon Manager – 3 job openings	$57,176
o Spa Manager – 4 job openings	$55,373
o Beauty Consultant – 5 job openings	$36,189

iv) Operating costs have increased with mandatory expenses for:

- Beauty salons require licenses from NEA for individual therapists using Class 3b devices and a (separate) license for possessing non-ionising irradiating apparatus.
- PLRD increased the Massage Establishment license and individual employee registration fees.
- CASETRUST accreditation, audit and renewal fees, required insurance policy.
- Push for digitalisation in the Beauty & Wellness industry requiring additional capital outlay and expenses.

d) Threats of Substitution

i) Enactment of the Healthcare Services Act 2020 and MOH's enforcement from 2022, restricting beauty salons in offering certain beauty treatments which can only be carried out by Aesthetic clinics. While the Lifestyle services act 2020 may have consumer safety in mind, beauty salons and therapists are being restricted from using new technologies and upgrading capabilities; to have their business taken over by Aesthetic Doctors.

ii) Medical practitioners providing Aesthetic services using lasers, radio-frequency, ultrasound, injectables (e.g. botox) and other new technologies. These Aesthetic clinics advertise to alleviate signs of ageing; treat pigmentation, acne and skin laxity; remove wrinkles, scars, double chin and cellulite; smoothen and tighten skin, reduce body fats, firm body and to enhance beauty, promising fast, safe and effective results.

iii) WSG phasing out WSQ courses for the Beauty & Wellness industry. PLRD has revised the list of recognised qualifications to include those of traditional massage and certification from Republic Polytechnic and BTEC.

e) New Entrants

i) Increase in TCM masseuses (Non TCM registered practitioners) using various Traditional Chinese Medicine concepts to sell services, including beauty treatments, slimming, tuina, guasha, moxibustion, acupuncture etc.

ii) Beauty salons offering Beauty Aesthetic services including the use of IPL, class 3b devices, micro needling etc.

iii) E-Commerce promoting Beauty & Wellness products and services.

iv) Salons and Spas promoting franchises.

13. Assistance Available to Businesses

There are over 100 government schemes to assist qualified Singapore businesses. Details are available on GoBusiness. SMEs can either use the e-Adviser on GoBusiness or seek advice from SME centres and specialist consultants. The following are some of the schemes available to Beauty & Wellness businesses.

a) Government Grants

- Enterprise Development Grant
- Service Industry Transformation Programme
- Market Readiness Assistance Grant
- Rental Relief for SME Tenants
- Wage Credit Scheme
- Progressive Wage Credit Scheme
- Enhanced Training Support for SMEs
- Career Trial
- P-Max
- Jobs Growth Incentive
- Part-Time Re-employment Grant
- Senior Worker Early Adopter Grant
- Start Digital
- Grow Digital
- Operation & Technology Roadmap
- Productivity Solution Grants
- Technology for Enterprise Capability Upgrading
- R&D Grants

Available to qualified businesses in relevant sectors of the Beauty & Wellness industry:

b) Tax Incentives

- Double Tax Deduction for Internationalisation
- Hand-Carried Exports Scheme
- Major Exporters’ Scheme

c) Other Support

- Toolkits
- Job Redesign for Retail Sector
- Retail Industry Digital Plan
- Digital Solutions Directories
- SkillsFuture for Digital Workplace
- Enterprise Leadership for Transformation
- National Centre of Excellence for Workplace Learning
- Professional Conversion Programme
- SGUnited Jobs Initiative
- SGUnited Mid-Career Pathways Programme
- Global Ready Talent Programme
- Overseas Market Workshops
- A*STAR Collaborative Commercialization Marketplace
- APEC Cross Border Privacy Rules

14. Summary

The Global Wellness Institute describes the wellness economy as commercial activities of industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives". The global wellness economy stood at US$ 4.4 trillion in 2020 amidst the chaos and disruptions caused by COVID-19.

COVID-19 has affected sectors and businesses in the wellness industry in different ways. As a whole, consumer's interests in wellness have accelerated during the pandemic even though spending had declined. Wellness has become assimilated into the lifestyle and consideration of consumers in selecting products and services

a) Projected Growth of the Global Wellness Economy

The Global Wellness Institute made an optimistic forecast in 2020, that the Wellness industry will reach a global revenue of US$7 trillion in 2025. The expected average annual growth rate was 9.9%. Forecasts for all eleven (11) sectors were positive, however with varying growth rates. The four (4) main sectors which are expected to contribute about 70% of the expected economy are as follows:

i) Personal Care & Beauty is expected to grow on average 8.7% per annum to US$1,412.9 billion in 2025. Reopening of physical stores and the many e-commerce platforms are expected to amplify opportunities for omni-channel business activities.

ii) Greater awareness and efforts to nurture wellness during the pandemic presented boundless opportunities in the Healthy Eating, Nutrition & Weight Loss industry. This sector is expected to grow at an average annual rate of 5.1% to reach US$1,209 billion in 2025.

iii) More people paid attention to physical fitness during the pandemic even though group activities were restricted. Easing of social distancing controls saw a surge in demand for various physical fitness and sports activities. Physical Activity is expected to reach US$1,198 billion in 2025 at an average annual growth rate of 10.2%.

iv) The travel industry was badly affected during the pandemic. Wellness Tourism is expected to resume with enthusiasm post-COVID. This sector is expected to grow at 20.9% per annum to reach US$1,127 billion in 2025

b) The Asia-Pacific Region

The Asia-Pacific is one of the fastest growing wellness markets in the world between 2017 and 2019. It became the world's largest wellness market, with US$1.5 trillion revenue, in 2020. Asia-Pacific was least affected by COVID-19, as compared to the rest of the world, and became the world's largest wellness market, with US$1.5 trillion revenue, in 2020.

i) Healthy Eating, Nutrition and Weight Loss was the largest sector in Asia-Pacific in 2020 contributing 21.7% to the region's wellness economy.

ii) Traditional and complementary medicine sector was second, contributing 19.7%.

iii) Personal care and beauty sector was third, contributing 18.3%, and

iv) Physical activities sector was fourth, contributing 16.5%.

v) These four sectors made up about 76% of the Asia-Pacific wellness economy.

vi) The five markets making up over 82% of Asia-Pacific wellness economy are China, Japan, South Korea, Australia and India, which together contributed over US$ 1,242 billion to the region's total US$ 1,502 billion revenue.

vii) Taiwan, Indonesia, Philippines, Thailand and Malaysia made up the next five leading wellness markets with revenues in 2020 totalling about US$160 billion.

c) Current Status of the Beauty & Wellness industry in Singapore

Singapore ranked 14 out of 45 countries in Asia-Pacific wellness economy with US$12 billion in revenue in 2020. Personal Care & Beauty led the sectors with over US$ 4.1 billion revenue, followed by Healthy Eating, Nutrition & Weight Loss, Public Health, Prevention & Personalized Medicine, Physical Activity and Wellness Real Estate whose combined revenue was about US$6.1 billion.

i) Singapore Tourism Board has ambitious plans to be a wellness destination and wellness hub.

ii) Ernst & Young reported in 2020 that Singapore's Beauty & Wellness industry is made up of approximately 6,000 entities with a workforce of 13,300. E&Y also created a career map for the industry in 2020.

iii) SWAS conducted a manpower survey in 2022 amongst its members and associates with 50 respondents representing a cross section of the Beauty & Wellness industry including 18 entities with one outlet and 14 entities with two outlets, 15 entities (small chains with between 3 to 10 outlets) operating a total of 90 outlets and 3 large chains operating a total of 140 outlets.

iv) The 50 respondents together operated 276 Beauty & Wellness outlets offering employment to 2,928 operation workers (beauticians, stylists, artists, masseuses and other operation staffs). 1,366 employees were Singapore Citizens/PR (46.6%). There were 509 job vacancies at the time of survey (17% of jobs unfilled)

v) Respondents complained that 25% of unfilled jobs have been vacant for over 1 year; 42% vacant for over 6 months and 33% vacant for over 3 months. The shortage of workers had led to:

- Loss of revenue,
- Customer dissatisfaction,
- Lower quality of service,
- Poor work performance,
- Safety, health and other operational issues,
- Increase in business expenses, and
- Business sustainability issues.

viii) Challenges faced in recruitment include:

- No response to advertisements,
- No Singapore Residents applying for the jobs,
- No quota for foreign workers,
- Applicants not having experience or qualification for the job.

ix) Malaysians made up about 30% of service workers in the responding entities, most of whom works in the beauty and hair sectors. Due to the development of Malaysia's beauty and wellness industry (ranked 10/45 in Asia-Pacific), lesser Malaysians are seeking jobs in Singapore. Those who are willing to work in Singapore are asking for higher salaries and better benefits (like Singapore residents).

x) Foreign workers from China and ASEAN made up about 8% of total jobs in the 50 respondents.

d) Competitive Environment in the Beauty & Wellness Industry

i) Competition amongst existing salons and spas was keen and intensified by travel restrictions during the pandemic. All entities have to rely on domestic customers to sustain their business when domestic consumers were cutting back spending amidst safety and economic concerns.

ii) Manpower shortage affected the revenue, service quality and profitability of salons and spas. Some were unable to sustain their business. Based on CASE's records reported in the Straits Times in February 2023, there were about 1,360 complaints about beauty & hair salons, aesthetic clinics and spas for failing to provide service or refund money due to sudden business closure.

iii) Most salons and spas were unable to reduce prices due to higher operating costs and shortage of staffs. Some offered low-price trial service to attract new customers. According to CASE, some of these entities (one in four complaints received) used pressure sales tactics and misleading or false claims to force customers to purchase packages or add in more expensive products or treatments.

iv) Operating costs of salons and spas had increased with enhanced safety measures, higher salaries and more benefits for workers, the increment of fees by regulating agencies and expenses to upgrade operating systems e.g. digitalisation.

v) Enforcement of the Healthcare Services Act 2020 from 2022 provided medical doctors the exclusivity to offer more efficacious aesthetic treatments replacing traditional beauty treatments offered by beauticians.

vi) Many spas and salons use TCM as a marketing tool to promote their business. Few employ certified TCM practitioners or have treatments administered by certified TCM physicians.

vii) Many salons and spas have engaged e-commerce and franchising as a mean for business expansion.

viii) More entities are benefiting from various government assistance schemes to sustain and/or develop their business.

ix) Some businesses are not sustainable due to the decline in revenue and increased manpower and other costs. Desperate measures may include aggressive sales promotion tactics and cost cutting methods. Many in despair attribute the manpower shortage as a main cause of their business failure.

15. Facing the Challenges

Singapore is currently the 14th wellness economy in Asia Pacific with US$ 12 billion revenue in 2020 with Personal Care & Beauty contributing over US$ 4.1 billion[7]. The revenue includes domestic as well as exports sales of products.

a) Meeting Singapore's Goals

"Reimaging what a sustainable urban destination and wellness in a busy city" is a reachable goal, however, requires more than green spaces, surrounding seas, healthy food options etc. as the ten foremost Asia-Pacific wellness economies are offering the same and more. These countries have huge resources of land, beaches, mountains, agricultural produce, traditional wellness treatments, interesting cultures and manpower. Many have cost advantage with cheap labour, rental and natural ingredients. To succeed, Singapore must develop our own competitive advantage.

Wellness tourism (spas and salons) in Singapore stems mainly from secondary consideration or ad hoc decisions. Visitors who are already in Singapore for a primary purpose, eg. business, conferences, shopping, tourism etc. may visit a spa or salon out of necessity, eg. needed to refresh, relax, a facial or hairdo etc. or by coincident e.g. happened to pass by a spa during free time or was entertained by someone. The beauty, spa or wellness treatment was usually not a planned activity in the visit.

i) What is needed to attract visitors to Singapore for wellness?

ii) How can we motivate visitors to include beauty and wellness services in their itinerary?

iii) Is there or can we develop a Singapore wellness specialty?

iv) How can we develop a critical mass (pool of service providers) to promote Singapore's wellness speciality?

v) How do we resolve the critical shortage of manpower which impede the development of any service-oriented business?

b) Optimising Business Potentials

Development of the beauty & wellness industry in Singapore requires competitive advantage which may include attractions and/or derive from talents, a knowledgeable and competent workforce, specialised therapists or service providers, competitive or reasonable pricing, good environment for further investments, committed business entities and government support for growth.

[7] Global Wellness Institute, *The Global Wellness Economy, Singapore.*

i) Resolving the Acute Shortage of Manpower Issue:

The Beauty & Wellness industry requires the assurance of the availability of competent workers to sustain business and enable growth. Singapore's goal to become a Wellness Hub in just a dream without the confidence of investors and successful businesses ready to expand.

- Consider relaxing the criteria for Training Work Permit, to enable the Beauty & Wellness industry to engage foreign workers who may be trained with the necessary skills, to sustain operations, support business development and growth. (Due to the lack of Singapore residents)
  - Consider if the quota requirement for training permits can be removed (otherwise it will be a catch-22),
  - Consider a longer period of training, up to 2 years (to optimise benefits and amortize investments),
  - Consider allowing ASEAN nationals to apply for the Training work permit as more Singapore companies are looking at expanding into countries like Vietnam, Cambodia, Indonesia and the Philippines. The Training scheme enables these companies to prepare for regional expansion in ASEAN.
- Trainees shall attend an accredited training course in Beauty and/or Wellness at the Republic Polytechnic and/or other Approved Training Organisations. Course fees shall be sponsored (paid) by the company. Trainees shall also be given on the job training in the company.

ii) Other Considerations

- SWAS fully support the Singapore government's efforts to ensure minimum wages are paid. Existing minimum salaries within the different sectors are very much higher than the recommendation, varying according to the jobs and responsibilities, experience and qualifications etc. as well as market forces (refer "Bargaining power of workers", page 38). However, salaries and benefits must be realistic and under control to ensure business viability.
- Businesses must be sustainable and have the capacity to develop and expand in order that the industry and economy can grow. Therefore, due consideration should be given to the needs and competitiveness of Singapore's Beauty and Wellness industry.
- Companies must be able to ease their acute shortage of manpower and have a regular workforce to support business and development plans.

- Companies planning to expand their business in Asia may train their workers in Singapore, grooming them over two years to familiarise with the company's business and culture. Competent and reliable workers (assessment over two years) may be appointed to key positions in the company's business (subsidiary or ventures) in the workers' home country.
- Joint efforts of SWAS, business entities and government agencies to develop specific skills, competencies, product & service innovation and competitive advantage. Development programmes may be identified and created at industry level to enable more entities to participate thereby developing a critical mass and friendly competition to augment skills excellence.
- Annual review of market environment, opportunities and challenges, performances of participating companies, actions and budget required at industry level to facilitate business optimisation and development.

c) Expansion Beyond Singapore

Rapid growth in the global wellness market offers many opportunities. The Asia-Pacific region is especially attractive with its close proximity and cultural similarity for Singaporeans. Singapore entities may develop strategies to attract foreign visitors to Singapore and/or export of products and/or services to specific regional and global markets.

i) Develop partnerships and/or synergies amongst Singapore entities for exports to reduce individual costs and optimise benefits.

ii) Government agencies, e.g. ESG and STB may take on leading roles to champion development, cooperation and coordination of activities of Beauty & Wellness businesses in Singapore.

iii) Support the development of core competencies in businesses for overseas expansion.

iv) Training foreign workers who may later support expansion into their home country.

d) SWAS Support for the Industry

SWAS membership includes salons and spas, therapeutic practitioners, training institutions, marketing and management solution companies. SWAS' objective is to provide support to members in the development of business and competencies. SWAS' existing industry development programmes include:

i) SWAS-Pearson BTEC qualifications for Beauty & Wellness

- BTEC Level 3 International Specialist Diploma in Beauty Therapy Techniques with eleven (11) modules including massage which is recognised by PLRD for therapist registration. Required learning hours: Minimum 510 learning hours to be awarded the Level 3 Diploma.
- BTEC Level 4 International Specialist Diploma in Complementary Therapy with eleven (11) modules. Required learning hours: Minimum 600 learning hours to be awarded the Level 4 Diploma.

ii) SWAS Registry of Complementary Therapists

On-line portal designed for consumers to verify the qualifications and competencies of therapists to enhance **Safety, Satisfaction and Value**.

Therapists may register and list their competencies on the SRCT portal with a small fee. SWAS validates the qualifications and competencies of the therapist for each specific treatment/service before listing to ensure consumer protection.

iii) SWAS Excellence Star Awards

The inaugural SESA was held in 2021 and the 2nd SESA planned for July 2023. SWAS Excellence Star Awards recognizes beauty and wellness entities for their business achievements and contributions to the industry.

iv) SWAS Role as Coordinator

SWAS has been actively working with various government agencies and organisations in the development of business opportunities, standards and best practices in the beauty and wellness industry. SWAS works closely with Enterprise Singapore (Industry & Business support), Police Licensing & Regulations Department (Massage Establishment Act & Regulations), Ministry of Health (Healthcare Services Act), National Environmental Agency (Radiation Protection Regulations), Singapore Tourism Board (ASEAN Tourism (Spa) Standards and Awards), Institute of Engineers (SS556), Singapore Polytechnic, Institute of Technical Education, Consumers Association of Singapore, National Trade Union Congress, Singapore Chinese Chamber of Commerce and Industry, Singapore Retailers Association, Franchise & Licensing Association Singapore.

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