NHBF

Supporting the hair, beauty and barbering industries

Reforming competition and consumer policy consultation

Department for Business, Energy & Industrial Strategy (BEIS)

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Background

The National Hair & Beauty Federation (NHBF) is the principal trade association for the hairdressing, barbering and beauty industries. It represents over 6,500 hair salons, barbershops and beauty salons, across the United Kingdom. As a whole, salons and barbershops generate an annual turnover of over £8 billion and employ around 288,000 people across 45,000 businesses[1].

Three quarters of the sector employ fewer than five people and the vast majority (96%) are micro businesses employing fewer than 10 people. There is also a growing trend of self-employment in the sector with two thirds of people working in the sector being self-employed or sole traders[2]. The sector is spread across towns and cities across the UK and located in some of the UK's most deprived communities.

Competitive market in the hair and beauty sector

The NHBF welcomes the move by the Government towards developing a pro-competition strategy for the UK. The UK hair and beauty sector is a competitive industry from competition on high streets at a local level to international businesses competing for overseas clients. The growth in the number of hairdressing, barbering and beauty businesses over the past five years has been a huge 54%, up from 45% the previous year. Established businesses are facing levels of competition which have not been seen before. Beauty salons have seen the largest growth with a net increase of 87%[3]. The NHBF is most interested in the section of the consultation on fake reviews which can have a serious and detrimental impact on businesses.

We support policies that seek to curb fake reviews both in terms of review of products (hair, beauty, skincare) where consumers often value a personal view from others as to whether a product works or with reference to the services offered by a business. However, it should still continue to be possible for businesses to commission and incentivise reviews on their business in order to help promote and grow their business particularly considering

[1] NHBF Industry Statistics 2020
[2] Pragmatix/NHBF report, An industry at the sharp end, February 2021
[3] NHBF Industry Statistics 2020

the challenging economic environment in which they have been operating for the last eighteen months.

False reviews

Q42. Should government add to the list of automatically unfair practices in Schedule 1 of the CPRs the practice of (a) commissioning consumer reviews in all circumstances or (b) commissioning a person to write and/or submit fake consumer reviews of goods or services or (c) commissioning or incentivising any person to write and/or submit a fake consumer review of goods or services?

Option c. Option a is too broad and as the consultation document suggests may infringe on small and micro businesses starting out and the ability to promote their products and services. The definitions of commissioning and incentivising are clear enough and including incentivising would capture a broader range of potential fake reviews in practice.

Q43. What impact would the reforms mentioned in Q42 have on a) small and micro businesses, both offline and online b) large online businesses and c) consumers?

The NHBF is most interested in the impact on small and micro businesses. Fake reviews online may impact on small and micro businesses both offering services in a salon or those selling products online. Post Covid and lockdown, anecdotally we know that some salons have shifted to offering increased sale of products online in some cases to compensate for reduced footfall to salons on the high street as clients are accessing treatments less frequently.

Q44. What 'reasonable and proportionate' steps should be taken by businesses to ensure consumer reviews hosted on their sites are 'genuine'? What would be the cost of such steps for businesses?

The NHBF would guard against making any checks unreasonable or disproportionate for a small or micro business. It would be reasonable for a small business, if they hadn't commissioned or incentivised the review for themselves, to carry out a simple check online that the reviewer had actually recently used a service or bought/used a product. It would be too burdensome for a small or micro business to get drawn into having to verify online reviewer accounts or phone up reviewers to ask or check their identity. The NHBF would like to guard against the risk of such checks becoming burdensome or time consuming for a busy salon owner.

Q45. Should government add to the list of automatically unfair practices in Schedule 1 of the CPRs the practice of traders offering or advertising to submit, commission or facilitate fake reviews?

Yes. However, NHBF would want to guard against any additional burdens created for small businesses. There would be potential burdens for small and micro businesses if a product or service had been purchased or used then not reviewed until several weeks or months later, it may become difficult for small and micro businesses to check and verify the client in their records.

One option may be, linked to the Government's recently published AI Strategy for further investment to be targeted into AI technology that finds fake reviews and identifies whether a person is not a genuine person or a review generated automatically by a fake profile; this could be useful in the future, in order to seek to avoid additional costs on business.