

Growth Capital a Concern for Aesthetics Industry

Rising interest rates and skyrocketing cost of living expenses are having a negative impact on the beauty and aesthetics market.

SYDNEY, NEW SOUTH WALES, AUSTRALIA, February 13, 2023 /EINPresswire.com/ -- Rising interest

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rates and skyrocketing cost of living increases have the potential to stifle growth in the beauty and aesthetics industry, according to medical device supplier [Laseraid](#).

“A vast majority of clinics and spas are small, privately owned businesses,” says Richard New, CEO of Laseraid. “In a sector like ours, personal cost increases such as mortgage rates directly impact the business and its ability to grow and often its capacity to keep trading.”

Larger franchise businesses have taken up considerable market share over the last ten years, with the likes of Silk Laser, Results Laser Clinic and Laser Clinics Australia all increasing their geographical footprint and making it more difficult for smaller businesses to compete. Silk (SLA), the only one of the three on the ASX, reported network cash sales of \$162.7m AUD from 127 locations in the financial year to 31 July 2022. [According to data from Grand View Research](#), the industry as a whole was worth around 1.1bn AUD in 2021.

“To maintain growth in the sector and keep innovation moving forward we need to support local clinics,” says Mr New. “The large businesses provide a lot of exposure and value to the industry, but new treatments and technologies are usually introduced to the market through independent clinics and then filter their way up.”

A real concern, according to Laseraid is that banks are more hesitant to provide finance to smaller clinics and when they do, the interest rates are often high. “You've got a perfect storm of competitive pressures, rising costs and consumer uncertainty,” says Mr New. “This isn't just a short-term problem. If we don't support these smaller clinics by encouraging growth, we will see a stagnation of innovation and that will have a flow-on effect. The number of new clinics opening will go down and less people will enter the industry. Both the beauty sector and consumers will pay for that short-sightedness for decades if we don't act now.”

According to Mr New, the technology sector has it right. “The technology startup community has limitless support structures in place and a robust and highly engaged investment network to leverage off. In the aesthetics industry, it sometimes feels like it’s every business owner for themselves.”

What needs to happen to protect the sector? Mr New believes a multi-pronged strategy is key. “At Laseraid we have supported small clinics for many years through our [subscription](#) model. I think that local and state governments should get behind one of the most important industries we have and offer more direct financial support. I also believe there is a level of investor ignorance out there. Clinics are cost effective and endlessly scalable given the right resources. It’s like the technology sector fifteen years ago, the opportunity is there.”

Established in 2007, Laseraid is a leading distributor of devices and clinic supplies to the beauty and aesthetics industry. In 2020, Laseraid introduced its unique subscription model, enabling clinics to start and grow with less risk. In addition, Laseraid clients receive a brand-name device, marketing support, training and the most responsive servicing in the Australian market.

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