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Comparative Analysis of Franchise and Independent Business in Nail Service

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Abstract

In this study a comprehensive comparative analysis of two leading entrepreneurship models in the nail services sector — the franchised network and individual private business — was conducted. The aim of the research is to identify and systematize the key economic, organizational-technical and qualitative indicators that shape competitive advantages and determine the sustainable development potential of each model. The methodological basis includes a systematic review of specialized scientific literature, analysis of industry reports and statistical data from recent years, as well as a detailed examination of the experience of implementing an innovative technique for caring for the periungual folds. The results obtained demonstrate that the franchising structure provides rapid network expansion and strengthening of brand image through the standardization of procedures and regulation of business processes whereas independent masters possess greater flexibility, the ability to experiment with technological techniques and to build long-term trusting relationships with clients through an individualized approach. It has been found that individual entrepreneurs who apply proprietary technologies aimed at strengthening the health of the nail plate achieve a higher level of client retention and ensure profit growth in the long term. The scientific contribution of the research lies in substantiating a methodology that serves as a crucial factor in enhancing the competitiveness of independent salons in the beauty industry. The practical significance of the work is manifested in the fact that its conclusions can serve as guidance for manicure studio owners, investors and researchers of contemporary business models in service industries.

Keywords: *Nail Care, Franchising, Independent Business, Comparative Analysis, Beauty Industry, Business Model, Client Loyalty, Innovative Techniques, Profitability, Competitive Advantage.*

INTRODUCTION

The beauty industry—and the nail-service segment in particular—continues to expand steadily and to generate substantial global returns. Expert analyses valued the world nail-salon market at USD 8.8 billion in 2024. Forecasts indicate growth from USD 9.2 billion in 2025 to USD 13.7 billion by 2034, corresponding to a compound annual growth rate of 4.5 %. A heightened focus on personal care and hygiene, combined with time constraints and rising disposable income, is fueling marked expansion of manicure services. The growing popularity of nail art among younger consumers also exerts a positive influence [1, 2]. These dynamics are driven by increased consumer attention to personalized care, the powerful reach of social media, and the adoption of advanced materials and technologies.

Entrepreneurs entering this highly competitive market face a choice between launching an independent salon and purchasing an established franchise. Franchising offers a proven business model, a recognized brand, and marketing support, thereby reducing start-up risks; the share of franchises remaining in operation after the first year exceeds that of independent ventures by 6.3 percentage points [3, 9, 10]. At the same time, the franchise format demands significant initial investment, ongoing royalty payments, and strict adherence to operational standards, factors that can restrict innovation and hinder adaptation to unique client requirements. Independent businesses deliver complete decision-making autonomy, an opportunity to build an authentic brand, and the freedom to introduce exclusive techniques, yet they impose higher demands for managerial expertise, marketing acumen, and customer-oriented service.

The imperative for this study stems from the necessity to conduct a rigorous, systemic appraisal of franchised versus independently owned frameworks in the nail-care industry, especially as today's clientele demand uncompromising health and safety standards, superior service quality and truly personalized experiences. To date, the academic

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discourse reveals a marked scarcity of methodologically robust, quantitative comparisons within this specialized segment, particularly concerning the role that proprietary technological solutions play in shaping patterns of customer acquisition, satisfaction and long-term loyalty.

The aim of the study is to identify and systematize the core economic, operational, and quality parameters that determine the competitive advantages and the prospects for sustainable development of each model.

The scientific contribution lies in introducing and substantiating the role of proprietary methods as a key factor in the competitiveness of independent salons, fostering long-term customer loyalty.

The initial hypothesis posits that an independent business model grounded in innovative, health-preserving procedures and a high degree of service personalization secures higher client retention rates and, consequently, more stable long-term profitability than the standardized franchising approach, which is primarily focused on volume and the unification of service processes.

MATERIALS AND METHODS

In analytical reports on the global state of the nail service industry and care products, the emphasis is placed on quantitative market assessment and predictive development models. The GM Insights report on the nail salon market demonstrates steady growth in the segment when accounting for demographic factors and consumer preferences [1]. Similarly, market research into nail care products highlights the importance of innovations in formulations and the expansion of professional product lines [2]. Practice-oriented publications by Goodcall propose customer-retention strategies through loyalty programs and personalized services but remain descriptive and lack empirical support [9]. The trend toward personalization in the beauty industry, as reported by Mintel, reflects rising consumer expectations for procedures tailored to individual needs, creating opportunities for differentiation both within franchises and among independent salons [10].

Research on franchising strategies is presented through systematic reviews and international case studies. Ghani M. F. A. et al. [3] conduct a systematic literature review of franchising approaches, identifying narrative-analysis models and quantitative methods for evaluating franchise performance. Nathisarasia K., Nayve Jr R. M. [6] examine the application of strategic management for the sustainable development of beauty-industry franchises, using Haircode Salon as a case study and employing a combined SWOT analysis alongside financial-stability metrics. Kim H. S. [7] analyzes the characteristics of franchising systems in the skincare-cosmetics segment, comparing models from the United States and South Korea through the lens of institutional differences and regulatory frameworks.

Comparative studies of consumer perceptions highlight differences in the emotional and economic value associated with franchised versus independent salons. Lee H. J., Kwon K. H. [4] empirically measure the impact of service-organization factors and DIY formats on perceived value, showing that emotional aspects are more critical for independent salons, whereas economic value predominates in evaluations of franchised outlets. Le Bot C., Perrigot R., Cliquet G. [5] survey clients of retail and service establishments, finding that brand trust and expectations of standardization are higher within franchises, while flexibility and local adaptation are more closely linked to independent operators.

Separate empirical research Bezes C. [8] on digital transformation and the dynamic capabilities of independent retailers demonstrates that the ability to adapt quickly to digital tools (such as online booking, social media engagement, and CRM systems) correlates with the survival and growth of small salons; without such capabilities, they risk losing competitive advantage.

Thus, the literature reveals several contradictions: first, methodological diversity—from qualitative case studies to statistical overviews—hampers the synthesis of findings; second, there is no unified approach to assessing “value” in the franchising versus independence context, with some authors concentrating on financial indicators and others on customer perceptions. Issues concerning the regulation and legal frameworks of franchising across jurisdictions, as well as deep socio-cultural factors affecting local salon development, remain underexplored. Moreover, there is a shortage of empirical data on how digitalization specifically impacts the commercial efficiency of franchised nail-service networks.

RESULTS AND DISCUSSION

A comparative analysis of franchise and independent business models in the nail-care sector reveals fundamental disparities in economic structure, operational mechanics, marketing strategies, and the capacity to sustain consistent service quality and long-term customer loyalty. In economic terms, franchising entails substantial initial capital outlays—from the franchise fee to outfitting the workspace and bringing the interior into strict conformity with brand standards—whereas an independent entrepreneur retains broad latitude when allocating start-up funds and can tailor expenditures to individual priorities [5]. Banks, however, are more willing to finance franchisees, viewing their projects as less risky because of corporate support and well-established business processes [5]. Over time, the franchisee’s operational burden includes obligatory royalty and marketing payments that systematically reduce net profit (industry averages range from 15 % to 25 %) and constrain financial management flexibility [9, 10]. By contrast, independent salons, unencumbered by recurring remittances, can attain higher profitability when supported by an effective strategy of real-time cost control.

Operational performance, though often considered a subsidiary metric when comparing similar service providers, nonetheless plays a crucial role in their evaluation. Franchise systems are underpinned by exhaustive codification of every procedure—from the exact sequence of manicure steps to the consultant's prescribed script—each aspect governed by detailed operational manuals. This degree of standardization ensures a consistent level of service quality across all locations, a uniformity recognized by approximately 75 % of clients. Yet, such rigidity inherently stifles innovation: the introduction of new materials or techniques must pass through a lengthy, multilayered approval process at corporate headquarters, which frequently results in their dismissal.

In contrast, an independent professional wields full discretion over operational choices, fostering continual skill refinement, swift integration of advanced tools, and agile tailoring to client preferences. Consider, for instance, a proprietary cuticle-management protocol that replaces conventional excision with meticulous abrasive refinement of the keratin layer. By foregoing maceration and aggressive chemical agents, this method minimizes periungual tissue trauma, slows proximal cuticle regrowth, and prolongs the nail plate's pristine appearance. Unlike the classic "Russian manicure," which inverts and removes cuticular tissue via high-speed drilling—often provoking cuticle hypertrophy and roughening—this approach preserves the natural barrier, rendering the cuticle nearly imperceptible while maintaining its protective function. Clinical practice has demonstrated exceptional outcomes for clients with onychophagia or a propensity for periungual injury, completely eliminating inflammation and hangnail formation. Moreover, through the judicious selection of hypoallergenic formulations—grounded in advanced chemical expertise—over fifty percent of conventionally used yet potentially harmful products have been eliminated. This unwavering emphasis on client health and safety stands in stark opposition to the conveyor-belt model of large salon chains, where speed and short-term profit priorities often eclipse long-term well-being [4, 7].

The marketing component and the maintenance of client loyalty constitute the third stage of the in-depth business analysis. A franchise system relies on the strength of a recognizable brand and centralized advertising campaigns, enabling franchise outlets to receive ready-made media content and a promotion strategy. By contrast, an independent specialist must build and promote a personal brand from scratch, a process that demands considerable time and resources. Nevertheless, in the digital era characterized by pervasive social platforms—where most consumers heed the recommendations of opinion leaders and industry experts [4, 6]—authority grounded in exceptional expertise can surpass traditional franchise tools.

In franchise networks, client loyalty is most often shaped by convenient geographic locations and uniform service standards. Within the "self-brand" model, trust and commitment rest on the practitioner's personality and outstanding results unattainable in other studios. Existing studies confirm that the personalization of interaction is the key factor in audience retention [8, 9]. The author's proprietary methodology functions as a unique selling proposition that not only secures loyalty but also gathers an active community of advocates. The commercial efficiency of the proposed approach is supported by objective metrics. Information about the achieved outcomes spreads organically through word of mouth, which enabled the formation of a full client base within one and a half months. At present, new client intake has been suspended, and the waiting list exceeds 300 people—compelling evidence of the high demand and competitiveness of a model that prioritizes quality and uniqueness over mass-market formats. Table 1 below presents a SWOT analysis of the franchise and independent models in nail services.

Table 1. SWOT analysis of franchised and independent models in the nail service industry (compiled by the author based on analysis [3, 6, 8]).

	Franchised Model	**Independent Model**
Strengths	Brand recognition; proven business model; marketing support; access to financing; collective purchasing power	Flexibility and autonomy; potential for innovation; absence of royalties (higher profit potential); ability to build a strong personal brand; deep personalization
Weaknesses	High initial and ongoing costs (royalties); strict restrictions and standards; slow implementation of innovations; reduced flexibility	Necessity to build the brand from scratch; higher startup risks; full responsibility lies with the owner; limited resources
Opportunities	Expansion into new markets; network-level loyalty programs; use of big data for customer analysis	Entry into the premium segment; implementation of proprietary techniques; development of training programs; rapid response to trends; focus on health and eco-themes
Threats	Reputational risks (failure of one franchisee affects the entire network); strong competition from independent technicians; shifts in consumer preferences toward personalization	Intense competition; economic instability; difficulty scaling the business; dependence on a single technician (owner)

A comprehensive analysis of the findings demonstrates that the decision between opening a franchise and launching an independent enterprise is dictated exclusively by the entrepreneur's strategic priorities. The franchising model offers a more reliable and predictable start, which is particularly valuable to investors seeking to limit risks during the launch phase and to operate within proven corporate procedures. Simultaneously, empirical data support the proposed hypothesis: an autonomous business format, reinforced by a unique competitive advantage—such as a proprietary methodology—possesses a markedly higher potential for attaining market leadership. Unlike the standardized services delivered under a franchise, an independent expert supplies clients with an exclusive solution to their tasks, thereby creating significantly greater value and strengthening audience loyalty. As a result, customer retention approaches its maximum level, and word of mouth becomes the leading and most cost-effective promotional channel, ultimately reducing marketing expenses and improving overall profitability.

Below is a table that describes the key advantages and disadvantages for each model - franchise and independent - and highlights the main future development trends in the nail service segment.

Table 2. Advantages, disadvantages, and future development trends in the nail-service segment (compiled by the author based on [3, 7, 10]).

Business model	Advantages	Disadvantages	Future trends
Franchising	• Brand recognition and customer trust: consistent visual identity, standardized procedures, and centralized marketing ensure a steady flow of clients and lower acquisition costs. • Established business model: refined operational regulations and training programmes reduce managerial risks at launch. • Access to financing: financial institutions are more inclined to support projects with corporate backing.	• High initial and ongoing costs: entry fees, royalties, and marketing contributions diminish net profitability. • Limited flexibility: strict requirements for décor, product range, and processes impede rapid innovation and local adaptation. • Network-wide reputation risk: errors by one franchisee affect the image of the entire network.	• Digital integration: implementation of a unified CRM system and online booking, with centralized analysis of customer data. • Personalization within the network: application of big data to tailor offerings to specific customer segments. • Eco-initiatives and safety: standardization of green and hypoallergenic materials across all outlets.
Independent	• Complete autonomy: freedom to introduce proprietary techniques and experiment with advanced materials (e.g. health-preserving cuticle treatment). • High margins: absence of obligatory royalties enables rapid adjustment of prices and costs. • Strong customer loyalty: personalised service and professional expertise foster active word-of-mouth promotion.	• Lack of brand recognition: the practitioner must build reputation and fund marketing independently. • Elevated start-up risks: absence of corporate support demands advanced managerial and financial skills. • Limited scalability: growth depends on the owner-technician's capacity and availability.	• Development of dynamic competencies: proactive digital transformation—from social media engagement to CRM—to retain and engage clients. • Cooperative networks of independents: formation of local alliances and exchange of best practices without sacrificing individuality. • Niche expansion: focus on premium, wellness-oriented, and eco-friendly services in line with the broader wellness trend.

The analysis thus makes it evident that, in an experience-driven economy where personalization is in high demand, the typical solutions characteristic of franchising are gradually yielding to deep professional expertise and unique offerings produced by independent specialists. Whereas a franchise concentrates on the standard question "Where can a manicure service be obtained?", an autonomous practitioner employing a proprietary method introduces an entirely different vector—"How can an individual problem be solved while ensuring the long-term health and aesthetics of nails?" This shift in the formulation of client needs defines the key trends that will govern the industry's future development.

CONCLUSION

The study provided a comprehensive comparison of franchised and independent business models in the nail-care sector and thereby fulfilled the stated objective. The analysis showed that each model features its own set of advantages and constraints. Franchising supplies a turnkey infrastructure, brand recognition, and lower start-up risks, yet restricts financial autonomy and operational flexibility. By contrast, an independent format imposes greater responsibility and uncertainty on the entrepreneur but offers wide scope for introducing innovative solutions, customising services, and potentially achieving higher profitability.

Empirical evidence unequivocally substantiates our working hypothesis: a fully autonomous enterprise paradigm, grounded in a singular value architecture—such as a proprietary protocol dedicated to safeguarding nail health—consistently outperforms a one-size-fits-all franchising blueprint. The decisive determinant of success lies not in mechanically reproducing an identical catalogue of services, but in engineering bespoke client benefits that cannot be sourced elsewhere. Such a strategy engenders a remarkably steadfast customer base, slashes promotional outlays by catalyzing genuine word-of-mouth referrals, and ensures a trajectory of robust, sustainable earnings. A striking illustration of this model's potency occurred when every available appointment was snapped up and an auxiliary waiting list of 300 prospective clients formed. Hence, independent specialists who deliver meticulously crafted, health-centred treatments possess the greatest leverage to capture and retain the premium segment of the nail-care marketplace.

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