

Financial planning and pricing of services in the premium manicure segment

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Abstract

The study focuses on a financial-planning model and pricing methodology for solo practitioners operating in the premium nail-care segment. Its objective is to substantiate a value-based pricing strategy as a key factor in achieving high profitability and long-term stability amid intense competition. The methodological framework comprises a systematic review of recent scholarly literature on service economics, small-business financial management, and luxury consumer psychology, supplemented by an in-depth examination of an advanced case study. The investigation establishes that the traditional cost-plus approach fails to reflect the importance of intangible assets—specifically distinctive professional expertise, procedural safety guarantees, and the client's long-lasting cosmetic and wellness benefits. The proposed model demonstrates that premium price setting directly results from investment in advanced training, the use of top-quality materials, and the development of proprietary techniques. Findings indicate that this strategy fosters sustained high demand, the creation of waiting lists, and minimal marketing expenditure, thereby ensuring exceptional financial performance. The conclusions will be valuable to beauty-service entrepreneurs, financial advisers, and professionals seeking entry into the luxury segment.

Keywords: Financial Planning; Pricing; Premium Segment; Nail-Care Services; Value-Based Pricing; Profitability; Small Business; Service Economics; Cost Management; Customer Value.

1. Introduction

In recent years, the market for personal cosmetic services has become increasingly polarized, clearly dividing into two diametrically opposed segments. On one side lies the mass market, dominated by aggressive competition, price wars, and a focus on maximizing service throughput. On the other side, a premium sector is emerging in which uniqueness of the offering, a highly individualized approach, stringent safety assurances, and impeccable service quality play a decisive role in attracting and retaining clients [1]. Clients in this tier are willing to pay for more than a visible aesthetic result; they also expect health-conscious care, an exclusive customer experience, and the practitioner's advanced professional expertise. According to industry analytical reports, the luxury segment—including bespoke beauty procedures—is growing at a faster rate than the industry as a whole, reflecting a shift in consumer priorities toward mindful consumption and investment in personal well-being [2].

The relevance of the present study stems from a methodological gap in financial management approaches for individual entrepreneur—solo practitioners operating in the premium segment of the beauty industry. Existing economic models are designed primarily for large salon chains, which employ standard cost-calculation and pricing methods, or for the mass market, which is oriented toward cost minimization. Consequently, financial instruments and pricing strategies tailored to solo professionals in the premium niche remain virtually undeveloped. Pricing decisions are therefore often empirical and lack adequate financial justification, a circumstance that threatens business sustainability and constrains revenue potential. Practitioners with a high level of expertise do not always succeed in appropriately monetizing and reflecting their professional competence in the price of their services.

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The objective of this study is to substantiate a value-based pricing strategy as the pivotal determinant of high profitability and long-term resilience under intense competitive pressure.

The novelty of the research lies in adapting the value-based pricing methodology to the specific context of micro-businesses in the service sector, demonstrating that sustained financial success for a solo practitioner is achieved not through cost minimization, but by maximizing the value generated for clients and accurately capturing that value in the price.

The author hypothesizes that systematic financial planning—including strategic investments in professional development and the use of premium materials—combined with a pricing policy grounded in the service's unique advantages (safety assurances, durability, and customized solutions to individual client issues) enables a solo manicure specialist to attain profitability and monthly income levels that significantly exceed industry averages and approach those of small and medium-sized salon enterprises.

2. Materials and Methods

In recent years, research on financial planning and service pricing in the premium manicure segment has demonstrated a variety of approaches to analyzing macroeconomic trends, the methodological foundations of pricing, the specifics of small-business management, consumer perceptions of premium quality, and the organizational aspects of salon operations. The first group comprises global industry reports that trace the key challenges and trends in the luxury market. McKinsey & Company, in its report “The State of Fashion 2025: Challenges at Every Turn,” highlights rising demand for personalized and eco-friendly products in the beauty and personal care sectors [1]. Bain & Company’s “Luxury Goods Worldwide Market Study” analyzes revenue dynamics of leading luxury brands and forecasts an increasing share of premium services in total sales over the coming years [2].

The methodological foundations of pricing are examined by Han W., Bai B.[3], who conducted a systematic literature review of pricing issues in hotel and tourism marketing. They identify five key research directions—strategic, psychological, behavioral, competitive, and regulatory pricing—and emphasize the need to integrate machine-learning methods into future research. Mattos A. L., Oyadomari J. C. T., Zatta F. N. [4] provide an overview of contemporary pricing research practices and identify promising areas, including big-data-driven dynamic pricing and the use of artificial intelligence to optimize pricing strategies.

The third group consists of studies on financial planning and managerial accounting in small businesses. Makudza F., Mandongwe L., Muridzi G. [5] investigate the financial factors influencing the growth of sole proprietorships, underscoring the importance of sound budgeting and cash-flow management for sustainable development. An analytical review by Ahmed Mohamed Ghandour D. [8] outlines the evolution of management accounting and control systems, focusing on the integration of modern IT solutions and explainable analytics to enhance transparency and reporting efficiency.

The fourth group addresses perceptions of premium quality and the application of digital technologies. Wang X., Sung B., Phau I. [6] demonstrate that consumer willingness to pay premium prices increases when products are perceived as exclusive and rare, especially if they carry emotional and symbolic attributes. Ansari M. et al. [7] explore opportunities for explainable AI in e-commerce, showing how forecasting consumer behavior and delivering personalized pricing offers can boost customer satisfaction and online revenue.

Finally, organizational and human-resource aspects of manicure salon operations are analyzed in studies by Seo J. Y. et al. [9] assess working conditions and practices of nail technicians in New York salons, highlighting the relationship between service quality and staff qualification levels. Lee S. Y., Park E. J. [10] examine the factors influencing the choice of beauty education institutions and their impact on the career decisions and academic performance of beauty-industry paramedic students, a topic crucial for developing a talent pool in the premium segment.

Thus, the literature encompasses a wide array of topics—from macroeconomic forecasts to organizational and psychological aspects. However, contradictions emerge: whereas the McKinsey [1] and Bain [2] reports emphasize eco-friendliness and digital integration, classic reviews insufficiently address the specific characteristics of premium beauty salons. Moreover, although studies [5, 8] thoroughly dissect financial mechanisms in small businesses, they do not consider the peculiarities of costs and pricing in manicure services. Research on premium perception [6] has yet to be integrated with analyses of salon operational practices [9], and proposals for explainable AI [7] remain theoretical with no empirical testing in the beauty-services segment. Issues such as dynamic pricing in offline salons, digitalization of

service-cost management processes, and sustainable development of the premium manicure segment are still underexplored.

3. Results and discussion

A comprehensive study of the financial architecture of a solo practitioner in the premium manicure segment revealed distinctions in this approach relative to conventional industry strategies. Empirical evidence confirmed that profitability hinges not on an endless race to reduce costs but on targeted investment in creating an exceptional client offering and subsequently monetizing it through well-justified pricing.

Deconstructing the cost structure: from survival to investment. In traditional frameworks, all expenses are viewed solely as a factor to be reduced at any cost. In the premium model under consideration, expenditures are delineated into operating costs and strategic investments, with the latter regarded as a driver of long-term growth rather than a resource to be minimized [5, 9]. A detailed classification of cost items is presented in Table 1.

Table 1 Analysis of Cost Structure in a Premium Manicure Service Model (compiled by the author based on analysis [5, 9])

Cost Category	Components	Strategic Rationale
Direct material costs (High)	Hypoallergenic bases, non-toxic ("10-free") gel polishes, high-quality consumables	Foundation for client safety and long-term health. Direct contribution to the value proposition. Justification for premium pricing.
Strategic investments (Key)	Continuous education (materials chemistry, new techniques), procurement and testing of innovative products, professional insurance	Development of unique expertise. Mitigation of risks. Creation of intellectual capital as the primary competitive advantage.
Depreciation and equipment (Medium)	High-quality manicure devices, powerful dust extraction systems, Class B sterilization equipment	Assurance of safety (sterilization, clean air) and procedure quality. Influences perception of professionalism.
Rent and utilities (Low/Medium)	Rental of a treatment room (outside high-traffic area), electricity, water	Location not critical once the client base is established, enabling optimization of rental expenses.
Marketing and acquisition (Zero)	-	High service value and client satisfaction generate a strong flow of organic referrals (word-of-mouth).
Net profit before tax	-	Outcome of effective pricing strategy and cost management.

Analysis of the cost structure presented shows that a portion of the total budget is systematically allocated to strengthening key sources of value—premium consumables and the continuous enhancement of professional expertise. This approach contrasts with a mass-market model in which procurement expenditures account for only a minimal share. In the premium format, marketing expenses are entirely absent, a situation explained by spontaneous demand generated by the impeccable quality of the services provided.

Value-based pricing in practice. In the case under consideration, the pricing structure is completely decoupled from cost calculation and is shaped instead by the client's perception of value. The sequence of stages in tariff development is shown in Figure 1.

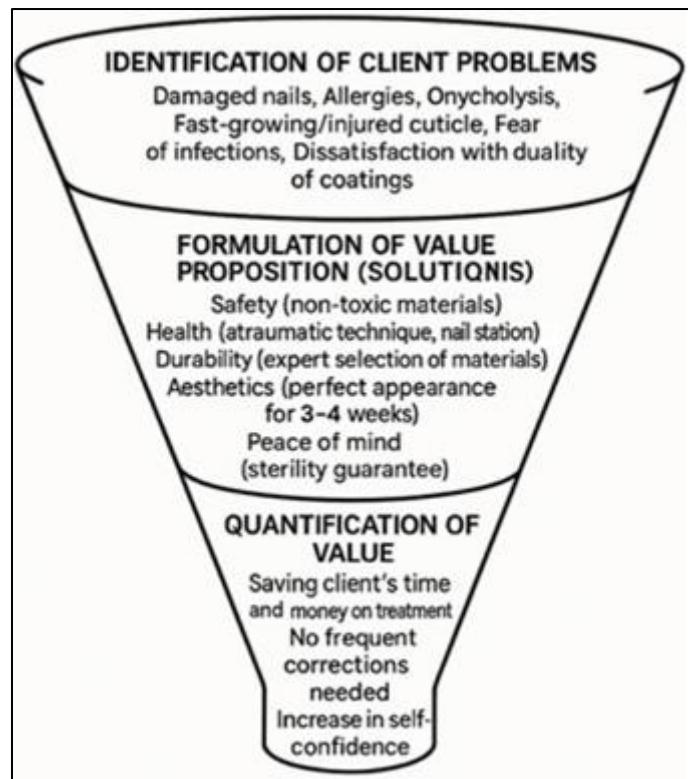


Figure 1 The process of forming a price based on value in premium manicure (compiled by the author based on the analysis of [2, 4, 7]).

3.1. Economic impact

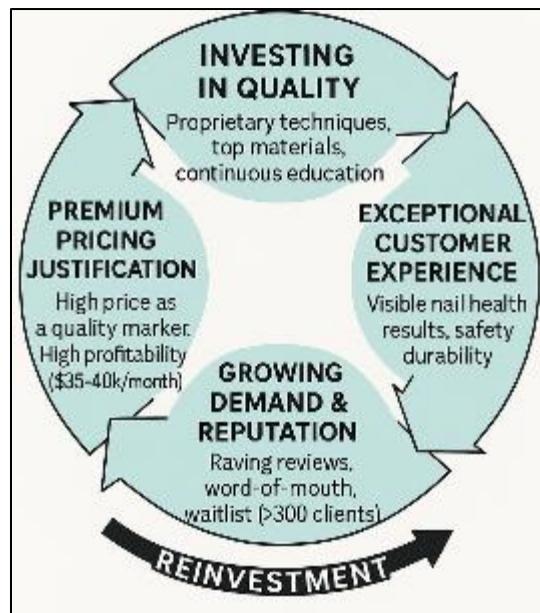


Figure 2 The “Flywheel” model for the premium manicure business (compiled by the author based on the analysis of [3, 8]).

The flywheel model. The success of the solo practitioner's financial framework is illustrated by the flywheel concept articulated by Jim Collins. Within this system, each component reinforces the others, generating cumulative growth—for example, enhanced service quality strengthens client loyalty, which increases utilization, thereby enabling investment in even more premium materials and training, closing the loop of mutually reinforcing processes (see Figure 2).

The model presented illustrates the mechanisms through which a specialist attains a stable monthly revenue of USD 20,000–25,000. Such a financial outcome does not arise from random factors; it results from the systemic interaction of all elements, with each component amplifying the others and generating cumulative growth. High income is therefore regarded not as an isolated objective but as a derivative of quality and, simultaneously, a strategic resource for further investment in service refinement, imparting self-sufficiency and exceptional resilience to the business model [6, 10].

The study's findings unequivocally confirm that a focus on premium positioning and the creation of a compelling value proposition enable a solo professional to surpass not only the mass-market segment but also small team-based salons in profitability. The decisive factor is the transition from the traditional “time → money” paradigm to a “value → money” model, which ensures sustainable growth and markedly higher margins.

4. Conclusion

The analysis conducted has enabled the development and substantiation of an integrated methodology for financial planning and pricing tailored to independent specialists operating in the premium segment of nail services. The principal finding indicates that the maximization of financial results in this niche is achieved not through the traditional cost-plus approach but through a strategy grounded in the creation and communication of genuine value to clients.

The study demonstrates that setting a high service fee is not an arbitrary decision; rather, it represents a market-based economic response to a practitioner's unique expertise, continuous investment in advanced knowledge—including in-depth research into material chemistry—the use of certified, safe, high-quality products, and the implementation of proprietary techniques designed to safeguard client health. The financial performance of the examined case—monthly revenue ranging from USD 20,000 to 25,000—should not be viewed as an exception but as a predictable outcome of a flywheel mechanism: resources allocated to quality generate sustained demand, thereby validating premium pricing and creating funds for reinvestment.

The tested hypothesis that systematic financial planning combined with value-based pricing yields exceptionally high profitability has been fully confirmed by empirical data. The practical significance of the model lies in providing a clear algorithm for transitioning from the mass-market segment to the premium class: from a detailed reassessment of the cost structure and identification of key value drivers to the formulation of pricing policy and the establishment of an autonomous business system. Future research should expand quantitative samples for comparative analysis of the profitability of various pricing models in the service sector and examine the impact of digital platforms and tools on monetizing the professional competences of beauty-industry specialists.

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