

How to Budget for Your Colour Spend

COLOUR BUDGETING GUIDE
For Independent Colourists and Salon
Owners

Start with the service, not a spreadsheet

Percentage of revenue benchmarks are useful health indicators, but they have a flaw, they assume your pricing is already correct. If you're undercharging for colour, which BTW is extremely common! Hitting a “good” percentage just means you're spending a proportionally small amount on a service you're already not charging enough for.

The more useful place to start is with a single question: what does it actually cost in product to deliver this service?

When you know the product cost of your most common services, you can check whether your pricing reflects that cost, and whether your usage habits are adding up correctly. That per colour service number is the real foundation of a colour budget.

The Target

Product cost should sit at

8–15% of the service price

for a well-priced, efficiently run colour service. If a service is consistently above 15%, either the price is too low, the formula is using more product than necessary, or both.

What this looks like in practice

Service	Price	Product cost	% of price	Status
Full balayage + tone	\$280	\$24	8.6%	✓ Healthy
Root touch-up	\$120	\$10	8.3%	✓ Healthy
Full colour + gloss	\$160	\$22	13.8%	⚠ Review
Express gloss	\$60	\$12	20%	Underpriced
Fashion colour correction	\$350	\$38	10.9%	✓ Healthy

The express gloss example is the one that catches most colourists off guard. A quick service can feel cheaper to deliver, but if you're using a meaningful amount of product and only charging \$60, the maths doesn't work. Low price services need lower product cost, not the other way around.

If your per service product cost is above 15%, check pricing before cutting product

The instinct when product costs are high is to use less. But often the real fix is to charge more. Run the numbers: if you raised that gloss service from \$60 to \$80, the same \$12 product cost drops from 20% to 15%. Colour costs rise with brand upgrades and inflation, pricing needs to keep pace.

Three Thresholds for Your Colour Service Menu

Once your per service colour costs are measured, these three benchmarks give you a quick way to check the health of your colour spend across your entire salon each month.

Target

8–15%

of technical turnover

Your technical turnover is revenue from colour services only. If your total colour product spend sits at 8–12% of that number, your pricing and usage habits are working together well.

Warning sign

15%

of technical turnover

At 15% you're not in crisis, but something needs attention. Start by auditing your highest cost services, chances are one or two are pulling the average up. Check whether pricing or usage habits are the culprit.

Red flag

20%

of total turnover

If colour product spend is hitting 20% of your entire turnover (not just colour services), something is significantly wrong – likely a combination of underpricing, over-ordering, and waste. This needs a proper review, not just tighter ordering habits.

 Can't separate your colour revenue easily?

Spend 15 minutes going through your last week of bookings and tag every service that used colour product. That split, colour revenue vs total revenue, is one of the most useful numbers your business has. Once you know it, calculating your 8–12% target takes seconds.

Five Ways to Stay Within Your Budget

Weigh every bowl, every time

The fastest way to overspend on colour is to mix by eye. A 10g overmix on every service might seem trivial, but at 20 colour services a week, that's 200g of wasted product weekly, or over 10kg a year - do the math on that! Weighing before and after every bowl is the single most effective habit you can build.

Set par levels and stick to them

Par levels aren't just about not running out, they're also about not over ordering. A maximum stock level for each product means you never have 3 tubes of a shade you use once a month. Aim for 1 tube maximum on low use shades, 4-6 on your high use core shades.

Stop stocking what you don't use

Audit your shelf once a quarter. Any product that had zero usage in the last 90 days either needs to come off your menu (and your reorder list) or get used up in a promotional service. Dead stock is frozen cash, it doesn't earn you anything sitting on the shelf. You are better to not order that and add 1 or 2 more tubes to your high movers, remember its not about how much you spend, it's what you spend it on.

Buy activators in bulk, shades in singles

Developer/Activators are predictable, high volume, shelf stable products. Buy them in bulk and save on cost per gram. Individual shades, especially anything in the low or trace tier should be ordered in singles and only restocked when stock actually runs low.

Check that your colour pricing reflects your product cost

If you're consistently above the 8% benchmark, the problem might not be your spend, it might be your pricing. Calculate the product cost of your three most common colour services. If product is more than 8-12% of the service price, your pricing needs a review.

Let Your Usage Data Do the Ordering

One of the most common ways salons and colourists blow their colour budget isn't by over using product in services, it's by over-ordering when restocking.

Reordering from memory, team requests or a quick shelf scan almost always means buying too much of some things and forgetting others.

The smarter approach is to let actual usage drive every order. When you know exactly how many grams of each product were used in the last month, reordering becomes mechanical:

High use products get restocked automatically, low use products only get ordered when they genuinely hit their minimum.

Smart Order in Color Bar Manager

CBM's Smart Order function uses your real usage data to automatically identify what needs restocking. High use products that are running low get flagged and added to your order, this way you're always replacing what you've actually used, not guessing from the shelf. No over ordering, no running out mid service.

[Try it free →](#)

A Quick Monthly Check In

You don't need a complicated system to stay on budget. A five minute check at the end of each month is enough if you ask the right questions:

1 What did I spend on colour product this month?

Add up every order. Compare it to 8% of your colour revenue for the same period. Are you above or below?

2 What are my top 5 most-used products?

These are your revenue generating workhorses. Make sure they're always in stock and that your par levels reflect their actual usage rate.

3 What did I buy that I didn't use?

Any product ordered this month that had zero usage is a question mark. Was it a one off order for a specific client? Or is it sitting on your shelf because you over-ordered? Adjust your minimum/maximum stock level accordingly.

The goal isn't to spend as little as possible

Cutting your colour spend below 8% of technical turnover usually means running out of product or compromising on quality – all of which cost you more in the long run, think team harmony, re-do's, last minute panics!

The goal here is not to spend less, it's to spend more on what you need and less on what you don't.

Enough to deliver great services without waste, over-ordering, or dead stock on the shelf. Sounds easy right?! Trust me it is when you let the numbers guide you!

Want More?

[Color Bar Manager](#) gives you the tools to track usage, control your spend, and order smarter, all in one place.

[Try it free →](#)

www.colorbarmanager.com