



LEBANESE FRANCHISE ASSOCIATION
الجمعية اللبنانية لتراخيص الإمتياز

RETAIL OBSERVATORY



غرفة التجارة والصناعة والزراعة
Chamber of Commerce Industry
and Agriculture
في بيروت وجبل لبنان

LFA - CCIABML RETAIL ACTIVITY INDICATORS QUICK READ

LEBANON
SECOND HALF OF
2018



lfailebanon.com

A semi-annual report prepared by



areeba

empowering a cashless world

RETAIL ACTIVITY INDICATORS

SECOND HALF OF 2018

EIGHTH EDITION

A semi-annual report prepared by



LFA Implementing Partner



ACKNOWLEDGMENTS

The Lebanese Franchise Association (LFA) and QuantAnalysts are grateful for the valuable technical assistance the Industrial Research Institute (IRI) has offered to the Retail Observatory and to the retail indicators project.

The LFA and QuantAnalysts are indebted to Dr. Nabil Fahed for the valuable support and constructive advice he continues to offer to the project.

Special thanks are due to Ms. Nour Nasr for putting her expertise in quantitative methods at the disposal of the project.

CATEGORIES AND SUBCATEGORIES OF CONSUMER GOODS AND SERVICES

Goods (6)



CLOTHING AND FASHION GOODS – 8 SUBCATEGORIES

Men's Wear; Women's Wear; Women's Accessories; Children's Wear; Family Clothing; Shoes; Apparel; Fabric / Sewing



FOOD AND BEVERAGES – 5 SUBCATEGORIES

Supermarkets; Confectionery; Bakeries; Miscellaneous Food Stores; Liquor / Beer / Wine



COSMETICS GOODS – 3 SUBCATEGORIES

Perfumes; Cosmetics; Personal Care



HOUSEHOLD GOODS – 11 SUBCATEGORIES

Sanitary Utilities; Glass / Paint / Wallpaper; Hardware; Furniture; Floor Covering; Drapery / Upholstery; Miscellaneous Home Furnishing; Household Appliances; Audio-Visual; Antiques Restoration; Crystal and Glassware

Services (3)

**LUXURY GOODS – 7 SUBCATEGORIES**

Jewelry / Watches / Silverware; Crafts; Art Dealers Galleries; Florists; Cigars; Gifts; Electronics

**SPORTS AND HOBBIES GOODS – 3 SUBCATEGORIES**

Sporting Goods; Games / Toys; Music Instruments

**HOSPITALITY SERVICES – 4 SUBCATEGORIES**

Catering; Restaurants; Pubs / Nightclubs; Hotels / Resorts

**TOURISM SERVICES – 6 SUBCATEGORIES**

Travel Agencies; Travel Services; Movies / Theaters; Dance Schools / Studios; Tourist Attractions / Exhibits; Clubs

**MEDICAL SERVICES – 5 SUBCATEGORIES**

Doctors; Dentists; Ophthalmologists; Hospitals; Other Medical / Health Services

EXECUTIVE SUMMARY

THE RETAIL SALES PERFORMANCE INDICATORS IN 2018

The eighth edition of the LFA-CCIABML Retail Activity Indicators presents retail sales indicators for the second half of 2018 and for the year as a whole, and compares them with those of the preceding years. To preserve the integrity of indicator time series, the report retained 2012 as the base year and followed the processing protocol adopted since the inception of the statistical exercise.

With lengthening time series, the report introduced more advanced trend analyses, while maintaining alternative trend detection procedures and analyzing change in trend parameters across time frames.

1. The overall indicator

- In 2018, the overall retail sales performance indicator for the nine categories of goods and services covered by the report edged 0.57 percent lower than its 2017 level.
- That indicator remained 9.52 percent below its 2012 base year level.

2. The sales performance indicators by category

- Of the nine categories of consumer goods and services included in the report, the sales performance indicators of **five** categories declined in 2018 as compared with their levels in 2017.

In 2018, the overall retail sales performance indicator for the nine categories of goods and services covered by the report was:

— **0.57%**
LOWER THAN ITS
2017 LEVEL

— **9.52%**
BELOW ITS
2012 BASE YEAR LEVEL

Declining indicators in 2018:

By order of the magnitude of their indicator decline, these categories are: clothing and fashion, cosmetics, sports and hobbies goods, hospitality services, and luxury goods.

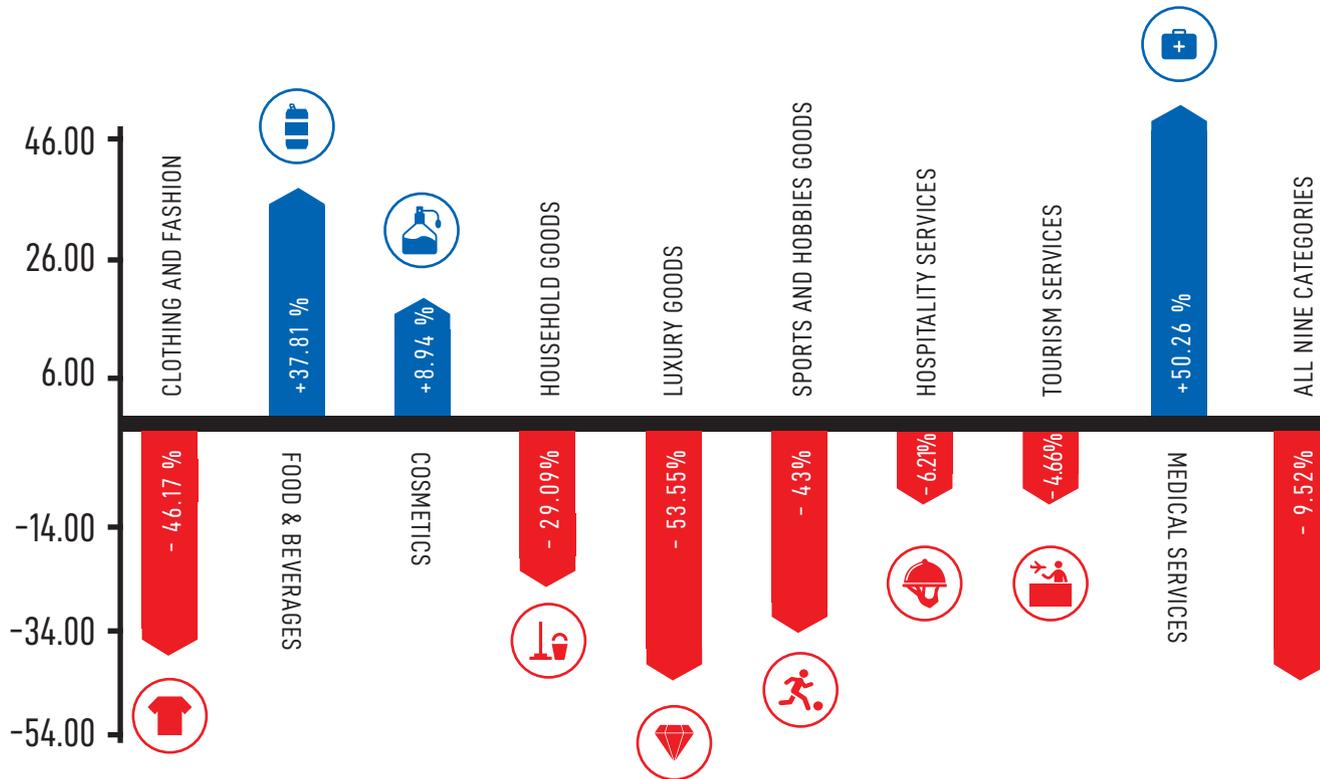
- The sales indicator for the clothing and fashion retail category declined by 17.65 percent and fell to 46.17 percent below the 2012 base year level.
- The retail sales indicator for cosmetics was down 16.27 percent. That indicator was 8.94 percent above its base year level.
- The sports and hobbies goods sales indicator moved down 10.36 percent and that indicator was 43 percent lower than the 2012 base level.
- The retail sales indicator for hospitality services decreased by 9.78 percent and that indicator was 6.21 percent below its base level.
- The sales indicator for luxury goods was 7.84 percent lower than its 2017 level and hit a low of 53.55 percent below the base level, the broadest negative distance from base compared with the indicator levels of retail categories examined in the report.

Advancing indicators in 2018:

Four retail sales indicators staged advances. By order of magnitude, advancing indicators are those of the food and beverages category, the household goods category, the medical services category, and the tourism services category.

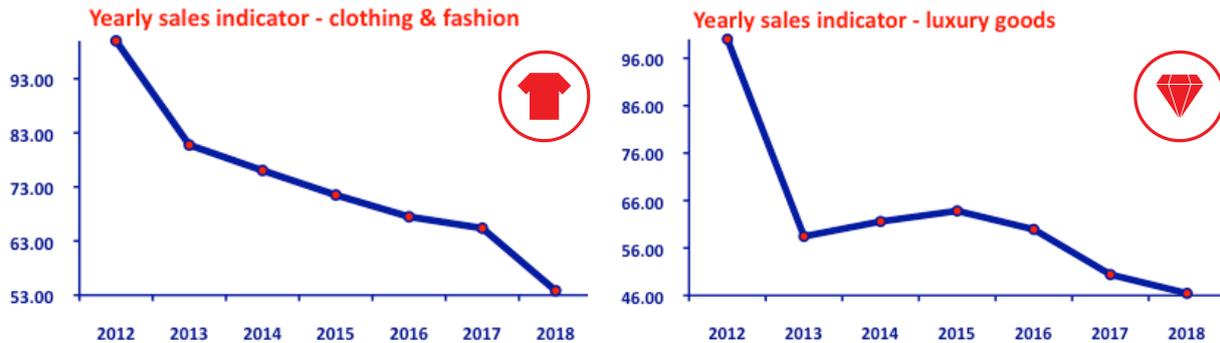
- The retail sales indicator for food and beverages was up 33.89 percent and was 37.81 percent above the 2012 base year level.
- The household goods sales indicator rose by 5.37 percent, but that indicator remained 29.09 percent below its base year level.
- The medical services retail sales indicator moved up by a moderate 4.5 percent and reached a high of 50.26 percent above base level.
- The retail sales indicator for tourism services advanced 4.14 percent, but remained 4.66 percent below base level.

Retail sales indicators in 2018 in relation to 2012 base year level



3. Sales performance indicators that hit dataset lows

Two retail sales indicators fell to the six-year low level in 2018. These are the indicator for the clothing and fashion category and the indicator for the luxury goods category.

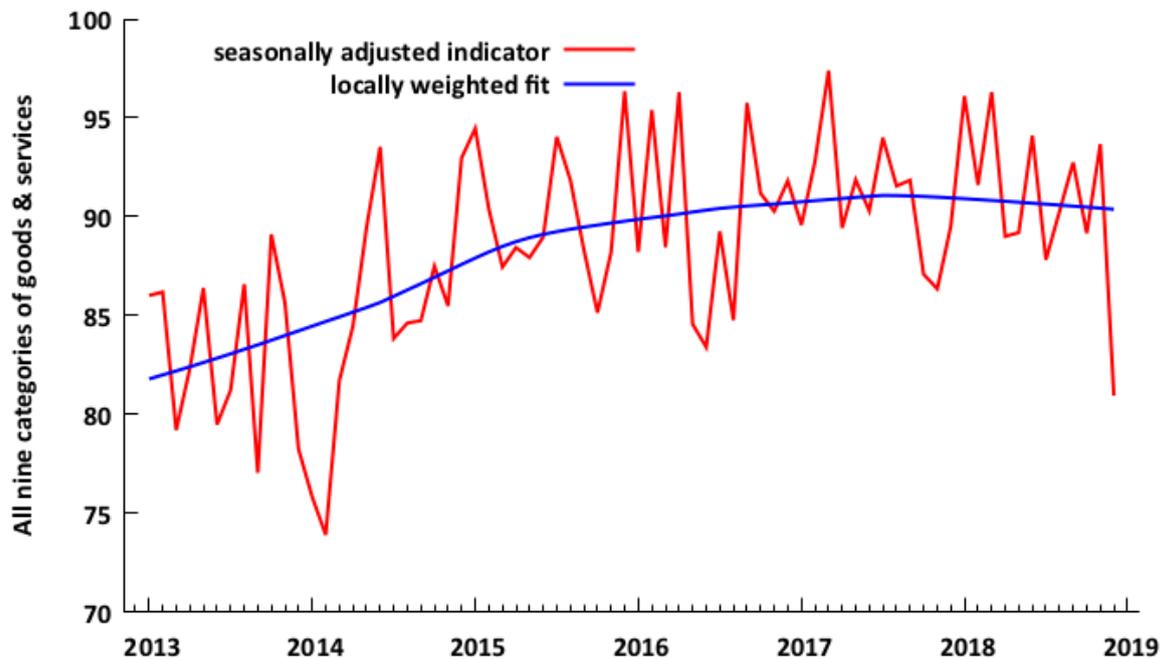


4. Trend analysis

The interpretation of retail sales performance indicators derives from the adoption of four different but complementary statistical approaches namely, the de-seasonalization of indicator time series, the moving average approach, the parametric trend approach, and the non-parametric trend approach. Combined, these approaches impart added understanding of the datasets and could facilitate projections.

- The trend for the overall retail sales performance indicator, though remaining mildly positive over the 72-month dataset took a mild turn down in 2018. On a seasonally adjusted basis, December 2018 was the worst December within the dataset, as reflected in the chart.
- Noteworthy is the fact that the chart line for the seasonally adjusted indicator as well as the trend line remained well below the 2012 base year level.

- The sales performance indicators for four categories of retail exhibited a negative trend over the 72-month period. Basically little changed from the 2017 trend direction and parameters, these categories are, in decreasing order of magnitude of the rate of decline: clothing & fashion; tourism services; luxury goods; and household goods.
- The performance indicator data for five categories of retail formed a positive trend over the 72-month period. Also little changed from the 2017 trend attributes, these categories are, in decreasing order of magnitude of the rate of ascent: food & beverages; medical services; cosmetics; sports & hobbies goods; and hospitality services



5. The Consumer Price Index

The Consumer Price Index (CPI) moved up 3.98 percent in 2018.

On a year-to-date monthly comparison, the CPI peaked in June 2018 as it reached a level that was 7.61 percent higher than its June 2017 level.

Over the three-year period 2016-2018 the index rose by 12.62 percent.

6. Tourism

The number of incoming tourists reached 1.96 million in 2018, up 5.77 percent from the previous year's number. This rate of increase was the lowest over the past five years.

About the present report

The eighth edition of the Retail Activity Indicators report bases its statistical analysis of indicator data on 72-month-long time series. The longer time series enhance the reliability and robustness of the seasonal adjustment procedure, correlations, and trend parameters. The longer series have also made possible the introduction of the locally weighted fit as an approach to trend analysis.



The report's rationale

As a guiding reference on retail trade, the report continues to introduce more advanced procedures to the exercise of building retail activity indicators. This exercise seeks to fill a gap in the national statistics platform, to provide retail enterprises and prospective investors with quantitative knowledge about the retail industry, and to put at the disposal of representatives of the retail industry the quantitative basis to carry out their advocacy mandate.





**GREAT NATIONS MAKE GREAT
BRANDS**

THE LEBANESE FRANCHISE ASSOCIATION



LEBANESE FRANCHISE ASSOCIATION
الجمعية اللبنانية لتراخيص الإمتياز