



LEBANESE FRANCHISE ASSOCIATION
الجمعية اللبنانية لتراخيص الإمتياز



غرفة التجارة والصناعة والزراعة
Chamber of Commerce Industry
and Agriculture
of Beirut and Mount-Lebanon في بيروت وجبل لبنان

RETAIL
OBSERVATORY
SEVENTH EDITION



LEBANON
FIRST HALF OF
2018

LFA – CCIABML
RETAIL ACTIVITY INDICATORS
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RETAIL ACTIVITY INDICATORS

FOR THE FIRST HALF OF 2018

SEVENTH EDITION



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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



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



LUXURY GOODS - 7 SUBCATEGORIES

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

Services (3)



SPORTS AND HOBBIES GOODS - 3 SUBCATEGORIES

Sporting Goods; Games / Toys; Music Instruments



FOOD AND BEVERAGES - 5 SUBCATEGORIES

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



MEDICAL SERVICES - 5 SUBCATEGORIES

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



TOURISM SERVICES - 6 SUBCATEGORIES

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



HOSPITALITY SERVICES - 4 SUBCATEGORIES

Catering; Restaurants; Pubs / Nightclubs; Hotels / Resorts

EXECUTIVE SUMMARY

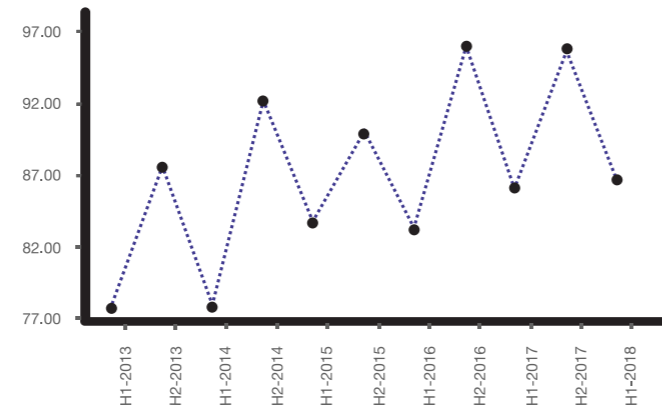
The seventh edition of the LFA-CCIABML Retail Activity Indicators presents retail sales indicators for the first half of 2018 and compares them with those of the preceding period and with their year-to-date levels. To preserve the integrity of indicator time series, the report retained 2012 as the base 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.

OVERALL INDICATOR

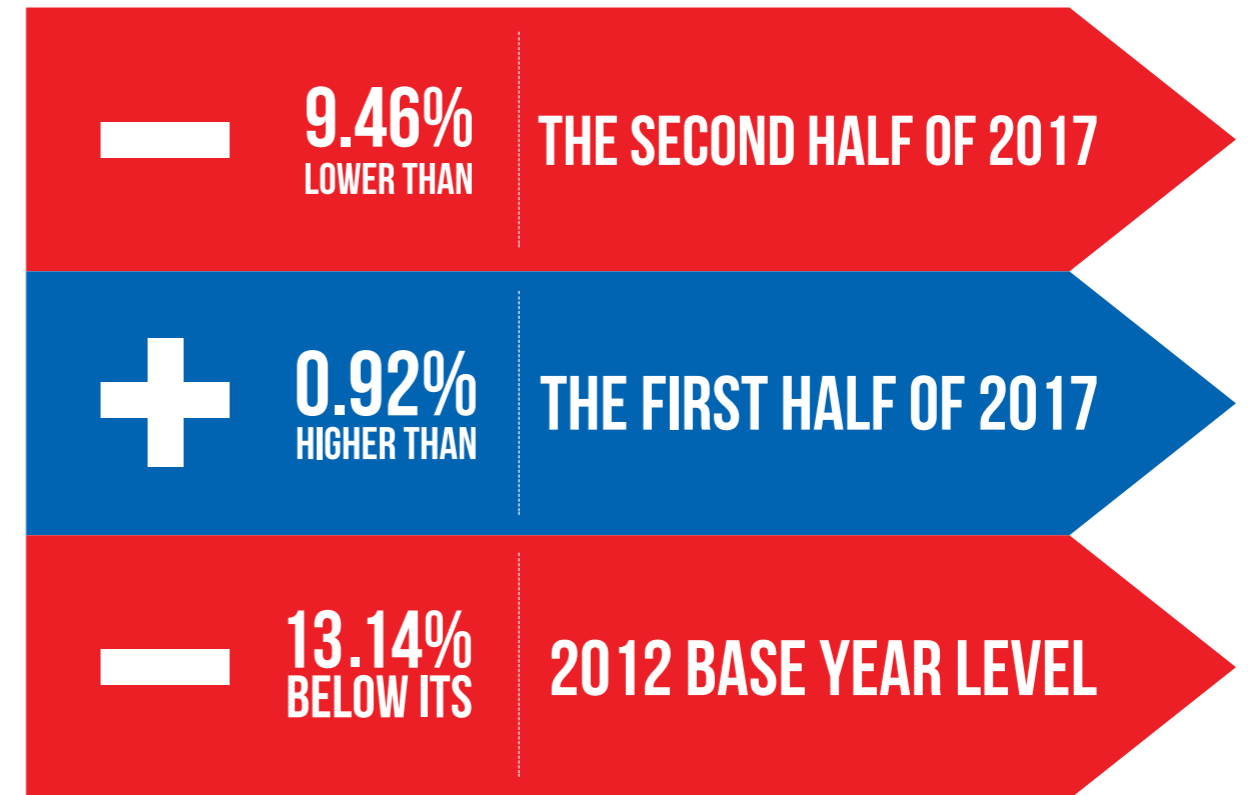
■ In the first half of 2018, the overall retail sales performance indicator for the nine categories of goods and services covered by the report was 9.46 percent lower than its level in the preceding half year (July through December 2017) and 0.92 percent higher than its level in the first half year of 2017 (January through June 2017).

■ That indicator remained 13.14 percent below its 2012 base year level.



Retail sales indicator evolution for all categories of goods and services.

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



THE SALES PERFORMANCE INDICATORS BY CATEGORY

Of the nine categories of consumer goods and services included in the report, the sales performance indicators of six categories declined in the first half of 2018 as compared with their levels in the same period of 2017.

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

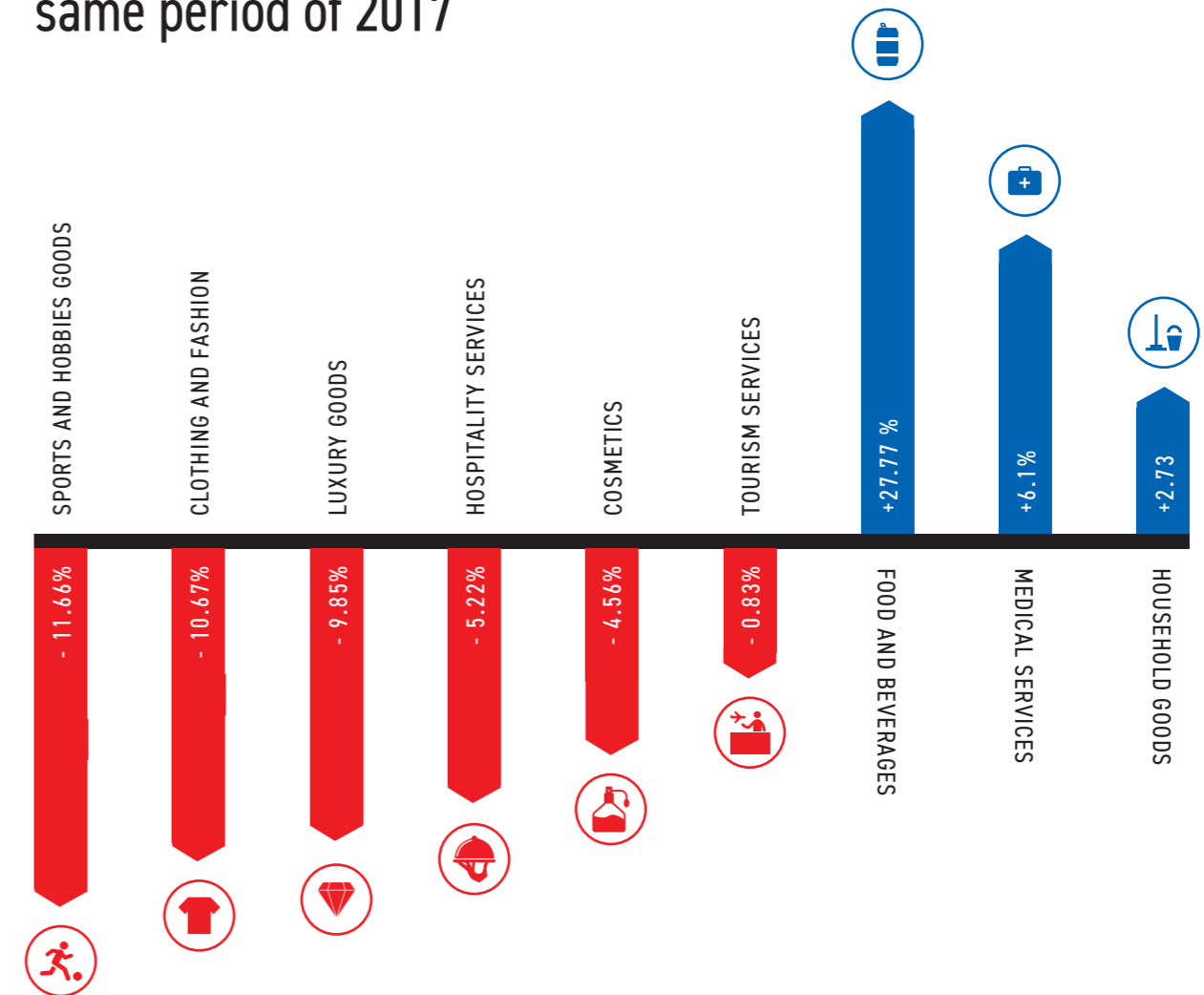
- The sales indicator for the sports and hobbies goods category fell by 11.66 %
- The clothing and fashion sales performance indicator was down 10.67%
- The luxury goods category declined by 9.85%
- The sales indicator for hospitality services was 5.22% lower

- The sales indicator for cosmetics declined by 4.56%:
- The sales indicator for tourism services edged down 0.83%.

The sales indicators for three categories of retail goods and services increased in the first half of 2018 as compared with same period of 2017. The Categories are:

- Food and beverages (+27.77 %);
- Medical services (+6.1 %).
- Household goods (+2.73 %);

Sales performance of the nine categories of consumer goods and services compared to their levels in the same period of 2017



SALES PERFORMANCE INDICATORS IN RELATION TO BASE YEAR LEVEL

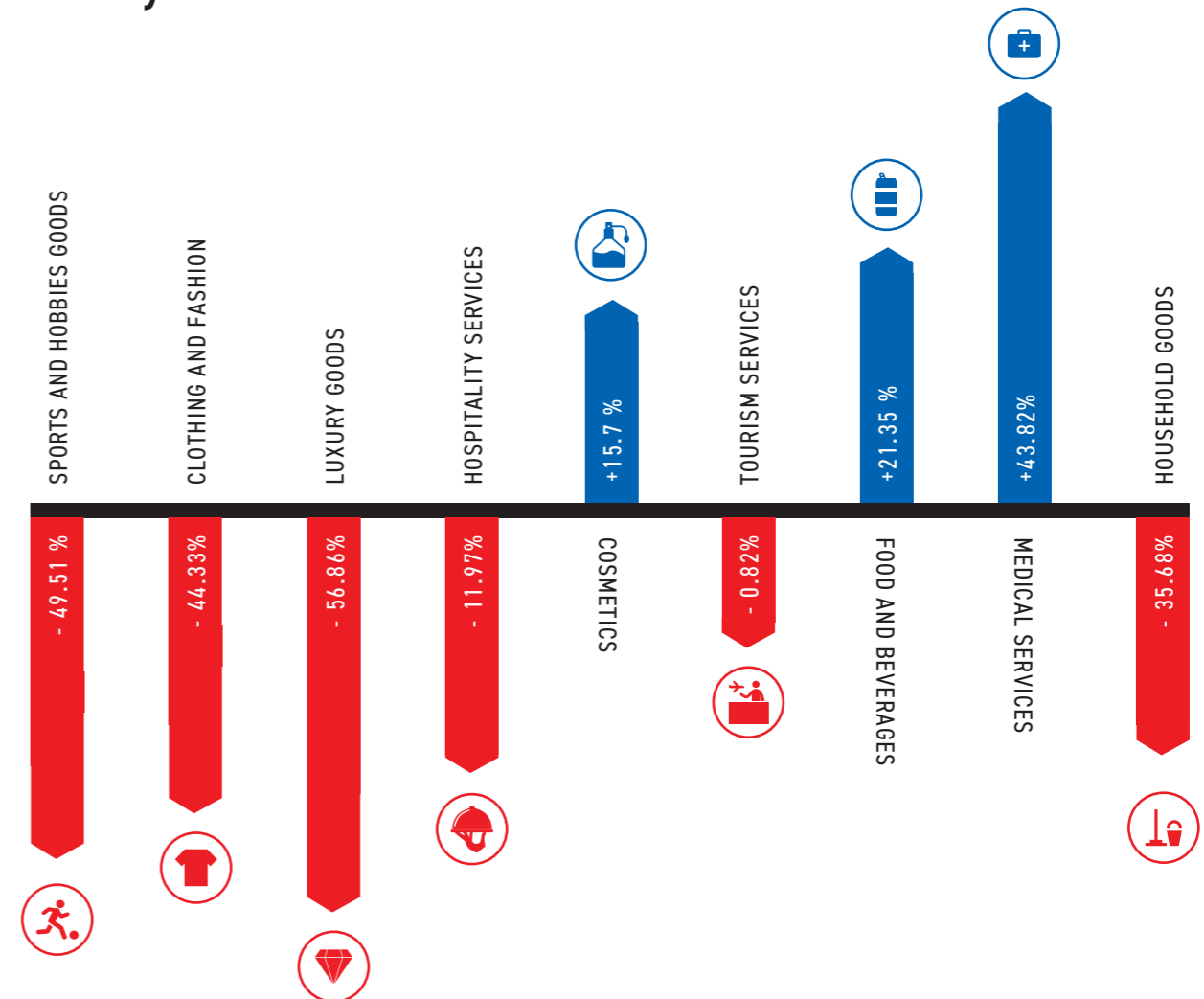
In the first half of 2018, the sales performance indicators for six categories of retail remained below their 2012 base year level. These are:

- The luxury goods indicator: 56.86 % below base year level;
- The sports and hobbies goods indicator: 49.51 % below base year level;
- The clothing and fashion indicator: 44.33 % below base year level;
- The household goods indicator: 35.68 % below base year level;
- The hospitality services indicator: 11.97 % below base year level.
- Tourism services indicator: 0.82 % below base year level.

The sales indicators for three categories of retail exceeded their 2012 base year level. These are the indicators for:

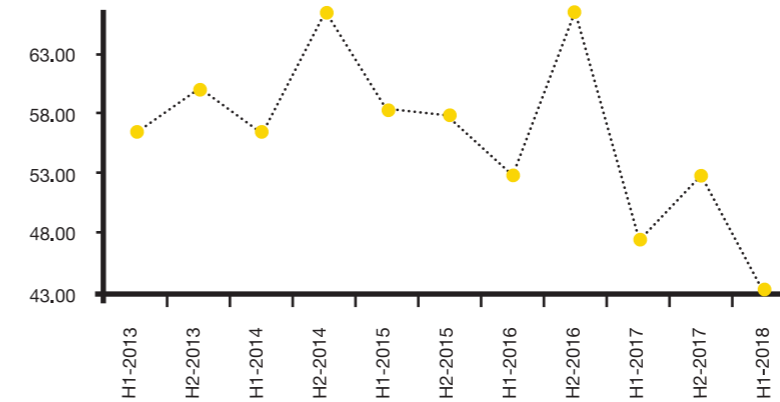
- Medical services: 43.82 % above base year level;
- Food and beverages: 21.35 % above base year level;
- Cosmetics: 15.7 % above base year level.

Sales performance of the nine categories of consumer goods and services compared to their levels during the base year level of 2012

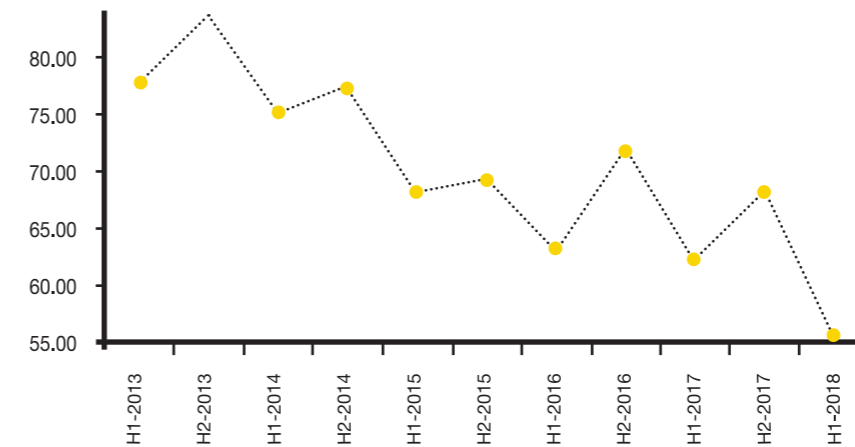


SALES PERFORMANCE INDICATORS THAT HIT DATASET LOWS

Two categories of retail saw their indicators for the first half of 2018 fall to their lowest level within the dataset of five and a half years. These are the clothing and fashion category and the luxury goods category.



Half-year evolution of retail sales indicators for luxury items



Half-year evolution of retail sales indicators for clothing and fashion

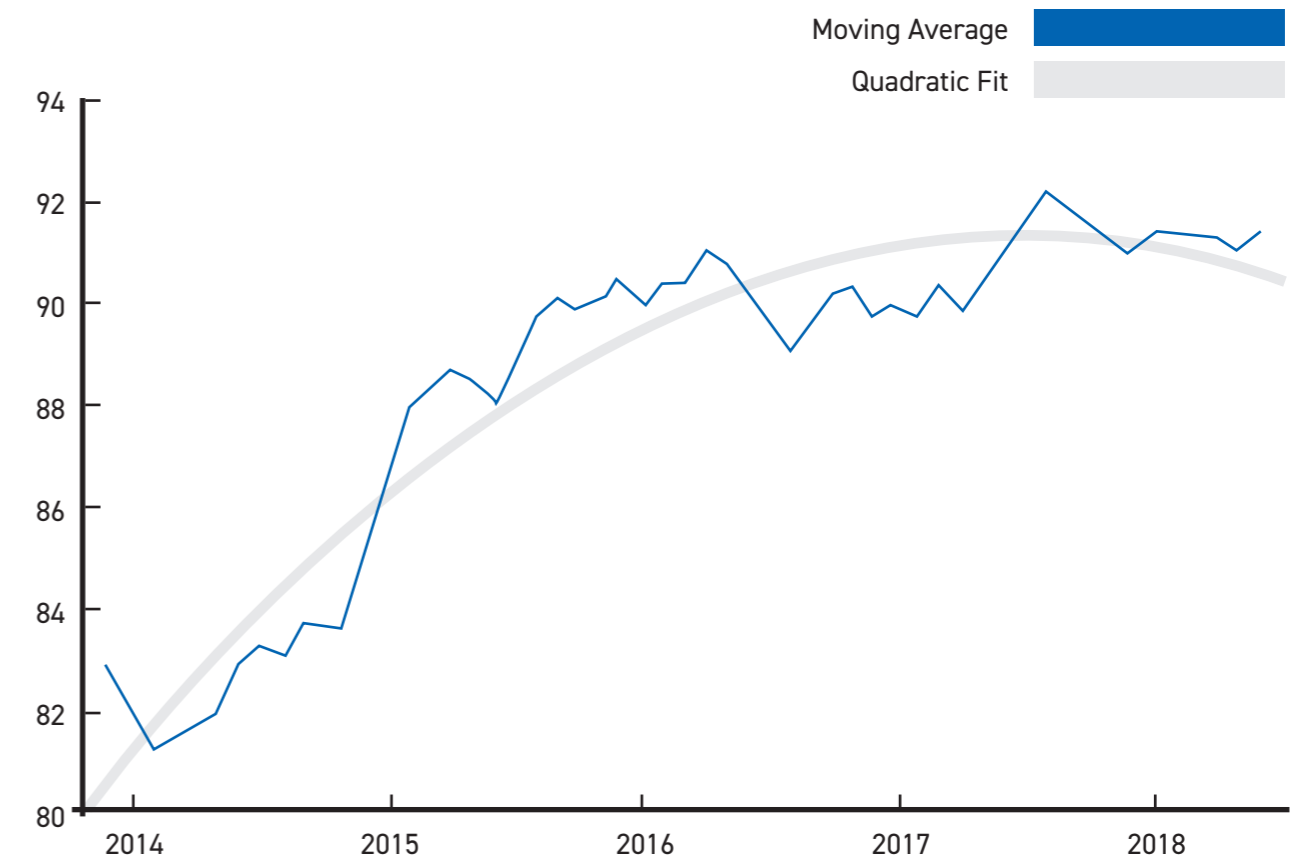


TREND ANALYSIS

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 66-month dataset exhibited a flattened portion in the first half of 2018. All of the trend line remained about nine percent below the 2012 base year level.
- The retail sales performance indicators for four categories of retail exhibited a negative trend over the 66-month period. Basically, unchanged from the previous half-year trend direction and parameters, these categories are, in decreasing order of magnitude of the rate of decline: clothing and fashion; tourism services; luxury goods; and household goods.
- The performance indicator data for five categories of retail formed a positive trend over the 66-month period. Also unchanged from the previous half-year trend attributes, these categories are, in decreasing order of magnitude of the rate of ascent: food and beverages; cosmetics; medical services; sports and hobbies goods; and hospitality services.

All nine categories of consumer goods and services moving average



THE CONSUMER PRICE INDEX ON AN ASCENDING PATH

In June 2018, the Consumer Price Index (CPI) registered a year-to-date increase of 7.61 percent, a record high not seen over the past two decades. In that one-year period, the price indices of all of the 17 items and sub-items of household spending included in the CPI posted increases.

ABOUT THE PRESENT REPORT

The seventh edition of the Retail Activity Indicators report bases its statistical analysis of indicator data on 66-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.



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