

# “ii Monthly” Meets with Merchants: Drop in Income and a Possible Closure

The commercial activities slumped during the past month after the assassination of former Prime Minister Hariri last February. To trace the economic losses and assess the different steps and actions undertaken, “ii” staff interviewed 350 merchants, between 21 and 25 March 2005, distributed upon the following commercial areas: Hamra, Verdun, Downtown, Barbour, Furn El-Chebak, Achrafieh, and Mar Elias.

The majority of respondents (42.3%) declared that their income, in the period ranging between February 14 and March 20, dropped by 60-80% compared to regular days, while 17.7% said there was a 50% decrease, 14.6% stated that their income decreased 100%, 10.3% said the decline was 30-40%, 6% announced a 90% decrease while the remaining percentages were distributed among different answers. (Graph 1)

Due to the economical situation in Lebanon after the February 14 assassination, ii Monthly's administration decided to publish this survey, with the intent to publish the last part of “The Puffers & The Tolerants” in the next issue.

Around one third of the respondents (31.7%) perceived the date of the parliamentary elections as a date declaring the amelioration of the situation, while 15.7% thought that this would happen in the summer, 11.4% did not see things getting better, whereas 10.3% had hope that things will change upon the formation of the new government. The remaining percentages were distributed between answers such as, sometime in April-May (9.1%), next year (1.7%), upon the Syrian withdrawal (1.1%), upon the election of a new president (0.9%), and 15.4% did not specify.

Around one quarter of the respondents (25.9%) indicated “security” as the main concern regarding the new government, followed by the reduction of fees and taxes (22.1%), preserving the stability of the currency (17.4%), decreasing the cost of electricity, telephone and water (12.7%), promoting Lebanon abroad (9.8%), requesting banks to re-schedule their debts (3.5%), while the remaining 8.6% were distributed among other answers.

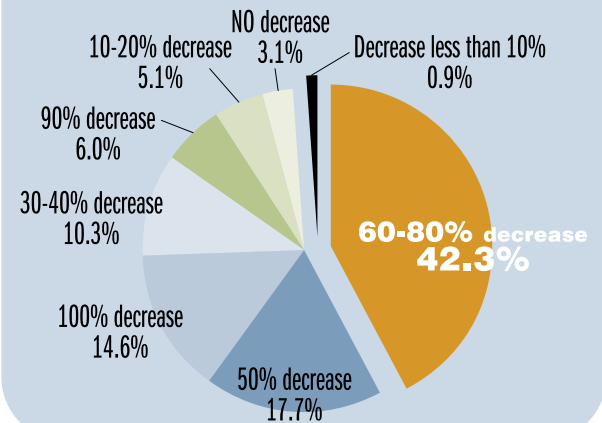
While asking about the merchants' major fears these days, security was also described as the main concern (55.7%), followed by the ability to continue in one's field of work (26.9%), the stability of the Lebanese currency (11.1%), building the country (0.9%), while 2.6% did not specify an answer, and the remaining 2.8% were distributed among other options.

However, this overall illustration of the situation may vary when we zoom into different areas answers and percentages may differ. Accordingly a detailed account of each area is presented hereunder.

## Barbour

The income of 84% of the respondents in Barbour fell more than 50%, whereby 32% of the merchants indicated that their income fell 60-80%, 20% said the decrease in income reached 100%, 18% stated there was a 50% drop, 14% revealed a 90% plunge, while 8% did not trace a decrease in their income, 4% indicated a 10-20% drop and another 4% stated a 30-40% reduction, and . In an attempt to increase sales and decrease expenditures, 44.6% of the merchants decreased prices of their goods, 4.3% increased working hours, another 4.3% reduced the number of employees, while 38.3% did nothing, and the remaining 8.5% are distributed among different responses.

G1 | From February 14 & until March 20, your institution's income regressed by ...% compared to the same period last year. All the areas



As for the expected actions that will be taken in the event the situation continues badly, the majority of the respondents (37.3%) indicated that they would permanently close their shops, 18.9% will do nothing, 11.3% will continue to decrease their prices, while 5.7% will launch promotion campaigns and ads, whereas 5.7% did not specify what they will do with their shop, but said they will personally travel. The remaining answers were distributed among: temporary closure of shops (2%), changing the field of work (3.8%), changing the location of work (2%), cutting down expenditures (2%), while 11.3% did not specify an answer.

## Hamra

The income of 76% of the respondents in Hamra fell more than 50%, whereby the income of around half the merchants (52%) fell 60-80%, 16% indicated a 50% decrease, 6% stated their income plummeted 100%, 2% said it dropped 90%, while the income of 10% of the respondents decreased by 10-20%, 12% revealed there was a 30-40% reduction, and 2% indicated there was no decline in their income.

The steps taken in Hamra, in order to increase sales and decrease expenditures, were pretty much similar to those taken in Barbour, even in frequency. The majority (42.6%) of the merchants decreased prices of their goods, 11.1% increased working hours, 3.6% reduced the number of

# “ii Monthly” Meets with Merchants: Drop in Income and a Possible Closure

employees, while 38.9% did nothing, and the remaining 3.8% were distributed among different answers.

As for the actions the merchants expect to take in case the bad situation continues, the majority of the respondents (40.4%) announced that they would do nothing, 33.3% will continue to decrease their prices, while 10.5% will decrease salaries of their employees, 5.3% will fire some of their employees, 3.5% will close their shops permanently, 3.5% will change their occupation, while the remaining 3.5% were distributed between different options.

## Verdun

The income of 86% of the respondents in Verdun fell more than 50%, whereby the income of around half the merchants (48%) fell 60-80%, 26% stated a 50% drop, 12% revealed a 100% plunge in income, while 10% indicated a 30-40% decrease and 4% said they faced a 10-20% decline.

The majority of merchants in Verdun (70.6%) did not take any action in order to increase sales and decrease expenditures, while 23.5% of them decreased prices of their goods, 3.9% reduced the number of employees, and 2% gave facilities in payment.

As for the actions to be taken in case the bad situation continues, the majority of the respondents (68%) announced that they would do nothing, 12% will permanently close their shops, while 8% will continue decreasing prices of their goods, 6% will change the location of their shops, and the remaining 2% will either decrease salaries of their employees or fire some of them or cut down expenses.

## Downtown

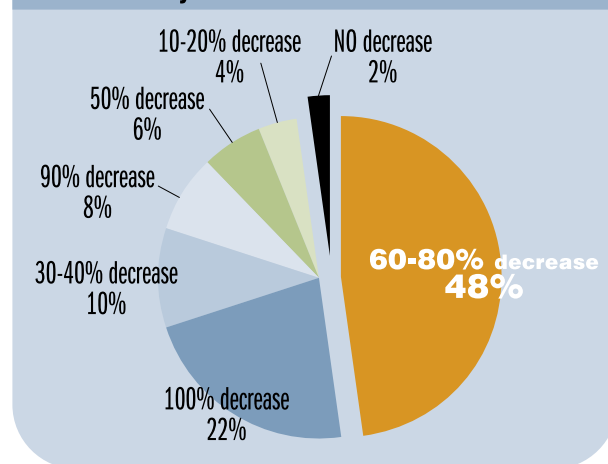
The income of 84% of the respondents in Downtown fell more than 50%, whereby the income of around half the merchants (48%) fell 60-80%, 22% stated a 100% plunge, 8% revealed a 90% drop, 6% specified a 50% decline, while 10% indicated a 30-40% decrease, 4% said their income dropped 10-20% and 2% stated their income did not decrease. (Graph 2)

Around half the merchants in Downtown (49.1%) did not take any action in order to increase sales and decrease expenditures, while 17% of them decreased prices of their goods, 9.4% decreased working hours, 5.7% reduced the number of employees, 5.7% increased promo-

tion campaigns, 5.7% gave their employees their annual leaves, 3.8% cut down expenses, 1.8% increased working hours and 1.8% decreased salaries.

As for the actions to be taken in case the bad situation continues, the majority of the respondents (46%) announced that they would do nothing, 26% will permanently close their shops, 10% will dismiss some of their employees, while 4% will change the location of their shops, 2% will reduce salaries, 2% will change their occupation, 2% will increase promotion campaigns, while 8% did not specify an answer.

G2 | From February 14 & until March 20, your institution's income regressed by ...% compared to the same period last year. Downtown Area.



## Achrafieh

The decline in income among Achrafieh merchants was not as severe as that encountered by merchants in other commercial areas visited, whereby the income of around 62% fell more than 50%. The income of 30% of the merchants fell 60-80%, 16% specified a 50% decline, 12% revealed a 100% plunge, 4% stated a 90% drop, while 20% indicated a 30-40% regression, 10% said they are facing a 10-20% decline, 6% stated less than 10% drop and 2% indicated that their income did not decrease.

The majority of the merchants in Achrafieh (61.5%) did not take any action in order to increase sales and decrease expenditures, while 17.3% of them decreased the prices of their goods, 9.7% reduced the number of employees, 3.9% gave their employees their annual leaves, 1.9% reduced salaries, 1.9% increased promotion

# “ii Monthly” Meets with Merchants: Drop in Income and a Possible Closure

campaigns, 1.9% are looking for a new market and the remaining 1.9% gave different answers.

As for the actions to be taken in case the bad situation continues, the majority of the respondents (54.5%) announced that they would do nothing, 12.8% will permanently close their shops, 7.3% will dismiss some of their employees, 7.3% will reduce salaries, 5.5% will continue decreasing prices of their goods, 1.8% will change the location of their shops, while the remaining 9% proposed different answers.

## Furn Al Chebak

The income of 84% of the respondents in Furn Al Chebak fell more than 50%, whereby the income of 34% of the merchants fell 50%, 32% indicated a 60-80% decline, 14% revealed a 100% plunge, 4% stated they are facing a 90% drop, while the income of 10% fell 30-40%, and 6% said their income did not decrease.

The majority of the merchants in Furn Al Chebak (65.4%) did not take any action in order to increase sales and decrease expenditures, while 18.4% of them decreased prices of their goods, 4.1% reduced the number of employees, 4.1% cut down expenditures, 2% increased promotion campaigns, 2% participated in demonstrations, 2% are looking for a new market, and 2% reduced working hours.

As for the actions to be taken in case the bad situation continues, the majority of the respondents (46%) announced they would do nothing, 32% will permanently close their shops, 10% will dismiss some of their employees, 4% will give offers and discounts, 2% will change their occupation, while the remaining 6% did not specify an answer.

## Mar Elias

The income of 88% of respondents in Mar Elias fell more than 50%: the income of 54% of the merchants fell 60-80%, 16% reported a 100% decline, 10% stated a 90% decrease, 8% said there was a 50% reduction, while the income of 6% fell 30-40%, 4% indicated a 10-20% drop, and 2% said their incomes were not affected.

The majority of the merchants in Mar Elias (55.8%) decreased the prices of their goods in order to increase sales and decrease expenditures, while 30.8% of them did nothing, 3.8% reduced the number of employees, 3.8% increased promotion campaigns, 1.9% decreased salaries, 3.8% cut down expenses, 1.9% are preparing to close, and 1.9% are facilitating payment procedures for customers.

As for the actions to be taken in case the bad situation continues, the majority of the respondents (44%) announced that they would do nothing, 24% will permanently close their shops, 14% will continue decreasing their prices, 4% will decrease salaries, another 4% will dismiss some of their employees, 4% will temporarily close, 2% will change their location, while the remaining 4% did not specify an answer.

## Slump in Accordance with Commercial Activities

The survey showed a plummet in income and sales activities in the above mentioned commercial areas. This fallback was very evident in gifts, clothes, accessories, and jewelry shops and less evident in grocery stores and restaurants. Table 1 illustrates declining rates in major economic activities.

The survey revealed that the income of most shops (81%) fell more than 50% and that these shops have taken several actions in an attempt to combat the decrease in sales and they will continue to take such actions in the future. The most drastic action is permanently closing down (18.2%).

The majority of those who declared that they would close their shops if the bad situation continued were in Barbour (37.3%), followed by merchants from Furn Al Chebak (32%), and Downtown (26%), while the lowest percentages were in Hamra (3.5%) and Mar Elias (4%).

### Declining income in major economic activities

Type of Activity	Decrease Percentage>>	90to100%	60to80%	30to50%	less than 30%	No Decrease
Clothes		25.2	46.1	25.2	2.6	0.9
Jewelry & accessories		20	54	22	2	2
Shoes		18.4	47.4	23.6	5.3	5.3
Restaurants		7.1	32.1	35.7	17.9	7.2
Grocery shops		15.8	26.4	36.8	10.5	10.5
Beauty institutes		6.3	50	37.4	6.3	0
Handicrafts & gifts		46.7	20	26.6	0	6.7
Stationary		28.6	35.7	28.6	7.1	0
Cafés		0	50	20	30	0
Electrical appliances		22.2	22.2	33.4	11.1	11.1

Table 1