American University of Beirut

الجامعة الأميركية في بيروت

CREATIVE INDUSTRIES IN LEBANON

July, 2007

PREFACE

The purpose of this project, a first of a kind in the country, is to create awareness, explore possibilities, develop a methodology and demonstrate viability. The project aims neither at being exhaustive, nor at presenting a fully operational level of detail with respect to any of the seven sectors identified in the study and listed on one page, of the report.

The reason for this choice is not hard to find. A study of the kind we have undertaken derives its value not from being an operational plan ready to serve as an implementation manual, but rather from its being a clear demonstration of a methodology and a framework of analysis useful as a roadmap and as a pilot scheme.

As a methodology, what we have done in this report is to provide a first-time document completed by a team of experts addressing Lebanon's budding creative industries which obviously carry disproportionate importance given their potential for economic growth and stimulating exports.

An additional reason why we opted for the methodology – driven approach followed, in the report was the fact, that as a first study, it was necessary for our attempt to cover a relatively broad spectrum of creative sectors by way of establishing an agenda and setting the scope. The importance of this key consideration can hardly be overemphasized. By broadening the scope, and suggesting an investigation methodology, we left the door wide open for subsequent vertical studies that would center around one particular sector with a view either to invigorate existing enterprises or launching startups. Such vertical studies would obviously have to have detailed feasibility analyses and carefully worked out business plans. Undertaking such studies should be considerably eased as a result of the availability of this first study that should be understood as a horizontal first-cut.
Nor should we underestimate the multiple constraints that such a first study has had to overcome. In addition to the dearth of data and difficulty of access, there was the accompanying problem of double verification, data validation, and choice of relevant benchmarks in order for findings to be both meaningful and contextual. The sheer volume of this kind of work, and the need for a broad sweep, proved to be a major limiting factor in terms of how far we could go and at what level of detail.

The methodology employed tried to strike a balancing act among several competing orientations; descriptive vs analytical, quantitative, vs qualitative, model-based vs empirical, cascading down to micro variables vs maintaining organic unity as one whole, not to mention primary vs secondary data. We did all we can to strike what we thought was an optimal balance in each case.

Attention is drawn in particular to the section on "Challenges and limitations" on pages 4-7 in the report. These were but a sample of a much larger myriad of difficulties encountered. In addition to those mentioned, one should add others as diverse as sorting out conflicting agendas, overcoming behavioral resistance to reveal data considered privileged, tendency of sector representatives to over state their case vis-à-vis other sectors, and the fact that no outside benchmark offers a perfect fit.

We feel that the greatest value of our undertaking is to set the stage for seven follow up studies each of which will take-off from where we reached to provide comprehensive, in-depth analysis of each of the sectors covered.

This ambitious step will undoubtedly complete the cycle forwards a serious blueprint for creative industries in Lebanon.

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ABBREVIATIONS

AAA	=	Advertising Agencies Association
ALBA	=	University of Balamand
ATL	=	Above The Line
AUB	=	American University of Beirut
AUST	=	American University of Science and Technology
AUT	=	American University of Technology
BTL	=	Below The Line
CIA	=	Central Intelligent Agency
CRM	=	Customer Relationship Management
DCMS	=	Department of Culture, Media and Sports
DVD	=	Digital Video Disc
ESMOD	=	Ecole Superieure de Mode
FTV	=	Future Television
GAFTA	=	Greater Free Trade Agreement
GCC	=	Gulf Cooperation Council
GDP	=	Gross Domestic Product
GFTA	=	Greater Free Trade Agreement
IAA	=	International Advertising Award
IDAL	=	Investment Development Authority of Lebanon
IESAV	=	Institut d'Etudes Scéniques Audiovisuelles et Cinématographiques
IFP	=	International Fairs and Promotions
LAA	=	Lebanese Advertising Association
LAU	=	Lebanese American University
LBCI	=	Lebanese Broadcasting Corporation International
LCC	=	Lebanese Commuting Company
LIAA	=	London International Advertising Awards
LSAA	=	Lebanese Syndicate of Advertising Agencies
MBU	=	Media Buying Unit
MENA	=	Middle East and North Africa
NBN	=	National Broadcasting Network
NDU	=	Notre Dame University
NGO	=	Non-Governmental Organization
POP	=	Point of Purchase
PR	=	Public Relations
REP	=	Regional External Programs
RLP	=	Regie Libanaise de Publicite
SMS	=	Short Message Service
SWOT	=	Strengths, Weaknesses, Opportunities, Threats

TL	=	Tele Liban
TV	=	Television
TVC	=	Television Commercial
UFI	=	Union des Foires Internationales
UK	=	United Kingdom
US	=	United States
USEK	=	Université Saint Esprit de Kaslik
USJ	=	Université Saint Joseph
VAT	=	Value Added Tax
VIP	=	Very Important Person

1 INTRODUCTION

1.1 Introduction

Creativity has long been embedded in all aspects of life, and has even contributed to ameliorating the living standards of human beings throughout history. Today, creativity is gaining increasing appreciation as the drivers of success in the world are increasingly rooted in knowledge management, creative thinking and innovation. The impact of creativity and innovation on organizations extends through the entire supply chain from design and production all the way to marketing and advertising. The better off a company is in terms of creativity in its undertakings, the greater its comparative advantages and its returns. As such, it is not surprising that Creative Industries are being recognized as essential contributors to both global and local economies. In fact, creative industries in some developed countries have been found to experience a higher growth rate than what is encountered in other industries and sometimes the economy as a whole (Nasr, 2003). It is equally not surprising that institutions such as the British Council are launching programs to raise awareness, build capacity and boost investments in this domain.

1.2 Scope of Work

The definitions of Creative Industries are always open to debate, but the one we will use in this document is the one used in the Creative Industries Mapping Document, Department for Culture, Media and Sport, UK, 1998. Thus creative industries are: “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.” Accordingly, this study examines creativity from the viewpoint of its consequences for and its correlation with education, governance, economic empowerment, social inclusion and regeneration.

Initially, this preliminary industry analysis was to include seven broad sectors chosen on the basis of their current and potential robustness and contribution to the Lebanese economy. An initial mapping allowed the identification of seven creative sectors or industries as follows:

1. Theater, Film, Radio, and Television
2. Music Composition and Production
3. Heritage, Painting, Photography, Sculpture, Fashion Design, and Artisana
4. Advertising and Graphic Design
5. Architecture and Design
6. Writing, Publishing, and Print Media
7. Video Games and New Technologies

However, the unfortunate and disastrous war that took place in Lebanon in the summer of 2006 hampered the finalization of the research on all preliminary sectors. The project was seriously derailed and many of the key players in the field could no longer be reached and contacted. Some of the sectors were also directly affected in terms of activities and infrastructure. Accordingly, the Project Team had to make the difficult decision of narrowing the scope of the study, while recognizing the increased urgency of an economic development strategy for all the creative industries identified. After careful deliberation, three creative sectors were agreed upon to form the core of the study, namely:

1. Advertising
2. Fashion
3. Performing Arts

1.3 Objectives

The main objective of this report is to elucidate the peculiar and differentiating characteristics of creative industries in Lebanon. It aims to shed light on the characteristics of these sectors, their structure and specific dynamics and inter-relationships with other sectors / industries. Furthermore, this study intends to highlight the peculiar capabilities and assets of the Lebanese creative industries. This overarching purpose translates into specific objectives as follows:

- Provide valuable sector by sector information, highlighting main activities, dynamics and inter-relationships with other sectors.
- Identify creative industry activities/opportunities, as well as their current and prospective contributions to the economic and cultural development of Lebanon.
- Provide a compilation of the key highlights and dimensions of each industry, in order to be able to provide a measurement benchmark and track industry improvements.
- Highlight the relationships between the different sectors. This leads the way not only to the enhancement of these relationships, but also to identify ways to capitalize on the synergies resulting from cross-sector collaboration and fertilization of ideas.

1.4 Methodology

The study is descriptive in nature and is considered a first of its kind attempt to study in a systematic way Lebanese creative industries. It is thus intended as a preliminary exploratory analysis that can guide further action in terms of targeting for example specific dimensions for industry development. It is worth noting here that research on Lebanese creative industries was found to be scant, nebulous and fragmented, particularly that the economic data on offer is scarce and often inconsistent.

The study involves both qualitative and quantitative analysis in order to generate a basic understanding of the creative industries, their constituent components, and to provide the context for development planning. From a qualitative perspective, the study will delineate each sector's economic, as well as social, educational and cultural impact and consequences. From a quantitative viewpoint, this study will describe, the direct and indirect impacts of the creative industries in Lebanon in terms of outputs, incomes and jobs.

As will be dwelled upon later on in this chapter, the research team faced major difficulties in obtaining relevant data, specifically of the economic type. Therefore, the best estimates approach was utilized for describing and assessing the economic impact of each sector. Based on existing figures and common knowledge gathered from previous studies and individual businesses/enterprises consulted, estimates were adopted for the economic indicators. These estimates were conservative in nature. The project team deemed this approach as the best to overcome the issues of unreliability and inconsistency of the data collected.
The research spanned a 7-month period, from January 1, 2006 till July 11, 2006. The field work was conducted in 2 main phases.

- ✓ Phase 1: Focus Groups

  The focus group meetings were held between February 16 and March 16, 2006. Their purpose was to obtain feedback on relevant areas of concern, namely employment, statistical data, research done, professional organizations, urgent issues and measurement problems. Thus the focus groups aimed at giving researchers a feel of the extant general perception of creative industries' issues and impacts, and to build a framework for their investigation. They also helped the researchers identify the key players that should be contacted during the second phase of this study.

  During January 2006, the list of focus group invitees was carefully selected by the project team and was agreed by the British Council. These invitees were sent invitations and other documents explaining the nature and purpose of the study. They were mainly contacted by email, phone and fax. A separate focus group meeting was held for each sector, for 90-120 minutes each. During this meeting, the Creative Industries project and research methodology were further explained. Participants' feedback was then requested / compiled and follow-up interviews with specific participants were scheduled and conducted as appropriate.

- ✓ Phase 2: Interviews with Key Sector Informants

  The Project Team initially planned to use the survey approach to collect primary data. An exhaustive questionnaire was prepared for this purpose by the REP (Appendix A). This initial questionnaire was later substituted with a smaller and simplified version (Appendix B), which was deemed more appropriate and easier to respond to. This version revolved around 5 main sections, pertaining to: a) details of respondent activity and contact information, b) employment and wage characteristics, c) revenue and expenditure estimation, d) related sectors and e) objectives and needs. The questionnaire was composed of close-ended and open-ended questions. Open-ended questions were deemed important to allow respondents to describe their concerns, requirements objectives, and opportunities. The in-depth interviews approach was adopted for which the questionnaire provided the framework. The smaller questionnaire was then used by the interviewers as a template to gather data during the interviews. No direct mailing was conducted. Each interview consumed 90 to 150 minutes.

The samples were identified on a non-random basis, through the networks of the research team and from secondary sources. The participants taking part in the focus groups were members of syndicates, professional groups, government and educational institutions. They were divided according to the creative sectors they best fit into. Although the total number of individuals invited to the focus groups was 75, only 44 partook. Per sector the number of attendees ranged between 3 and 13 people. The population for the in-depth interview phase sample was selected based on the recommendations and feedback obtained through the focus group phase, consisting in turn of key players from private businesses, syndicates, professional groups, and educational institutions, related to the different sectors studied. It is worth mentioning that the interviewees were not chosen according to firm size or reputation considerations and that the majority was drawn from the capital Beirut.

In summary, this study capitalized equally on secondary and primary data. The secondary data was essential in terms of laying the foundation or infrastructure for this study. It provided raw information for the sector dimensions studied. It also supplied some statistics and figures, which although seldom representative of the direct economic impacts of creative industries, were used as a starting point for further analysis and probing. This data was gathered from:

- ✓ the critical review of existing studies on creative industries,
- ✓ articles published by Lebanese and foreign magazines, as well as by international organizations such as the United Nations,
- ✓ official statistics posted on websites of Lebanese Ministries, and Lebanese Customs Duties, and other data mining organizations (such as IDAL).

Primary data was gathered to validate the information obtained from secondary sources, to fill in the gaps, and to add value in terms of enhanced understanding of critical issues and dimensions. Primary data was obtained mainly through:

- ✓ *focus groups / interviews* undertaken with selected key players in each of the sectors. These key players shared their current knowledge and personal experiences in the country. They also presented some limited economic figures and statistics,
- ✓ *surveys* prepared by the REP and sent to six major universities and other academic establishments, to obtain relevant information pertaining to the yearly distribution of graduates according to major.

1.5 Challenges and Limitations

The study turned out to be more challenging than anticipated for different reasons, peculiar to Lebanon. The most important barriers encountered in gathering the data were as follows:

- ✓ Unavailability of required data, especially related to the GDP contribution, employment, and other economic impacts of creative industries.
- ✓ Obsoleteness of prevalent data: Much of the existing data was outdated as most previous studies covered only a specific period in time. Also, time series statistics were virtually non-existent.
- ✓ Inconsistency of data: The project team found different sources providing different figures relating to the same issue / dimension. It was especially difficult to obtain accurate estimates relating to the total output and economic weight of the Lebanese creative industries. This problem is both common and inevitable, given the existing fragmentation in available statistics in Lebanon and the fact that responsibility for statistical compilation/mapping is not centered in one organization. Different figures are also provided according to their end use, and very much reflect politics-related window-dressing. Thus data was not always consistent or accurate, necessitating the exercise of judgment and the adoption of the best estimate approach.
- ✓ Reluctance of interviewees to share some information – especially financial – for fear that this strategic and sensitive data be used by their rivals.
- ✓ Inconclusiveness of answers: The insufficient knowledge of some interviewees in certain matters of policy and economic impact prevented them from giving clear, substantial or complete answers to certain questions.

1.6 Significance of the Study

This study is potentially interesting and significant for various contextual reasons, peculiar to Lebanon as outlined below. These contextual realities translate in turn into a distinct set of relevant challenges and opportunities for creative industries in Lebanon that need to be clearly articulated at the outset of this report.

1.6.1 Political, Economic and Cultural Contextual Realities

Throughout its history, Lebanon has been plagued by near successive wars and tragic political assassinations, rendering its economy frail, and development programs difficult to follow through to the end. Yet in the midst of the destruction, periods (sometimes reaching decades) of relative peace and reconstruction allowed the country to regain its forces and to prove itself a regional economic force. This was especially the case during the 20 years following the country's independence in 1943, when Lebanon experienced an extended period of economic investment and prosperity.

Furthermore, Lebanon has always been considered as the gateway to the Middle East, the bridge between east and west, and the intellectual hub of the region. Located strategically on the Mediterranean coast, it is renowned for its landscape of adjacent coastline, mountain chains and bountiful valley. The country's moderate climate, multi-civilization vestiges, in addition to the high-level service and warmth of its people make of Lebanon a sought-after tourist location. Thus, tourism is one of the country's main contributors to GDP.

Many nations and civilizations, old and new, have passed through this land. Their remnants are still clearly visible today not just in the ruins and tourist sites, but in the culinary style, the language, architecture, folklore and crafts, fashion, literature and performing arts of the country. Thus, the Lebanese benefit from a unique culture, the result of a mixture of the previous Mediterranean, Arab, and Western cultures that have reigned over the country at different points in time.

As for the Lebanese society, it reunites diverse ethnic and religious communities. Its citizens are for the majority educated people, who seek global integration, are open to other countries' cultures and seek to attain the latter's levels of development. Relatively cosmopolitan and multilingual, the Lebanese people have proven to be resilient and ambitious in the face of adversities, which has earned them the respect and admiration of the foreign community.

Lebanon's strength is thus inherent not in its natural resources and production capabilities, but in the ingenuity and talent of its people. This entails many opportunities for wealth. However, although intellectual, industrial and technological advances are at the reach of the Lebanese, they are not capable of applying these developments in a way that ensures country-wide growth due to the unstable political situation (both on internal and regional levels), and due to the limited investment capabilities of private owners as a result of limited involvement by the government. Hence, foreign investment has always played a considerable role in boosting Lebanon's capacities to restructure and enhance its economy. On an economic level, the main strength of Lebanon has always resided in its services sector, which today accounts for more than 65% of GDP (CIA, 2006). Therefore, creativity in offering the best service in terms of quality, differentiability, and innovation is of primordial importance for the Lebanese service-driven economy.

All the above reasons have rendered Lebanon a fertile land of talent, thought and creativity. Also, they undeniably show that – now more than ever, as unfortunately the threats and realities of war continue – the country needs to rebuild itself on solid grounds. This can more certainly be promoted by nurturing and investing in the Lebanese creative industries.

1.6.2 Main Challenges and Opportunities in Lebanon

Many challenges obstruct the development and progress of creative industries in Lebanon. First and foremost, the lack of sufficient governmental support and the low budget levels allocated create a serious financing problem for these industries. Second, the near lack of national strategies, the absence of accurate monitoring, and unreliable analysis discourage investments in this field. This fact is substantiated by the mostly inappropriate implementation of the intellectual property rights. Third, Lebanon has to deal with tough competition by neighboring economies - such as the lower cost Cairo, or the better equipped Dubai – that have attracted large parts of foreign direct investment (Nasr, 2003), as well as some share of Lebanon's most creative people. Fourth, the private interests of well-reaching individuals, some of whom are involved in politics, supersede the country-wide benefit that can emanate from the growth of Lebanese cultural industries.

Nonetheless, many prospects render potential investment in these creative industries worthwhile. For instance, many export opportunities exist for Lebanon: as a reputed supplier of quality and talent especially towards Arab countries, and as a provider of low cost output towards Europe. This considerable, and expanding, consumer base makes up for the relatively small domestic Lebanese market. Moreover, Lebanon's multiculturalism and multilingualism provide it with the potential to interact with and take up partners on an international level (Nasr, 2003). Furthermore, more flexible censorship rules, skilled personnel, lower cost financing through the private banking sector, and stronger freelance approaches when compared with neighboring countries, constitute competitive advantages for Lebanon.

In light of the above listed difficulties and opportunities overlooking creative industries growth, this study is intended to contribute to an enhanced understanding of creative industries in Lebanon. Hopefully, this study will encourage new investments, imperative for the growth of creative industries, to pour into the country. As a result, creative businesses will have more resources that will allow them to enhance output in terms of quantity and quality. As attention is drawn to these sectors, the formation and expansion of new and sustainable businesses may be upheld. Also, the competitive strengths of the country could be promoted as a building block to ensure larger demand for the country's creative output. As such, Lebanon could be reinstated as the leader in the aggregate creative industries in the MENA region.

Consequently, the enrichment of the Lebanese economy and its people's standard of living may be achieved. Some issues weighing heavily on the Lebanese economy may also be solved; for instance, the brain drain problem could be reduced. If the creative industries are properly developed, the ensuing entrepreneurship prospects and employment generation will promote the retention of creative minds and manual labor, who will employ their skills locally. Thus, personal creative development and self-fulfillment will be achieved alongside corporate prosperity and improvement of economic indicators. Finally, from a research perspective, it is hoped that this study will pave the way for better and more reliable measurement and assessment of the impact of each individual sector on the economy and the respective academic institution or structure associated with it.

1.7 Outline of the Study

Subsequent to this introduction, Part II will detail and analyze the status, dimensions and strategic findings for the selected sectors, on a sector by sector basis, starting with the advertising sector, moving on to the fashion and music sectors. Furthermore, Part III will present the expansive recommendations, i.e. supportive and enabling actions common to all the sectors, arrived at by the Project Team. Thus, it will highlight the type of interventions and investments needed to promote the creative industries identified and push them forward on the path of sustainable growth and development. Finally, the report draws out conclusions and delineates possible directions for future related research.

2 ADVERTISING SECTOR

2.1 Definition

Advertising has been defined as a form of either mass communication or direct-to-consumer communication aimed at “engaging” the Lebanese or regional audience so as to grab their attention in the most creative way to inform, persuade, add value, or build a local or a global brand. This involves the creation and the execution of the message content and choosing the right media to target effectively.

2.2 Activities

- Development of creative strategies (concepts)
- Consultancy in marketing
- Market studies
- Research on consumption
- Identification of consumers’ like and responses
- Client management
- Services for the development of advertising materials
- Pre-press and post-press service
- Photography
- Generation of digital content
- Printing service

2.3 Related Activities

- Graphic design
- Packing design
- Merchandising design
- Creation of Literary (texts), Musical (jingles), Digital (visual)
- Manufacturing advertising materials
- Manufacturing publications and brochures
- Manufacturing point of purchase (POP) material and packing
- Manufacturing stands
- Filming and digital recording of TVCs
- Banners, signs and publicity in public space
- Consultancy for the design of advertising products
- Multimedia and Internet service
- Consultancy service in the design of promotional campaigns (Creative Studies)
- Setting up fairs, exhibitions
- Publicity films (commercials)
- Launching of advertising campaigns
- Congress and seminars
- Websites

2.4 Academics

University programs covering advertising-related material cannot be grouped into one category due to the different programs and levels offered by the different universities. The main programs are highlighted in Table 1.

Table 1. Programs offered by various Lebanese universities

University	*Degree offered*	*Type of program*	*Number of graduates*					
			2000	*2001*	*2002*	*2003*	*2004*	*2005*
American University of Beirut (AUB)	Bachelor of Business Administration with Marketing Emphasis	General Theoretical	N/A	Program started	53	152	244	305
Notre Dame University (NDU)	Bachelor in Arts in Advertising	Technical Theoretical	55	50	68	82	86	75
University of Balamand (ALBA)	Deplome d'etudes Superieurue en Publicite	Technical	18	15	14	18	45	23
Lebanese University	Licence en Relation Publique et Publicite	Technical Theoretical	Quota of 100	Quota of 100	Quota of 100	Quota of 100	Quota of 100	Quota of 100
Université saint Esprit de Kaslik (USEK)	Deplome d'etudes Superieures	Technical	23	27	4	22	11	12
Université Saint Joseph (USJ)	Publicite	Technical Theoretical						
	Licence (nouveau regime-3 annees)			27	24	26	22	33
	Maitrise (ancien regime-5 années)			26	24	18	17	13
						8	5	
	Master (nouveau regime-5 annees)							20

- The Lebanese American University (LAU) had a program up until 1999; however, the students can now choose between a Marketing degree in the Business School, or an Advertising degree under the Graphic Design program.
- The Lebanese University only accepts a quota of 100 students, although they receive a much larger number of applications.
- Most graduates leave to work abroad mainly in the Gulf region, particularly male graduates. This is due to the political instability in the country, the prevailing economic recession and its economic consequences.

2.5 Structure

The industry can be divided into 5 major market players:

1. Lebanese Syndicate of Advertising Agencies (LSAA). This acts as an industry watchdog, protecting the collective interests of the agencies and discouraging individual agencies from behaving in a way that could damage the industry as a whole.
2. Advertising Agencies: Although there are around 155 agencies operating in the sector as many as 240 were officially registered (Source: www.ipsos.com). There are no required pre-requisites to open an advertising agency.
3. Media Agencies (planning and buying) and Media Buying Units (MBUs): These are partnerships and mergers established by advertising agencies to plan and book media space in order to achieve optimization, relevance, and accountability. There are about 145 booking agencies with the top 20 agencies generating most of the income (Source: www.ipsos.com). The increased buying power leads to better volume rebates from media representatives. MBUs are slowly taking the role of advertising agencies. Advertising agencies survive on the media commission, which is no longer needed in the presence of MBUs. However in Lebanon, most of the MBUs are owned by the advertising agencies.

   The major booking agencies (All Media) are:

   - MD/Impact BBDO
   - Starcom Media Vest Group
   - Universal Media 7
   - Mindshare
   - Mediacom/Grey
   - Media edge: CIA
   - Media Insight
   - Media Associates
   - TBWA/Rizk
   - Initiative

   Source: www.ipsos.com

4. Regies (advertising acquisition companies): These are media representatives formed to book the advertising space for different media. The Regie pays a monthly minimum guaranteed fee to be the sole representative of the medium. This fee has to be paid whether it succeeds or not in selling the advertising space. Major media can impose conditions on the Regie but small media have to compromise if they want to be presented by the Regie. The Regie acts as a banker to the media and handles all their advertising space, leaving them to concentrate on content without worrying about sales of space. Insiders in the industry claim that one group has a monopoly over the media since they control around 60% of the major media which means that advertising agencies cannot book in the major media directly; they have to go through the Regie. The main regies operating in Lebanon are highlighted in Box 1.

MAIN REGIES
- Choueiri Group
- Tree Ad
- Specom
- Regie Libanaise du publicite (RLP)
- Editions Orientales
- FMS
- Groupe Plus

.* Source: Interview with Ms. Dagher – Arab Ad

Box 1. Main regies in Lebanon

5. Advertising media: The media chosen depends on the budget of the campaign. If the amount invested is large, it could include all media. The major media are:

   a. Television Advertising: Represented 51% of all media expenditure in 2005 (Source: www.ipsos.com). The seven TV stations operating in Lebanon are highlighted in Box 2. The average length of commercial break is 12 minutes/hour. There is no official regulation that limits the time allocated to advertising. Television stations or the Regie can book as much advertising space as they like. The rate of a 30 seconds spot depends on the time and the station. The average rate card price is around $2500 for prime time and $500 off-peak. Experts in the field claim that the highest rates reached for a spot ranged between $10,000-$15,000 during Real TV programs such as Star Academy, Miss Lebanon Real TV, and Superstar.

THE SEVEN TV STATIONS IN LEBANON
- Lebanese Broadcasting Corporation (LBC)
- Future Television (FTV)
- Tele Liban (TL)
- National Broadcasting Network (NBN)
- Al Manar Television
- Telelumiere
- New TV

Box 2. The seven TV stations in Lebanon

- Television has the highest share of total advertising expenditures.
- LBCI absorbs around 52% of the advertising followed by Future TV with 15%.

Table 2: Real TV expenditure

Real TV expenditure by media (US $ Million)						
Media	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
TV	53	40	35	33	40	40

*Source: Arab Ad Sep 2006

b. Print Advertising: Lebanese print is published in four languages: Arabic, French, Armenian, and English. The top ten monthly magazines in Lebanon are highlighted in Box 3 and the top ten weekly magazines in Lebanon are highlighted in Box 4 and the leading dailies in Lebanon are outlined in Box 5. Magazines represented 7% of all media expenditure in 2005 (Source: www.ipsos.com).

THE TOP 10 MONTHLY MAGAZINES IN LEBANON
- Mondanite (French)
- Femme Magazine (French)
- Prestige (French)
- Noun (French)
- Special (French)
- Snob (Arabic)
- Commerce du Levant (French)
- Layalina (Arabic)
- Executive (English)
- Lebanon Opportunities (English)

*Source: www.ipsos.com

Box 3. The top 10 monthly magazines in Lebanon

THE TOP 10 WEEKLY MAGAZINES IN LEBANON
- Al Waseet (Arabic)
- Al Wakeel (Arabic)
- Al Shabaka (Arabic)
- Al Jarass (Arabic)
- Nadine (Arabic)
- Al Afkar (Arabic)
- Magazine (French)
- Star (Arabic)
- Revue du Liban (French)
- Al Chiraa (Arabic)

*Source: www.ipsos.com

Box 4. The top 10 weekly magazines in Lebanon

- Major advertisers are financial services such as banks and insurance companies (48%).
- The average price of a full page advertisement in a magazine is $700-$800.
- Newspapers represent 35% of all media expenditure in 2005 (Source: www.ipsos.com).
- The average price of column is $700-$1400 (Black & White), and the full page costs $4000-$5000 (also Black &White).

THE LEADING DAILIES IN LEBANON
- An-Nahar (Arabic)
- Al-Balad (Arabic)
- L'Orient-Le Jour (French)
- Al Mustaqbal (Arabic)
- Al-Anwar (Arabic)
- As-Safir (Arabic)
- The Daily Star (English)
- Ad-Diyar (Arabic)
- Al-Liwaa (Arabic)
- Al-Chark (Arabic)
- Al Akhbar (Arabic)

*Source: www.ipsos.com

Box 5. Leading dailies in Lebanon

c. *Billboard Advertising*: Represented 6% of all media expenditure in 2005 (Source: www.ipsos.com). A standard billboard package consisting of 50 billboard panels (3m by 4m) rents for an average of $5000/week in Beirut. Actual charges depend on the number of panel and location. Table 3 highlights expenditures on Billboard advertising for the years 2000-2005. There are about 34 billboard suppliers with around twelve main ones. The main outdoor billboard advertising companies in Lebanon are presented in Box 6. The growing competition among billboard suppliers has resulted in a lowering of rates over the past few years. The rates include the 15% commission given to the advertising agencies, which generate 80% of the total billings of the ad agencies.

Table 3. Billboards expenditure (US $ Million)

Media	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
Outdoor	14	16	17	18	18.5	20

MAIN OUTDOOR COMPANIES
- Pikasso
- Media Plus
- Privilege
- Mega COM
- Infinity Media
- Panel Plus
- Publi M
- Le Reseau

*Source: www.opportunities.com.lb

Box 6. Main outdoor companies in Lebanon

- According to experts in the field, an effective advertising campaign requires booking at least 10% of the total number of available billboards.
- Municipalities generate income from the panels by charging annual fees to the companies.

d. Cinema attendance is low relative to Europe due to the high cable penetration in homes and DVD rentals. More than a 100 movie screens in Beirut and its suburbs; 56.2% of all audience goes to Circuit Empire, 29.3% to Planete and 14.4% of entries goes to other small theatres (Source: Le Commerce du Levant, September 2005).

- Advertising price is standard regardless of the popularity of the movie.
- The decision to use cinema as a medium depends on the movie shown, the ads target audience, and the time of year.
- According to rate cards, a 30-second advert costs $450 per week per theatre.
- While the number of cinemas has risen in the last few years, the advertising spending has dropped.

e. Radio: Represented 1% of all media expenditure in 2005 (Source: www.ipsos.com). There are around 32 licensed radio stations in Lebanon. The major ones are outlined in Box 7. The average cost of 20 sec advertisement is $27.

THE ELEVEN MAJOR RADIO STATIONS IN LEBANON
- Radio One
- France FM
- Mix FM
- Radio Nostalgie
- Voice of Lebanon
- Light FM
- Radio Delta
- Radio Liban Libre
- Radio Strike
- Sawt El Ghad
- Sound of Music

*Source: Arab Ad Feb 2006

Box 7. Major radio stations in Lebanon

f. Advertising on the Internet is still in its very early stages in Lebanon. There is no total expenditure data available.

- Advertising space on the web is mainly sold in terms of banners, the price of which varies according to site, technical specifications and ad design (in general prices vary between $24 & $700/month).
- The market leaders are Cyberia and Inconet, which account for more than 80% of the total market.
- Internet advertising current role is still considered as a support and not as a main media.

Multiple E-mails
The total expenditure is very difficult to determine due to spam. Rates for mass e-mail shots vary, but $65 buys a delivery to around 65,000 addresses. Spamming ads could either be a straightforward message without an application form or ones that can link to an already existing site. The price will often include the design of the ad, but a charge of around $15 is levied if an interactive form is included. The design of the banner ads, depending on the degree of animation, costs between $50 and $300, irrespective of size.

Short Message Service (SMS)
There are two companies that offer this service in Lebanon: Liban call and Naharnet. The prices are around: $55/1000 SMS, $350/10,000 SMS, $1650/50,000 SMS, and $2800/100,000 SMS. The price changes if the client or the databases of the company provide the mobile phone numbers.

g. Advertising on Vehicles

- There is only one advertising agency handling accounts: Ads in Motion, sister company of Lebanese Commuting (LCC), which own buses.
- Advertising on the whole bus will cost around $3,000 a month. A single back panel for the same period and on the same number of routes would cost $369, although the panel comes with a minimum of 28 buses.

h. Elevators

In 2000, a new concept for advertising in Beirut was introduced by PinPoint agency- the “elevator media”, which consists of small boards hanging in elevators.

i. Wall Branding

Since 2000, wall branding has been on the rise. Several factors influence price such as location, size, and print quality. Costs include rental fee, installation, and printing. A prime location costs around $18,000 for a period of one year. Another area is bridges, where an ad can cost from $1,000 to $1,500 per month depending on location.

j. Celebrity Advertising

Advertising agencies draw up a list of celebrities that can possibly star in a media stint. The rate depends on the contract between the company and the celebrity.

k. Corporate Giveaways

These are gifts offered to customers, regular or VIP. For VIPs, companies are willing to spend anywhere between $10 up to $200 per item.

l. Brand Signs

Brand signs are companies that display their names above stewards or buildings. The price can range from $300 up to $3000 for a large sign.

2.6 History

According to a study by the Advertising Agencies Association (2005), the history of Lebanon can be divided into four periods:

I. The Rise & the Golden Age (Before the Civil War)
Lebanon's advertising industry was by far the most developed in the region due to a unique combination of competitive advantages, which include the following:

- Concentration of multinational companies' headquarters in Beirut operating in the region.
- The underdevelopment of local media and agencies in the Gulf.
- The dominant position of the Lebanese Pan Arab press.
- An open, liberal and multicultural society.
- Highly talented and educated human resources.

II. The Civil War Period (1974-1990)
The main trends of this period are:

- A sharp decline of the local Lebanese advertising market contrasting with a rapid growth of advertising expenditures in oil rich countries.
- An exodus of multinational advertisers from Beirut to other cities, mainly Dubai which would gradually emerge as the region's unrivalled services hub.
- The creation by Lebanese advertising agencies and media of offices in the Gulf countries, which enabled them to retain their control of industry. In addition to giving job opportunities to hundreds of skilled advertising professionals graduating from Lebanese universities every year, there was a positive effect on the balance of payments.

III. The Post-War Period (1990-1999)

- With the political stability, the local Lebanese advertising market witnessed a healthy growth rate from 1990 to 1999.
- It reached a share of 10.5% of the total Arab market versus 24.6% before the war and an all time low of 2.3% in 1986.
- Beirut's hope of its former role of regional hub for services and advertising faded away.
- Dubai started to become more attractive in terms of business making.

IV. The Recent Period (1999-Today)

- GDP growth rates declined from 1999 to 2003, thus negatively affecting advertising budgets which have a high elasticity with the economic situation.
- Advertising agencies were affected negatively when the media "regie" which controls 70% of the market decided to lower the media commission from 20% to 15%; this was eventually followed by all other media representatives.
- This led to a series of agency closings and mergers, with larger agencies benefiting the most.
- 2004 witnessed a return to growth.
- 2005 was not a better year (-20% year to date).
- 2006 started very promising (up 31%) until the July war.

2.7 Current Situation

With a history of intermittent conflicts and wars, Lebanon has managed to produce a highly literate, educated, and critical populace. As reported by the U.S. Central Intelligence Agency in 2002, an average of 86.4 percent of the Lebanese population is considered literate.

Lebanese traditions with the press and the media date back more than 150 years. Lebanese are sophisticated consumers and creators of advertising.

Lebanon has turned out to be a regional hub for the advertising industry in spite of intense competition from Arab Gulf states. Statistics show that more than 70% of advertising in the Arab world is Lebanese, either by management, equity, or partnership (Source: www.opportunities.com.lb).

According to key players in the industry, the total advertising sector is estimated at $250 million in 2005, of which $100 million is above the line (ATL) media expenditure, $120 million is below the line (BTL), and $30 million in production costs (TVCs + print). The advertising agencies, the media buying units (MBUs), and the media representatives (Regie) employ a total of 1500 people. According to a study done by the syndicate of advertisers in Lebanon and IAA chapter of Lebanon, the total amount paid in salaries in the sector is on average $18 million/yr (Source: Interview).

It is very difficult to estimate the weight of the sector because the billings of the advertising agencies don't only include work done in Lebanon but also for the GCC nations; however experts agree that around $250 million is a valid rough estimate (Source: Interview).

Industry leaders claim that the top 10 agencies highlighted in Box 8 control 80% of the market; others say that 14 agencies control 95% of the billings. The top 10 Ad agencies are mainly part of global networks:

THE TOP 10 AD AGENCIES IN LEBANON
- Impact BBDO
- H & C Leo Burnet
- Grey Worldwide
- Fortune Promoseven
- Publicis-Graphics
- Saatchi & Saatchi Beirut
- Memac Ogilvy
- Team Young & Rubicam
- TBWA/ Rizk
- T.M.I

*Source: Arab Ad Feb 2006

Box 8. Top 10 ad agencies in Lebanon

2.8 Economic Data

2.8.1 Industry

The sector is measured by the published media figures which are termed as 'monitored figures'. These statistics and subsequent conclusions are based on media rate cards, the official price for a spot in media regardless of discounts offered by the media to their clients. The difference in the two columns is due to the monitored rate versus the rate monitored by Arab Ad which is arrived at by the ratio provided. The discrepancies in the figures reported in Tables 4 and 6 is due to the fact that the figures are being monitored by three different sources: Ipsos Stat, ArabAd, and PARC (Pen Arab Research Center). Each source monitors the figures in a different way.

Table 4. Estimated real advertising expenditure for the year 2005

Media	*Monitored Figures by Ipsos Stat*	*Monitored Figures by ArabAd*	*Ratio*
TV	314.4	40	7.9
Newspapers	45.9	24.2	1.9
Magazines	36.5	7.2	5.1
Outdoor	70.8	20	3.5
Radio	26.8	8	3.4
Cinema	5.8	1.5	3.9
Total	**500.2**	**100.9**	**5.0**

*Source: Arab Ad Feb 2006

Table 5. Evolution of real advertising expenditure by media (US $ Million)

Media	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
TV	53	40	35	33	40	40
Press	25	26.5	24.5	23.5	28	31.5
Radio	6	6.5	7.5	6.5	7	8
Outdoor	14	16	17	18	18.5	20
Cinema	2	1	1	1	1.5	1.5
Total	**100**	**90**	**85**	**82**	**95**	**101**

*Source: Arab Ad Feb 2006

Table 6. Monitored advertising expenditure by media

Media	*2003*	*2004*	*2005*
Television	111	132	130
Newspapers	37	55	47
Magazines	27	34	35
Radio	19	19	15
Outdoor	39	37	40
Total	**233**	**277**	**267**

*Source: Pan Arab Research Center, 2006

In terms of dollars spent, Lebanon ranks third after Saudi Arabia and Egypt (Table 7):

Table 7. Advertising expenditure by country for the year 2005

Country	*2004*	*2005*
Pan Arab Media	1820.3	1984.0
UAE	699.1	958.4
KSA	605.4	805.4
Lebanon	496.7	500.2
Kuwait	320.9	394.5
Egypt	-	190.3
Jordan	121	161.8
Bahrain	141.9	117.0
Qatar	88.6	93.7
Oman	76.1	81.1
Syria	38.7	47.6

*Source: Arab Ad Feb 2006

As for the year 2006, the figures for the first two quarters were up by 31% over 2005 according to Mr. Naji Boulos, a key figure in the local industry. The year had started very well, until July when the war started. The sector stopped functioning completely during the five-week war and has just started to pick up again (Source: www.campaignme.com).

A comparison of the total ad expenditures for the first six months of 2005 and the same period in 2006, prior to the July war shows that each month in 2006 was better than the same month of the previous year as outlined in Figure 1 below.

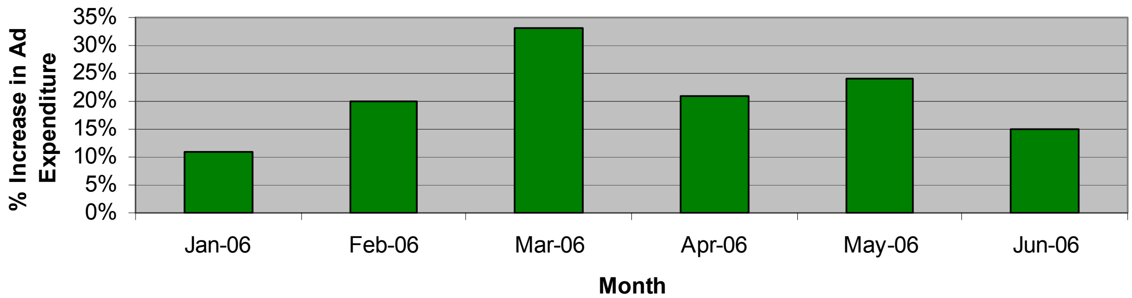

Figure 1. Percent increase in total ad expenditures for the first 6 months of 2006 compared to same period of 2005

This shows that the total advertising expenditures increased during the first six months of 2006 compared with 2005, reached around 21% in February of 2006. According to rate cards, advertising expenditures for the first six months of 2005 were around $194 million while accounting for about $245 million during the same period in 2006 (Source: Arab Ad Sep 2006).

Table 8. Advertising expenditures by media for the period July-August 2003-2006

		Amount(USD)			
Month	*Media*	*2003*	*2004*	*2005*	*2006*
August	TV	26,866,456	22,618,725	23,286,685	3,929,064
	Press	5,152,826	7,407,180	7,730,801	2,516,694
	Outdoor	5,131,533	5,970,543	7,232,298	-
	Radio	2,541,591	3,122,170	3,105,421	-
	Cinema	389,620	471,856	363,067	415,860
	Totals	40,082,026	39,590,474	41,718,271	6,861,618
July	TV	31,171,324	30,959,477	32,827,079	13,867,762
	Press	7,159,763	8,113,766	8,227,848	6,803,045
	Outdoor	5,182,423	5,530,054	6,940,765	5,231,182
	Radio	2,675,185	4,135,398	3,103,885	1,258,477
	Cinema	535,710	621,502	450,239	375,020
	Totals	46,724,405	49,360,197	51,549,816	27,535,486
Total		**86,806,431**	**88,950,671**	**93,268,087**	**34,397,104**

*Source: Arab Ad Sep 2006

Table 8 above shows the amount of damage that the advertising agencies have suffered due to the 35-day war. A comparison between the months of July and August 2006 with the same period the last three years shows a drop by more than 170%. TV and print media paid the heaviest price (Source: Arab Ad Sep 2006).

According to a study submitted by the Lebanese Advertising Association (LAA) and the IAA (Lebanon chapter), estimated losses due to the July war were around $4m as a lost income for the ad agencies and the media representatives and $15m in opportunity losses in billing.

Below the Line

Below the Line (BTL) refers to forms of non-media advertising. What differentiates above the line from below the line is basically whether a commission is paid to an advertising agency or not. If no commission has been paid, such as a trade exhibition or a sponsors sports event, then this would refer to a below the line (BTL) activity. Examples of these promotions are: exhibitions, sponsorship activities, public relations, and sales promotions such as competitions, banded packs and price promotions. Below the Line (BTL) sales promotions are short term-incentives aimed at consumers and wholesalers, retailers, distributors, along with the sales force to stimulate sales.

BTL in Lebanon follows the worldwide trend of increasing annually. Experts in the field estimate the expenditures for BTL to be around $120 million in the year 2005, with the largest share going to retailers. (Source: Interviews).

2.8.2 Advertising Agencies

It is very difficult to calculate the total billings of ad agencies; however a study done by Advertising Agencies Association (2005) showed the following results:

Gross Billings

The estimated gross billings of 12 Full Advertising Agencies that answered ranges between $300,000 and $600,000 in 2004- please see Table 9.

Table 9. Survey responses: Gross billing

	Frequency	*Percent*
Below $300,000	0	0%
$300,000-$600,000	3	25%
$600,000-$1,000,000	1	7%
$1,000,000-$2,000,000	2	17%
$2,000,000-$4,000,000	2	17%
$4,000,000-$8,000,000	2	17%
More than $8,000,000	2	17%
Total	**12**	**100%**

Estimated Gross Income 2004

As for the estimated gross income 2004, only 11 out of 12 answered this question on the survey. As can be seen from the chart below, the estimated gross income for the year 2004 is $200,000 - $400,000 (Table 10).

Table 10. Survey responses: Gross income

	Frequency	*Percent*
Below $60,000	1	9.1%
$60,000-$12,000	1	9.1%
$12,000-$200,000	0	0%
$200,000-$400,000	5	45.5%
$400,000-$800,000	1	9.1%
$800,000-$1,600,000	1	9.1%
Above $1,600,000	2	18.2%
Total	**11**	**100%**

Employment
For Full Ad Agencies 2004:

- According to the AAA's study, around 776m L.L is the average total amount of salaries and wages of 10 companies who participated in the survey for year 2004
- Individual wages run between 15m L.L. and 4,300m L.L
- Results of the survey show that the average number of employees in each company is around 25
- This workforce was typically around 12 males and 13 females
- The majority of employees were between 30-40 years of age

For Specialized Marketing Communications Agencies 2004:

- 196m L.L. is the average total salary bill amount of 3 agencies who participated in the AAA's survey
- Individual wages ranged from 78m L.L. and 270m L.L.
- Results show that the average number of employees in each company is 15 comprising 6 males and 9 females
- The majority of them were between 30-40 years of age
- Summary results of LAA Survey

  - ✓ Advertising agencies: (12)
  - ✓ Billings: six were below \$2m: four had \$2m to \$8m; two were over \$8m
  - ✓ Breakdown of billings & Income (Table 11)

Table 11. Breakdown of billings and income

	Billings	*Income*
Media	64%	54%
Other	36%	46%
Export	28%	---
Domestic market	72%	---

  - ✓ Film Production Agencies: (5)
  - ✓ Income: Export 71%, Domestic 29%

Summary results of the AAA survey

- 71% of the income of the film production houses comes from export
- 72% of the income for advertising agencies comes from the domestic market
- 55% of this income comes from media commission and 45% comes from creative and production fees

2.8.3 Related Industries: TV Commercial Production

- Making TVCs is a big business in Beirut for advertising agencies, production houses, and other support companies, representing a total income of \$25 million according to experts in the industry (Source: Interviews). Box 9 highlights the major firm production houses in Lebanon.

- Some 80% of local film and video business is dedicated to producing TV commercials.
- This sector has been growing at a fast rate. The meters of films processed by the Kodak Cinelabs Lebanon doubled between 2002 and 2005, showing a healthy growth in the sector. This is due to many factors, including: The qualified skilled force available in Lebanon, the talent availability, the creativity, the moderate weather which allows for filming all year round, the varied landscape and architecture of Lebanon which allows filming of different sceneries, the availability of state of art equipment, and the multilingual staff.
- A director's fee can range between $2000 and $10,000 per day.
- Actors cost between $300 and $1,000.
- 336m L.L is the average total amount of salaries and wages for the year 2004 of 5 film production houses.
- Average number of employees in each company is 15, typically 8 males and 7 females.
- The majority of them are between 30-40 years of age (Source: Tabet Study).
- The sector employs around 150 full time employees, and around 250 free lancers.

THE MAJOR FILM PRODUCTION HOUSES IN LEBANON
- City Films Production
- Independent Productions
- INTA
- Laser Films
- Signature Productions
- The Talkies
- Workshop Productions
- VIP
- Zoe
- Filmworks
- Fantastic Film Factory
- EFX

*Source: www.opportunities.com.lb and Interviews

Box 9. Major film production houses in Lebanon

As in the Advertising sector, this sector is directly influenced by the same factors that affect the industry as a whole. So economic and political instability reduce incomes, which is clearly reflected in the drop of film production during 2006 due to the July war. The sector can have great opportunities in attracting foreign production due to the low costs relative to Europe, while maintaining the high quality of content and creativity.

2.9 SWOT Analysis

A SWOT analysis for the advertising sector is compiled below and is based on the material encountered in secondary sources but most importantly on the primary data collected through the interviews and focus groups.

2.9.1 Weaknesses

- Political instability
- Very small local market (total population around 4 million)
- Excess supply forces prices down
- Smaller advertising budgets due to economic downturn
- Inability to employ high number of graduates in the field due to market narrowness
- Low margins due to:
  - ✓ Increasing pressure from advertisers
  - ✓ Competition of media buying agencies
  - ✓ Inconsistent rate card prices, media favor some advertisers over others
  - ✓ High discounts (estimated to have reached 90% during 2005) (Source: Interviews)
- Lack of transparency in the media, monitored figures are considered highly unreliable by analysts
- Lack of independent media research companies and low accountability
- Conflict of interest in ownership structures
- Lack of an advertising law in Lebanon; current laws are restricted mainly to content of the messages and to applying censorship
- High dependence on imported brands with creative content from outside, often limiting local agency assignments to adaptation or media buying
- Fewer TV commercials production opportunities due to fall in local TV audience, budget constraints
- Media outlets that serve certain regimes and political parties
- Lack of regulation of outdoor advertising
- Expensive, slow and limited bandwidth
- Lag in alternative media such as internet, sms, mms
- No research platforms or facilities such as incubators to encourage creativity

2.9.2 Strengths

- Creativity in message content is the major strength in Lebanon
- Availability of professionals in executing creative messages
- Deep understanding of the regional cultures and sub-cultures
- A high number of multilingual advertising professionals, especially in creative people
- Lower operating costs & salaries compared to the Gulf region

2.9.3 Threats

- Political/ regional
- Globalization
- Shift towards Below The Line (BTL) activities. The retailers are dictating the terms

2.9.4 Opportunities

- The GCC Pan Arab market
- Full-service ad agencies should develop more services like PR departments, CRM and creative consultancy
- Become a total communications agency

2.10 Success Stories

The sector is successful due to the creativity of the advertising agencies. All the main agencies have won major awards in global and regional competitions. A sample of three winning agencies is portrayed in Table 12.

Table 12. Number of advertising agencies granted awards

Year	*Quantity*	*Award*	*Award name*
1997	2	Finalist	London Int'l Advertising Awards
		Finalist	New York Festival
1998	1	Finalist	Cresta Int'l Advertising
2002	4	Silver	IAA BTL Awards
2003	2	Gold	IAA ATL Awards
2005	1	Finalist	Cannes International Festival
	3	Finalist	New York International Festival
	1	Finalist	Cresta International Awards
2006	1	Finalist	LIA – Winners will be announced on Nov 6th 2006

*Source: Grey Worldwide

2.10.1 IMPACT/BBDO Lebanon Branch International Awards

2006 Cannes Lions: National Diploma for Mir "100% Black" print
2006 Cresta Awards: 1 Finalist Durex "Lollipop" print
2006 Dierba Television Festival: Special Award for Al-Arabiya "Closer to the truth" TVC
2005 The Mena Cristal
Cristal Leisure for Restaurants' owners syndicate "Flaglips"
Cristal Media for Al-Arabiya News Channel "Closer to the Truth"
Cristal Home, Closing, Accessories for Debbas Eclipse "Noosebulb"
Cristal Newspaper for Debbas Eclipse "Noosebulb"
2005 The Advertising Festival Ad Awards Tenerife: Best use of TV advertising for financial and insurance services, Arabia Insurance "shark"
2004 Mondial de la Publicite Francophone: Silver Award; TV commercial "Scratches" for the Judo Lebanese Federation
2002 Mondial d'Or; Vape "Preservez vous"
2002 London International Advertising Awards (LIAA): 2 Finalists; Merito "The Face" print- Le Cercle Hitti TVC
2000 London International Advertising Awards (LIAA): 2 Finalists; J&B Millenium packaging- Santal "Mother Nature" press

1999	London International Advertising Awards (LIAA): 1 Finalist; J&B packaging
1998	London International Advertising Awards (LIAA): 1 Finalist; BBAC TVC
1997	London International Advertising Awards (LIAA): 1 Finalist; Primaflex TVC
2002	Epica: 2 Finalists; Pepsi “Refresh” print- Pepsi “Straw” print
2006	The New York Festival: 2 Finalists, Mir “100% Black” and Durex “Lollipop” prints
2002	The New York Festival: 1 Finalist; Adidas “Shark”
2001	The New York Festival: Bronze World Medal, Sabil “Fire Truck” print
2000	The New York Festival: 1 Finalist; J&B Millenium packaging
1999	The New York Festival: 1 Finalist; Kelvinator TVC

Source: Impact/BBDO

2.10.2 Leo Burnett International Awards

1995	Mondial de la Publicite Francophone "Prix des Nations" Gold - Silver – Bronze Gold: L'Orient Le Jour "Pinocchio" TVC Silver: L'Orient Le Jour "Box" Bronze: Exotica "Seeds"
1996	Mondial de la Publicite Francophone "Prix des Nations" Gold - Silver Gold: Exotica "Filles - Fleurs" TVC Silver: Vog Collant / Press Ad
1997	Mondial de La publicite Francophone: Prix des Nations Gold Country Lodge "Sur Un Arbre Perché"
1998	Mondial de la Publicite Francophone: Prix des Nations Silver SGLEB "Sogepargne"
1998	Mondial de la publicite Francophone: Mondial Silver - Grand Prix - Affichages Pikasso "Pikasso vous pose une Colle" - Presse Specialisée
2000	Mondial de la Publicite Francophone: Prix des Nations Bronze "L'Orient Le Jour.Com"
2001	Mondial de la Publicite Francophone: Prix des Nations Gold Chateau Ksara "Millenium" TV Commercial
2001	Mondial de la Publicite Francophone: Prix des Nations Bronze Joseph Eid "Button" Press Ad
2002	Goldendrum Awards (International European Awards) - Silver Drumstick Category Toiletries and Beauty Products: Crest "Beirut Rock"
2002	Goldendrum Awards (International European Awards) (Finalist): Pikasso "Magnifier"
2003	Goldendrum Awards - Crest "Ashtray" - Press Ad – Finalist
2003	Mondial de la publicite Francophone: Mondial Bronze - Grand Prix - Outdoor Ksara "Blanc de Blancs"
2003	Mondial de la Publicite Francophone: Prix des Nations Gold - Outdoor Ksara "Blanc de Blancs"
2003	Mondial de la Publicite Francophone: Prix des Nations Bronze - PA Kraft "Toblerone"
2004	Mondial de la publicite Francophone: Grand Mondial Presse - Always "Night Pad" – Print
2004	Mondial de la publicite Francophone: Prix des Nations Gold - Always "Night Pad" –Print
2005	Goldendrum Awards - Special K "Lost" ambient media - Media Bronze Award

2005 Epica Award - Bronze Award - Exotica "Flag"
2005 Le Grand Cristal de la MENA - Banque Audi - "Sun"
2005 Cristal de la MENA - Banque Audi - "Sun" Product Category
2005 Cristal de la MENA - Banque Audi - "Sun" Media Category
Source: Leo Burnett

2.10.3 Saatchi & Saatchi

Every year since its founding, Saatchi & Saatchi Beirut has won a multitude of awards:

- 14 IAA Print Awards
- 10 Jordan Advertising Awards 2005
- 1 Cresta Award
- 1 London Festival Finalist
- 1 Cannes Finalist
- 1 Epica Finalist
- 1 Epica Bronze

Source: Arab Ad Nov 2006

3 FASHION SECTOR

3.1 Definition

- The term fashion applies to a prevailing mode of expression. It is a projection of lifestyles through the creation of apparel and accessories, based on and seeking to satisfy diverse human needs (psychological, social, esthetic).
- Fashion is a kind of communal art, through which a culture expresses itself and reflects its traditional background.
- Key factors relevant to Fashion in Lebanon:
  - ✓ The multi-cultural environment is clearly reflected in the Fashion sector. This is what helps account for its differential advantage.
  - ✓ Numerous key names and brands have appeared and excelled in the Fashion market locally and internationally. Fashion is a sector with high potential of growth.

3.2 Academics

- In Lebanon, we have one major school ESMOD that prepares students to have careers as fashion designers. It is affiliated with a very prestigious French school.
- The school curriculum grants an accredited degree that allows its students to pursue their education in France.
- The number of designers available is not sufficient to meet the increasing demand.
- Out of the 200 applicants, only 20 receive their degree from ESMOD.
- Up till now, 65 designers and model makers have graduated from ESMOD.
- The tuition fees of $5000/year over a period of 3 years are a major setback.
- Grants, awarded through some competitive scholarship schemes, would be helpful to encourage potential students.
- Starting wages ($800 to $1000 per month) are attractive.
- Each year ESMOD organizes a Fashion Show featuring designs created by its students. The fashion show is attended by parents as well as manufacturers and potential designers. It is a way to introduce these fresh designers to potential employers and/or supporters.
- There are a number of technical training schools that promote technical degrees. Some do not meet market skill requirements, which may slow down development.

3.3 Structure

- Lebanon has mainly 6 major industrial sectors: construction materials (ceramics and cement), food industries, textiles (mainly clothing), paper and paper products, furniture, and jewelry. The industrial sector encompasses 22,025 manufacturing firms employing 114,108 workers.
- Major products of the textile industry include: clothing, house linen, socks, underwear, and carpets.
  - ✓ Textile sector (Lebanon Opportunities – May 2006):

number of factories:	568 factories
number of employees:	6,987 persons
estimated production:	$424 million (for some textile factories, production has increased by 30% in 2005)
estimated production costs:	$ 326.6 million

estimated exports:	$ 82 million in 2005 (4.4 % of total exports), mainly to Arab / Gulf countries, Europe and Africa, as compared to $76 million in 2004
estimated employment capacity:	31,650 persons

- ✓ Cloth, shoes and bags factories are mostly small sized, family owned. Manufacturers hiring more than 50 employees represent less than 1% of the total number of industries in the country.
- ✓ Textile industry will face some major challenges in the coming years. It has mainly to keep its level of employment and improve its competitiveness in a non-favorable environment.
- ✓ It is very export oriented.

(Lebanon Opportunities – May 2006)

- Beirut is considered to be “the Capital of Fashion of the Middle East”.
- Spinning mills, ready made, knitting and weaving factories are the main components of the Lebanese textile industry.
- The fashion industry is divided into sub-sectors: Haute couture, Ready-to-wear (casual, sportswear, jeans-wear, active-wear, swimwear and underwear), various lines for men, women, junior, children and new born.
- We should briefly mention the ABAYA and Artisanal clothing that are getting a larger market share.
- Related activities are numerous: fashion shows and modeling (including manufacturing of the model-statues), fashion accessories (belts, scarves, faux-bijoux), shoes and bags, lingerie, perfumes, shampoo and soaps, skin care products, make-up , cosmetic, nail polish, and beauty care centers, hairstyling, e-trade, fashion publications, fashion photography (of models and during fashion shows), wedding and special events planners.
- Although very much interested in new fashion, the syndicate of Fashion Designers represents usually great names abroad rather than new designers, even if these names are only known in the local market.
- In Europe, independent firms finance fashion houses. However, in Lebanon, most of the sector is supported by only personal funds.

3.3.1 Haute Couture

- Lebanon is a potential market for luxury items: mainly cloths, watches, yachts.
- In Haute Couture, there are several opportunities.
- Limited possibilities during the Lebanese war have pushed many Lebanese designers to move to other countries where they have excelled. A name among so many is Reem Acra.
- **Reem Acra** has quickly appeared in the International world of Fashion. She actually owns a Fashion House in New York. She has participated in worldwide fashion shows. She is specialized in wedding dresses and luxury evening gowns. Among her clientele are movie stars, princesses, and rich people. Her name is well known and her style is very specific.

- Today, many Lebanese designers are moving back to Lebanon after having acquired a rich education and experience from prominent fashion design houses in the Western countries, mainly in Paris.
- Most top designers began their business in the 1990's with the exception of Elie Saab who held his first show at Casino du Liban in 1982. Georges Hobeika and Robert Abi Nader began designing their lines 10 years ago, while Zuhair Murad opened his first atelier in Beirut in 1995.
- During the last ten years, the Lebanese *Haute Couture* acquired an international reputation.
- Lebanese designers did and are still doing great business for their Lebanese clientele as well as for queens and princesses in the Arab countries, mainly Saudi Arabia, Kuwait, Qatar, Jordan, and the Arab Gulf countries.
- *Haute Couture* ateliers are always updated in fashion and quality. Designers attend and participate regularly in worldwide exhibitions.
- *Haute Couture* designers deal mainly with women's clothes.
- Zuhair Mrad is one of the very few designer in the region providing *Haute Couture* for men's fashion.
- Among the Lebanese *Haute Couture* designers who have earned international acclaim are just to count some: Elie Saab, Robert Abi Nader, Zuhair Murad, Georges Hobeika, Georges Chakra, Naji Hojeily, Pierre Katra.

- **Elie Saab** leads this new class of *Haute Couture*

  (*TV interview and various articles in newspapers and magazines*)
  - ✓ His success in *Haute Couture* lies in the fact that he is targeting the wealthy Arab customers and customizing his designs to meet their needs.
  - ✓ Elie Saab has quickly acquired an excellent reputation in Lebanon, the Middle East and Europe. His name appears in many international fashion shows.
  - ✓ Has recently opened "Maison Elie Saab" in downtown Beirut.
  - ✓ Is not planning to design for another Fashion house. He prefers to put all his efforts in his own house.
  - ✓ In addition to his *Haute Couture* designs, he has slowly entered the *Ready-to-wear* market as he feels that many people like *Ready-to-wear*. He has already made 3 fashion shows of *Ready-to-wear*. He is even working on a line of Jeans.
  - ✓ Has introduced duty-free items such as neckties, scarves, purses, pocket bags.
  - ✓ Will not consider entering the jewelry sector.
  - ✓ Among his expansion projects, Elie Saab will be opening soon a new Fashion House in Paris (scheduled for January 2007) and later in New York.

- The Lebanese *Haute Couture* designers played the game of an "orientalized" luxury that was appropriate to the customers, in the use of embroidery, the choice of colors and designs these customers can wear in their own environment.
- These designers knew perfectly how to use effective methods of marketing and public relations to reach their wealthy target markets. They even presented their designs in fashion shows on the best known international podiums.
- A parenthesis should be opened to mention the Abaya (traditional gowns women used to wear at home) and Artisanal Traditional Clothing industry that has been revitalized recently and is slowly penetrating the Lebanese Fashion market. The Abaya trend has

been initiated by Ms. May Arida during the Baalbeck Festivals where dressing has become more casual. Today a special fashion related to handmade Abayas rich with embroidery and needlework has developed. Women wear these Abayas as evening gowns on special occasions. This helped in publicizing the traditional Lebanese wardrobe.

- A lot of innovative traditional designs have appeared on Artisanal Traditional clothing. Summer Abaya woven with silk were originally manufactured by one artisanal company (Mabrouk), who also came up with Abayas made of very soft goat hair.
- Fashion shows featuring Abayas and Traditional Lebanese clothing are regularly held in Beirut and abroad.
  (Time Out magazine, July 2006)

3.3.2 Ready-to-wear

- Although designers are mainly interested in *Haute Couture*, some of them have started to show interest in the luxury *Ready-to-wear*.
- *Ready-to-wear* is the goal of most designers with the hope to expand further into sportswear, cosmetics, and perfume.
- As controversially as it looks, in Lebanon, it is easier to work and succeed in *Haute Couture* rather than in *Ready-to-wear*.
- The *Ready-to-wear* is a commercially difficult activity everywhere. This applies also to Lebanon where a lot of difficulties face Ready-to-wear young designers, just to list a few:
  - ✓ Lebanon is not really an industrial country
  - ✓ Market potential is limited
  - ✓ International competition is very fierce. Lebanon imports all the international brands of *Ready-to-wear*
  - ✓ Difficult mentality of people: Lebanese prefer to buy foreign commercial brands, rather than take the risk with local designers
  - ✓ Local big stores are not ready to deal with young designers, but prefer to deal with foreign well-known brands which make competition even more fierce

  Lara Nabulsi, a young designer summarizes these difficulties: "To live, you have to design *Haute Couture* and sell wedding dresses. Only afterwards, you will think of starting a *Ready-to-wear* line."
- In *Ready-to-wear,* it is necessary to invest in production volume, stocks, and boutiques, in addition to marketing while doing art. There is also no adapted financing for their initial installation.
- Beirut is not the ideal place to launch *Ready-to-wear* because the local cost of production is too high. In addition, in this line of business, mass production is required.
- In *Ready-to-wear*, designers deal mostly with casual clothing. Other forms, such as sportswear, jeans-wear, active-wear, swimwear and lingerie are less important. Others focus on specific designs.
- In *Ready-to-wear* developing strong consumer relationship is very important to be able to win the trust of the customers.

Just to list a few Lebanese *Ready-to-wear* designers*:*

- Milia Maroun
  - ✓ Designer Milia Maroun was a pioneer in the *Ready-to-wear niche* in Lebanon.
  - ✓ Benefits from globalization by manufacturing her designs in Turkey and other parts of Asia.
  - ✓ Prepares the collection in Lebanon, designs and produces it in Turkey then delivers in or outside Lebanon.
  - ✓ Percent of sales in Lebanon versus abroad is 50-50 in terms of quantity.
  - ✓ Sells to France, Japan, US, Italy, Greece, and occasionally to Saudi Arabia.
  - ✓ Presented in shows in Paris, Milano, and Japan.

- Loulwa Abdel Baki
  - ✓ Designer Loulwa Abdel Baki, a graduate from LAU, who studied fashion in New York, came back to Lebanon.
  - ✓ The most difficult part was to impose her designs when everyone was importing.
  - ✓ Her designs are quasi-unique, "tailor made" pieces, supplied in limited quantities.
  - ✓ Prepares two collections per year.

- Mary Carmen Fallah
  - ✓ Designer Mary Carmen Fallah, initially an interior designer, provides clothes that are easy to wear, accessible, comfortable, and different.
  - ✓ Tries to imposing different styles labeled "made in Lebanon", a task that was not easy when offered to clients who prefer to wear foreign brands.
  - ✓ Produces limited quantities and upon command.
  - ✓ Exports to London and Arab countries.

- Diane Ferjane
  - ✓ Designer Diane Ferjane, a graduate from ESMOD Beirut, has a more artisanal style.
  - ✓ Produced stage costumes. Designed for theater actors, mostly Lebanese artisanal cloth.
  - ✓ Focuses on Crossbreeding at different levels.
  - ✓ Mixes between traditional and modern theatrical styles.

- The challenge for Lebanese designers is to be shown in France, Italy and other countries. The ultimate is to make it to the "Paris Fashion Week Calendar" or to be registered on the list of scheduled designers.

3.3.3 Lines

Men's Line:
Lines for men are expanding.

- Rectangle Jaune:
  - ✓ Founded in 1988 as a high quality shirt-manufacturing company.
  - ✓ Developed as a total design concept in men's casual clothing. A range of men's care products such as body spray and perfumes are on the way.

- ✓ Manufacturers at Rectangle Jaune try to follow the trend and be up-to-date with the fashion world as well as build "branded" products.
- ✓ Franchising has been found as an effective method to flourish abroad.
- ✓ For Rectangle Jaune, it is very important to transfer the "product culture" through franchising. After developing a strong brand name locally (achieved through an aggressive advertising campaign), Rectangle Jaune started franchising due to saturation of the local market and the high demand of the brand.
- ✓ In 2003 three points of sale were opened in Dubai, as franchises. In 2006, plans for franchising in Jordan and Kuwait. In Lebanon, they have 8 boutiques varying between privately owned boutiques and franchises.
- ✓ Currently 80% of production is manufactured locally in the factory and through sub-contracting.

Children's Line:

- Many small family owned businesses: Kindou, Lola et Moi, Rififi, Mira Mikati, Grain de Lune, Khabbaz, Zahar.

- Kindou: (interview done with Ms. Mona Khoury)
  - ✓ They have a complete line of children's clothing (casual wear, jeans, underwear, socks and the like) for ages 0 to 16 years, for both boys and girls.
  - ✓ Items are sold exclusively in their 12 boutiques (they had a larger number of retail stores, but some were closed).
  - ✓ In their factory, 40 people are employed (fashion designers, people who draw the design by hand, people who reproduce the design on the computer, others who cut following the design pattern, in addition to people working on the sewing machines).
  - ✓ Their fashion designers create designs and styles independently, relying on the fashion and trends, customer's needs, and models seen abroad.
  - ✓ The raw material used and the shoes they sell are imported from Europe.

- Lola et Moi: (Time out Magazine July 06)
  - ✓ The founder Rania Tohmeh, a graphic designer by training and a jewelry importer and seller by profession, started 3 years ago (end of 2002).
  - ✓ Idea came from urge to find new stuff for her twin girls. Working mainly with girls clothing.
  - ✓ Tried to combine designs and clothing styles worn by children in France and the USA into a clothing range appropriate to the "Beiruti" children.
  - ✓ Designs have mainly a French look.
  - ✓ Designs very "childish", appropriate to the children's lifestyles, colors, preferences. This reflects the designer's desire for trappings of a traditional childhood.
  - ✓ Likes to keep children as children with designs and colors reflecting happiness and innocence.
  - ✓ Started in 2006 a line for mothers.
  - ✓ In Lebanon: Operating in a studio in an old mansion in Jounieh, sells in her own retail shop in Saifi, distributes in 2 major malls in Beirut (ABC Ashrafieh, and City Mall).
  - ✓ Abroad: Shops in Riyadh (Saudi Arabia), and Kuwait, and soon in Toulouse (France).
  - ✓ Distributes in the USA.
  - ✓ Lola et Moi is set for world nomination.
  - ✓ Is showing in three major international kids clothing shows in 2006.

- Rififi: (Time out Magazine July 06)
  - ✓ Claudine Mokhbat, a journalist, writing about interiors in home decoration magazines.
  - ✓ Started making and decorating clothing for her own children.
  - ✓ Exhibited her work in her neighborhood, then opened a small workshop. Now displays in a shop in central Beirut.
  - ✓ Has developed a Niche Market.
  - ✓ Focuses mainly on children's sophisticated special occasion wear for weddings and parties.
  - ✓ Formal in style.
  - ✓ Uses a lot of silk, taffeta, ruffled or intricately embroidery.
  - ✓ Has also a ready-to-wear line.
  - ✓ Material, design, and colors vary with age (for under eight, focus on pretty cotton dresses in pure clear prints; for older than eight, more teen-age look including jeans).

- Mira Mikati: (Time out Magazine July 06)
  - ✓ Mira Mikati, a Paris trained fashion designer started her own line of feminine, colorful printed women's clothes.
  - ✓ Moved to children's line.
  - ✓ Launched a full range of designer children's clothes, with the little girls' clothing being mini versions of her women's range. She even makes the same range for the girls' dolls.
  - ✓ Women's collection very much inspired from the children's collection styles.
  - ✓ Designs inspired by nature, big happy prints of flowers, bees, butterflies and fish.
  - ✓ Sells in Europe, Japan, and other countries.

- Grain de Lune: (Time out Magazine July 06)
  - ✓ June Kettaneh started selling accessories and garments.
  - ✓ Designs are down to earth, practical styles. Cloth fit for kids' play, mainly in acid and sugary colors.
  - ✓ Specialized in children's beachwear, mainly ponchos in soft toweling for after bath.
  - ✓ Involves her own children in creating the designs.
  - ✓ Developed a loyal clientele through word-of-mouth.
  - ✓ Carried by a retail shop in Ashrafieh. Is planning to distribute her designs to another shop in Beirut.
  - ✓ Exports to Dubai, Qatar and Saudi Arabia.

- Zahar Kids and Khabbaz:
  - ✓ As opposed to the above mentioned children's wear establishments, both Khabbaz and Zahar have developed a long history and a well known reputation as being family owned children's wear experts.
  - ✓ Their reputation was based on the designs and excellent quality.
  - ✓ It was part of the Lebanese traditions to buy at least the first baby's complete wardrobe from the well-known Zahar.
  - ✓ Khabbaz in addition to its locally made designs carries well known French brands.

3.4 Economic Information

3.4.1 Current Situation

- Fashion industry in Lebanon is emerging as a revitalized market with the development of niche markets, larger profit margins, and the penetration of the luxury export market.
  - ✓ The industry has to deal with competition from imports of cheap low quality products which affected and led to mergers and sell-offs. This may be solved by aggressive marketing, plus the development of quality marks standards.
  - ✓ The industry needs to become more aggressive and competitive in production, quality control, and marketing plans and strategies.
  - ✓ In 2004 the industry fought back as manufacturers have increased their investments in more new developed equipment and more skilled labor.

- Lebanese designers have the skills, means, and reputation. They are working on being always up-to date with latest developments, and on providing high quality of material and work. However the main challenge is to enlarge their possibilities and look for more opportunities.

- Clientele:
  - ✓ The majority of clients are from the Arab and Arab Gulf countries. The Gulf market customers (built mainly on princesses and wealthy individuals) are the key clients of the Lebanese Haute Couture (around 40% of the Haute Couture exports). They provide great opportunities for local designers. The strong spending power of these Arab princesses makes this group of women among the few in the world who can afford to exclusively buy from the Haute Couture designers.
  - ✓ However, in 2002, some local designers, such as Robert Abi Nader and Zuhair Murad, reported between 20 and 30 % of sales to Europe and the USA. They even reported having some clients from Japan and Africa.

- There is no organizing body that collects statistics on Lebanese Haute Couture. Designers do not deliberately provide numerical data related to the size of their production and levels of sales.

- Revenues and Sales level:
  - ✓ Starting 2001, sales have increased by 80% due to the Arab Countries clients who are appreciating the mixture of oriental-occidental designs.
  - ✓ Lebanese designers agree that Haute Couture is easily a multi-million dollar industry.
    - There are at least 40 Haute Couture houses in Lebanon.
    - Each atelier produces an average of 200 dresses per year.
    - No Haute Couture dress is worth less than $1,000 (prices vary from $ 3,000 to $ 8,000 and reach 5-digit figures for top houses. As an approximation, $5000 could be considered as an average selling price).
    - The industry can be valued at more than $40 million.

- Employment:
  - ✓ Out of the 40 local Haute Couture houses, at least 10 employ 30-60 tailors and embroiders. The number of staff employed varies widely from few employees in

less-known houses to the 70 full-time and 200 part-time employees working with some key fashion designers such as Zuhair Murad.

- Increase in Demand in the Haute Couture and Ready-to-wear sectors is mainly due to two factors:
  - ✓ participation in International Fairs and Shows: Lebanese Fashion designers and hairdressers are always eager to be updated on all new trends and fashion. This is why they try their best to regularly attend fairs, shows and exhibitions abroad even at their own expense.
  - ✓ working on providing high quality designs that are "fashionable, as well as integrating high quality in both material and work. Lebanese designers have access to high-quality, internationally produced textiles that they can choose from during the shows and exhibitions. They use these high quality textiles in sewing their designs.

- Internationally known houses hold at least two shows per year in Paris (one for winter and one for summer collection). These shows are very expensive. A single show in Paris should cost a designer between $250,000 and $400,000.

- Designers must bear costs for the following:
  - ✓ Luxurious show room or boutique
  - ✓ Sewing and ironing machines
  - ✓ Atelier space
  - ✓ Expensive fabric such as silk, chiffon, satin and brocade which are imported from France and Italy

3.4.2 Local Market

- Fashion shows held in Beirut are mostly one-man shows, due to lack of unity and strong organizing body.
- The fashion local market is very narrow. It is characterized by strong competition from importers of clothing.
- Trade of clothing is very widespread. In Lebanon, we can find fashion retail outlets in all districts, all cities and even small villages.
- It is a common practice for some women to travel to Europe (mainly to Milano) to do their shopping. They come back to Lebanon to sell their purchases. This creates an imbalance in the market as some of them do not go through the customs authorities.
- In addition, we have important chains of importers of clothing. They sell in their own shops or in malls.
- The local market of Haute Couture is much less significant and highly competitive, with designers attributing 15% (or even less) of their sales in 2002 to Lebanese clients. This 15% local market share is being subdivided between so many Lebanese designers.
- One major step for the Lebanese Fashion industry would be to improve the quality of production, since regional competition is getting tougher.
- The higher cost of production can be justified by:
  - ✓ An educated workforce
  - ✓ High social security contribution costs
  - ✓ High costs of energy sources (fuel and electricity)

- In addition to the mixture of Middle-Eastern and Western designs which might be considered an advantage, Lebanon's high level of media penetration and pop culture awareness gives it an edge over other Arab states. As seen below, most newspapers, magazines, and TV programs promote Fashion on their pages and in their programs.

3.4.3 Growth of Fashion Sector

- The sector has a promising potential of growth. It benefits from an excellent reputation in both the Arab and the Western markets. Designers have succeeded in adapting fashion to the requirements of the Middle-Eastern market.
- However, the fashion sector has to expand beyond *Haute Couture* to penetrate and settle in the *Ready-to-wear* segment as well.
- Clothing for children and men offer interesting opportunities as both sub-sectors are growing quickly and are not yet saturated.
- New designers have difficulties to start. Financial support is needed.
- Designers need to develop strong contacts with manufacturers, store owners, and potential investors in Lebanon and abroad to establish themselves and develop.
- Given the high cost of labor, some designers consider manufacturing elsewhere (in South-East Asia for example) and then target the Middle-East.
- Key distribution networks should promote designers, as these networks are well established in Lebanon and in the Arab market.

3.5 SWOT

3.5.1 Strengths

- Position:
  - ✓ Lebanon is ahead of the Arab countries in terms of Quality, Fashion and Design.
  - ✓ Beirut is considered to be "the Capital of Fashion of the Middle East".
  - ✓ Lebanon has acquired a high position within the world of Haute Couture, not only in Lebanon, but also in the Arab countries and Europe.

- Advantages of Lebanese Designers over others:
  Lebanese designers have wide opportunities for penetrating and expanding abroad (in Europe and in the Arab countries). For these designers:
  - ✓ language is not a barrier
  - ✓ quality in design, work and material is provided
  - ✓ demand is high, possibilities of exports are high
  - ✓ clients are willing to pay
  - ✓ they have acquired the strategies and know how skills to approach clients from Europe as well as from the Arab countries
  - ✓ they have succeeded in understanding Arab customers and aspiring to their needs and preferences. They provide them with individual care and customized products which are highly appreciated by Arab clients

- Style:
  The Lebanese designers have developed a unique distinctive style that blends many different components: Middle-Eastern and European styles. In addition, the combination of high quality and fashionable designs is a major reason behind the increased demand.

- Prices:
  Prices of some Lebanese designers *Haute Couture* outfits (ranging between $3000 and $8000 per dress) compete well with the prices of some European houses *Haute Couture* outfits (featuring dresses priced at $25,000 and more). Thus, Lebanese designers can compete better in terms of prices, with cheaper (yet highly educated and qualified) labor without compromising the quality of work or materials.

- The Niche Market:
  Local designers have created a niche market by providing "Wearable Haute Couture". Lebanese houses focus on Haute Couture that appeals to:
  - ✓ "Fixed clients" who wear couture on a daily basis, not only on special occasions, and
  - ✓ Clients who belong to more conservative societies and thus shy away from transparent items.

- Designers success is being regarded as the key to reviving the overall Lebanese apparel sector.

3.5.2 Weaknesses

- A survey was conducted to reveal the local industrials' perception of problems and hurdles that hinder their export activities. Results showed that
  - ✓ 44% attributed difficulties encountered to price competition
  - ✓ 28% to administrative impediments and
  - ✓ 11% to protectionist measures
  - ✓ 17% other reasons

- Fierce competition from international imports and from products (especially in the fashion sector) that enter the Lebanese market at minimal customs.
  - ✓ *The Greater Free Trade Agreement (GAFTA)*, which has reduced customs tariffs among Arab countries, has negatively affected the industrial sector. It has encouraged entry of cheap ready-made cloth from Egypt and Syria.
  - ✓ *The Euro-Med* agreement aims to nullify tariff barriers (gradual reduction of customs within a period of twelve years), with a five-year grace period for Lebanon. Although this will tremendously push exports (as it will remove import quotas on Lebanese products), it will negatively affect the *Ready-to-wearmarket* as more foreign brands will invade the local market.

- Lack of government protection for goods that are "Made in Lebanon."
- The Lebanese mentality has always been in favor of "Foreign Goods" as being better i.e. more "prestigious" than locally made products.
- Lack of governmental support for promotion and sponsorship.
- Other than the Lebanese Fashion Week, there are not enough platforms locally and internationally. Very little financing is provided for initial installations and fashion shows held or attended abroad. Young designers are still searching for potential investors.
- Ready-to-wear sector requires investing in production, stock, salon, boutiques etc.
- Lack of investors and supporters of young designers by local and foreign stores and distribution networks. They are worried or reluctant to deal with these young designers who are trying to associate their names with well known stores.

- Some agreements like the Greater Free Trade Agreement (GFTA) - which has reduced customs tariffs among the Arab countries- have negatively affected the sector. Local costs of production remain high compared with other countries, although these higher costs are justified (see above).
- Lack of unity among Lebanese Designers.
- Lack of an organizing council that should attempt to coordinate the work of various designers. This is strongly needed to avoid the "one-man" fashion show, to support and promote shows, to make them more successful and compete better with international standards.
- Some "Fake" or "Pirated" replicates of well-known brands have undermined trust in Lebanese production.

3.5.3 Opportunities

- Fashion (mainly *Haute Couture*) provides very prominent opportunities for Lebanon.
- Establish a "Cite Arabe de la Mode" similar to those in Europe.
- Establish a "Fashion and Costume Museum" that highlights the rich history of Fashion in Lebanon.
- Strengthen the position and promote better the "Lebanese Fashion Week" - (by reaching stronger unity among designers, organizers and sponsorors, as well as establishing a more powerful organizing council).
- A comprehensive marketing plan is highly needed to develop more efficient production strategies that will cover the high production costs.
- Foster unity and a strong organizing committee to plan and organize better fashion shows in Beirut.
- Possibilities of production of *Ready-to-wear* in Asia or India to decrease costs.
- Line expansion is possible: Many clothing brands develop into a "lifestyle brand" with accessories, perfume, beauty products, and even a magazine.
- International Fashion shows such as the ones held in Paris as well as exhibitions held locally and abroad constitute a privileged place for the Lebanese young designers to appear. Examples are Beirut Fashion (a yearly exhibition held in BIEL for Ready-to-wear textiles, fashion accessories, and children's wear) Joaillerie Liban (jewelry) and Wedding Folies (wedding dresses, evening gowns, jewelry and lingerie). These exhibitions bring together the finest designers, manufacturers and retailers, with celebrity and potential customers, importers, investors and supporters.
- Government could adapt some safeguarding measures such as anti-dumping law which imposes tariffs on foreign clothing or limiting quantities of imported cloth sold in the local market at low prices. This would be an encouragement for designers to target the local market.
- Tap into new markets: New markets have opened up in Asia, North and South America.
- There are relatively few high-end designers operating within the region. This still provides chances for Lebanese designers.
- Designers are working on promoting themselves in Shows, on Satellite Channels, and or through Media. Putting on a show and reserving space on the Satellite channels is relatively affordable ($10,000 or $20,000 rather than the $100,000 plus for Paris, Milan or Rome). Local newspapers and magazines are willing to promote shows at affordable prices.

- Find new concepts adapted to the region.
- A Marketing campaign focusing on how well international markets regard the Lebanese Designers brands.

3.5.4 Threats

- High entry costs.
- Fickle buying habits of the super rich.
- Limited work opportunities and difficult market situations (fashion related rules and regulations, unstable situation in the country, low purchasing power of the salaries) have made a number of designers graduating from fashion schools leave the country.
- Fast changing trends in Fashion, short cycle of Fashion preferences.
- Emergence of other locations (such as Dubai), often using Lebanese talents.

3.6 Role of the E-commerce/Internet/New Technologies on the Fashion Sector

- Sale on line does not seem to be adapted to the Fashion sector. People enjoy doing their own shopping and fittings.
- New designers could use websites as a low cost method to make themselves known, and promote their name.
- Fashion accessories could be sold on line. Some are already being sold.
- E-trade is more widely spread in some related industries, such as soap.

3.7 Related Industries

The Fashion sector is not only sewing. Related industries would include the following:

- Modeling and Fashion Shows
- Fashion Accessories (belts, scarves) and Faux Bijoux (necklaces, bracelets)
- Shoes and Bags
- Lingerie
- Perfumery
- Shampoo and Soaps
- Skin Care Products, Make up, Cosmetics, Nail Polish, Beauty Care Centers
- Hairstyling
- Fashion Publications
- Fashion Photography (of Models and during Fashion Shows)
- Wedding and Special Events Planners

Given the wide diversity of these related industries, we will limit our analysis to just a few.

3.7.1 Modeling and Fashion Shows

- The modeling sector in Lebanon is attracting many young men and women as the interest in fashion is increasing and the fashion sector is expanding
- Nathaly's Agency: (interview with Ms. Nathaly Fadlallah)
  - ✓ Pioneer in Lebanon, one of the few modeling agency established today.
  - ✓ Employs 6, and two co-owners (family owned)

- ✓ Attracts many Lebanese and foreign people trained to become models: 30 men, 30 women, and a lot of children
- ✓ Models go through casting: video-taped part and a written application
- ✓ Selection of models is mainly based on: physical criteria (that should fit the required physical measures), a good education, well developed social, behavioral and diplomatic skills, preparation and commitment
- ✓ Training: One or two month intensive training for models (how to walk, how to pose, and mainly savoir-vivre tips)
- ✓ Job opportunities available:
  - in media-related sectors (magazines, billboards, commercials on TV)
  - in TV shows
  - in fashion shows
  - in hosting and planning events such as weddings and exhibitions
- ✓ Contract Agreement:
  - Models sign a two-year contract with the agency
  - The agency provides the work and calls the model whenever he or she is needed without imposing the work
  - The models receive some treatment and care needed for free: hair, nails, waxing, gym and from discounts in clothes stores
  - The contract can be called off anytime the model doesn't want to pursue the career
- ✓ The agency hosts annual events such as
  - Miss Resorts Lebanon Pageant (done every year since 2001) where different girls represent different beach resorts
  - Lux Fashion World, a two or three day defile where international designers exhibit their work
  - Several other summer festivals
- ✓ The agency plans and organizes all activities related to special events, such as weddings, ceremonies, shows….They also schedule fashion shows within these special events
- ✓ It hosts fashion shows in Lebanon (80%) and on the international scale (20%)
- ✓ The agency's upcoming work is the reality show Miss Arab World, with sixteen Arab women competing for the title
- ✓ Sponsors: companies related to the theme of the event:
  - beach-related events: sponsored by companies dealing with tanning oil, waterproof make-up, towels
  - haute couture events: sponsored by fashion designers and or jewelry designers
- ✓ Relationship with designers: very friendly, has some regular clients that always use her models in shows such as Bassel Soda and George Sha'ra from Lebanon, and also Arab designers: Amina el Jassem, H. el Bahayri

– Nathaly's SWOT analysis:
- ✓ Strengths:
  - Being the preeminent well-known modeling agency in Lebanon
  - Lebanese models style: highly demanded because of their Mediterranean features and colors (not very skinny, bodies well shaped, mixture of oriental and Occidental features)
  - Hosting the agency's annual events and festivals

    - Hosting major events
- ✓ Weaknesses:
    - The lack of competition from other model agencies in Lebanon decreases challenges for the agency as well as for the models
    - Models very dependent on the work the agency provides
    - Models considering modeling a hobby rather than a career, and not seizing opportunities
    - No back-up / support from the government
- ✓ Opportunities: Many, but government and country have to give a push
- ✓ Threats: Foreign agencies giving better deals to Arab designers

3.7.2 Fashion Exhibitions

– Leading exhibition and trade fair organizers, such as International Fairs and Promotions (IFP) and Promofair, regularly arrange Fashion Exhibitions in Lebanon:

- ✓ Beirut Fashion: (The Lebanese Fashion Week: a yearly exhibition that has been regularly organized for the last 11 years, usually held in September)
  Exhibits *Ready-to-wear* collections, textiles, embroideries, knitted fabrics, fashion accessories, shoes and leather goods (coats, bags, luggage), children's clothing, men's wear, ties and scarves. Throughout the event, a variety of fashion shows are held providing suppliers with additional opportunities and exposures.

- ✓ Joaillerie Liban - Jewelry Lebanon-: (a yearly exhibition that has been regularly organized for the last 9 years, usually held in August). Exhibits international jewelry, watches and luxury goods. Joaillerie Liban brings together hundreds of the finest jewelry designers, manufacturers and retailers representing a unique, yet diverse, array of world class merchandise which reflect global and regional trends. On display are jewelry of every type and style, including gold and silver, antique jewelry, platinum, diamonds, pearls, corals, watches and coin collections. In addition to the display of jewelry, the show includes special events, presentations and receptions designed to facilitate networking opportunities.
    - As a symbol of the professionalism of the Joaillerie Liban show, the exhibition in certified by the Union des Foires Internationales (UFI), which recognizes a proven track record of international exhibitors and visitors.
    - Although the Jewelry sector was not analyzed in depth it is worth noting the following points:
        - There is a high demand for fine jewelry; this has always been part of the Middle East traditions. In recent years, this demand has translated into a multi-billion dollars market that continues to grow as a result of high disposable income levels.
        - Jewelry currently leads Lebanon's list of re-exports, topping 1 Billion US Dollars per year.

- ✓ Wedding Folies: (a yearly exhibition that has been regularly organized for 3 years, usually in January-February).
  A Bridal Expo displays the latest designs and trends in wedding dresses, evening gowns, accessories, grooms suits, jewelry and lingerie. In addition, the exhibition provides innovative ideas, professional consultancy, and daily fashion shows. In

2006, more than 30,000 visitors attended the 6 days event, 120 major exhibitors representing various fields of the industry.

- ✓ Lebanese Fashion Night: (a yearly fashion show presented by the 3rd year students of Fashion School ESMOD) A fashion exhibition where young Lebanese student designers and creators display clothing designs, accessories and bags.
  - The purpose of these exhibitions is to promote the potential of Lebanese designers to professionals and customers
  - Beirut, because of its reputation for being "the Fashion Capital of the Middle East", witnesses and inflow of traders from across the world who rush to establish a strong foothold in Beirut and expand to the broader markets of the Middle East

3.7.3 Shoes and Bags

- A lot of people are working in this sector.
- There is a Syndicate for the Manufacturers of Shoes and Bags.
- There is only an Association of Shoes and Bags Traders (Jamiyyeh) but not a separate syndicate. The retailers selling shoes and bags are affiliated with the Syndicate of Traders.
- There is no accurate estimates of the number of shoe manufacturers in Lebanon as very few are registered in the syndicate. Many are not registered nor announced. The existence of the small Ateliers (5 to 10 employees) makes these estimates more difficult.
- Among the shoes and bags manufacturers, we can list: Red Shoe, Rayyess Hassan,(refer to story on page 30) Ultima, Vienna Shoes, Kornoyan (Hush Hush brand), Habbouch (children's shoes)…In addition we have a lot of Armenian manufacturers (mainly in Bourj Hammoud) who used to dominate the shoes market in Lebanon.
- Imported shoes are a big threat since more than 20 million shoes from many different countries flood the market every year. Competition is very fierce / harsh.
- There used to be an import quota in Lebanon. Importing more than LL 5 million worth of goods was not allowed.
- Above import quota was cancelled. Imports are allowed without limitations on quantity. (Daily Star, November 15, 06)
- **Red Shoe**: (interview with Mr. Ali Khatib, could be used as a success story)
  - ✓ A major manufacturer and retailer.
  - ✓ Started 55 years ago (in 1950) as a family owned business.
  - ✓ Started mainly with men's shoes. Expanded to include women, children and bags. The belts they sell in their stores are imported.
  - ✓ Have quickly acquired a position and a prominent reputation for quality, comfort and style in the Lebanese and Middle East markets.
  - ✓ They employ 175 persons in their factory in Sibline: skilled workers in modeling, stitching and putting final touches.
  - ✓ They sell exclusively through their own 11 stores.
  - ✓ Their exports represent 35% of their production.
  - ✓ They have given Franchise of their products in the Arab countries.
  - ✓ The leather they use in their production in mainly from Italy, very little from Spain.
  - ✓ They have a Design Office, made of three designers:
    - They collect ideas and concept from abroad (Italy mainly), adapt them to their needs , and customize them to the local and Arab market preferences.

3.7.4 *Lingerie*

- A relatively new sector that has developed due to the request of a more sophisticated clientele
  - ✓ Opportunities:
    - A new but high potential market in Lebanon and the Arab countries
    - A sophisticated demanding clientele
    - Creating industrial cities outside Beirut (Bekaa, the South, Akkar): lower costs and salaries, higher competitive market
  - ✓ Weaknesses:
    - Syndicates are not strong in promoting local products abroad
    - Difficulty of finding competent labor in Lebanon

- Nai Lingerie: (Lebanon Opportunities March 06, could be used as success story)
  - ✓ Nai, Lebanon's biggest lingerie manufacturer, was established in 1998.
  - ✓ Employs 65 people.
  - ✓ Sales volume is roughly 90,000 units per year, with a net profit of around $ 170,000 of which 70% are generated from domestic sales.
  - ✓ Nai designs and manufactures its lingerie locally and pays special attention to product diversification. It capitalizes on creative designs.
  - ✓ A high potential market in the Arab countries in spite of a stiff competition: actually, out of its 30 % exports, 12 to 15 % of go to Saudi Arabia, whereas 5% go to Europe. Saudi Arabia is the hottest lingerie market in the Arab world.
  - ✓ Franchise agreements have been signed with Jordan, Saudi Arabia, Quatar and Bahrain, plans for UAE and Kuwait and later to Europe.

- LalaRose: (Time Out Beirut June 2006, could be used as success story)
  - ✓ Designer and owner Ms. Stephanie Abidjaoudi, has gone in three years from hand-making a small collection outsourced across Lebanon, to running a serious atelier.
  - ✓ Employs 35 persons.
  - ✓ Offers a full line of luxury lingerie.
  - ✓ Introduced colors in underwear (yellow, turquoise, fushia).
  - ✓ Features lace and silk 1950s style underwear.
  - ✓ Special attention is accorded to quality.
  - ✓ As much as possible, and whenever available, gets raw material from Lebanon.
  - ✓ Designed a line of accessories: silk pouches and vanity bags.
  - ✓ Planning a line of perfume.
  - ✓ Planning to introduce "Miss Lala", a brand for younger ladies with more cotton and lace.
  - ✓ Caters to royalties: is actually designing the full wedding trousseau of Saudi King's granddaughter).
  - ✓ Exports to different countries: Arab Countries-mainly Dubai and Saudi Arabia-, Europe-mainly France in Galeries Lafayette-, the USA, and Hong Kong.

3.7.5 Make up

- A lot of institutions teach make up. Students are male and female.
- Job opportunities are great in Lebanon and abroad mainly in the Arab countries. A lot of people are working in the make up field.
- A lot of money is generated. Money is made on small every day make up to make up for special occasions. As an example, a make up for a wedding costs \$200 to \$500.
- Most make up centers provide also hairdressing, skin care services, nail care, laser, massage, in addition to "tatouage".
- A lot of artistic work is being done in the permanent or temporary "tatouage".
- There is a difference between the normal make up, changing the "look", and the "Artistic Make-up" done on people who appear in films and TV shows.
- Fadi Ibrahim has succeeded a lot in the make up field.
  - ✓ He creates his own style and does not copy from magazines.
  - ✓ He started working with the ladies appearing on TV (TeleLiban and LBC).
  - ✓ He associates himself later with singers working with them in their various performances: TV series, theater and video production, as well as in video clips. He accompanies them in their trips outside the country.
  - ✓ Also worked on make-up for weddings and special occasions.
- A lot of people are employed in the makeup sector.

3.7.6 Shampoo, Soap, and Perfume

- Trends in the soap sector are interesting to note. It has moved from the traditional, not refined, cheap soap to a new line of soap that is growing.
- The famous Soap Museum in Saida relays the history of soap, its developments, its production.
- A lot of factories produce shampoo.
- Amatoury, founded in 1928, created “114” eau de cologne.
  - ✓ Grew into a leading and well established manufacturer of cosmetics and care products: shaving creams, deodorants, body care, hair care, shower gels.
  - ✓ Focus on quality, nature made, recyclable / environmental friendly packages.

3.7.7 Skin care and beauty salons

- Skin care product producers are not many as Lebanese people prefer to buy foreign brands. However the industry is growing slowly.
  - ✓ Beesline, a family owned company produces skin care, lip care, suncare, deodorants, soaps, shampoo, conditioners.
    - Market their products locally, in France, and Saudi Arabia.
    - Focus on quality and natural ingredients.
    - Affordable prices.
    - Government does not provide any support or facilities.
  - ✓ Many skin care products are produced by local chemists, pharmacists or individual ladies who are promoting their products on word-of-mouth basis. Need a lot of financial support.

- Beauty salons are many for men and for women.
  - ✓ Activities: nail care and polish, hair transplant and removal, body and facial care massage and treatment.
  - ✓ Employ: 6 to 10 persons.
  - ✓ Prices vary depending on service rendered.
  - ✓ Competition is very fierce.
  - ✓ Membership cards are provided to insure customer loyalty.
  - ✓ Just to list a few: Hair Consulting Clinic, Mondial Hair Center, Hala Ajam Institute, Lebanese Hair Center, Les Mains Calines, Silkor, and The Nail Bar.

- It is worth mentioning the growing number of Plastic Surgery Centers who are generating a lot of money and who are attracting many Lebanese and Arab customers. Creating Cosmetic Surgery Centers would open many opportunities for development as it has a high prominent potential of growth.

3.7.8 Hairstyling

- Hairstyling is important for cultural reasons as well as for the high value Lebanese people place on their looks and image.

- There are several institutions in Lebanon that teach hairstyling techniques. Many well-known hairdressers are certified from reputable institutions in France and elsewhere. However, a great majority of the small hairdressers have started as an "apprentice-employee" in a well-known salon and then opened their own new venture.

- There are three syndicates:
  - ✓ A syndicate for the hairdressers and the owners of hairdressing saloons
  - ✓ A syndicate of Hairdressers for Women
  - ✓ A syndicate for Hairdressers for Men

- Women's Hairstyling:
  - ✓ A very large number of hairstyling salons can be found everywhere, in Beirut, major cities and even in remote villages.
  - ✓ Job is no more restricted to haircut and simple brushing. Increasing demand for hair coloring, highlights, perms, bain d'huile, special brushing for special occasions.
  - ✓ Prices vary tremendously. As an example, a simple brushing could be done at LL 5,000 up to LL 35,000.

- Men's Hairstyling:
  - ✓ Increasing in number at an accelerating rate, as men and young adults are highly interested in their looks.
  - ✓ Prices vary tremendously between LL10,000 to LL40,000 for a haircut and brushing.
  - ✓ A lot of hair care products are invading the market and are increasingly in demand.

- Kids' Hairstyling: (Time out Magazine July 06 + personal information)
  - ✓ Kiddie salons are invading Beirut. It was a fertile ground for this new trend.
  - ✓ Parents like their children to look good. They are willing to pay high prices.
  - ✓ Large clientele mainly on special occasions (such as birthday parties).

- ✓ Kids' salons are very kid-centered and resemble nurseries: very colorful with cushions, play areas and toys even TV sets, DVDs and PlayStations.
- ✓ Different designs, styles, hair care products (such as mousse, gel and even colors) are used.
- ✓ Prices vary:

Mickey and Minnie:	Boys and Girls: LL 10,000
On n'est pas des Anges:	Boys: LL 12,000-LL 15,000
	Girls: LL 15,000-LL 18,000
Mini-Coupe:	Boys and Girls: LL 13,000
	Special Family rates

- ✓ Some even offer manicure and pedicure for kids, however demand is still low.

- Few hairdressers are registered in the Syndicates.
- Companies of hair care products such as L"Oreal, Kerastase, Phyto, provide hairdressers with training workshops to encourage them to use and carry their products.
- Hairdressers often visit Hairstyling Shows and exhibitions abroad at their own expense, to stay updated on new styles.
- Most hairdressers have developed a loyal clientele. For the Lebanese, having a proper hairstyle and well done hair everyday is essential.
- Many hairdressers have introduced nail polish and make up services in their saloons. Hair and make-up centers: Joe Raad, Ahmad Kobeissi, Bassam Fattouh, Mouharram Salon, and Younes Eid.
- On the average, every salon has 8 to 20 employees.
- Many hairdressers travel based on the special request of their clients. On these trips their income figures are not provided.
- Most hairdressers for women are men. However, we have seen recently women hairdressers or two-storey hairdressing saloons (the upper one being used by veiled ladies served only by women hairdressers).

3.7.9 Fashion Publications

- Lebanese Fashion Magazines:
  A large and growing number of magazines are specialized in Fashion:
  - ✓ In Arabic: Fashion International, Haute Couture, Fatina, Azyaak, Zeinat-Al- Anaka
  - ✓ In English: Today's Outlook, Collection Magazine, Stylist, In-Style
  - ✓ In French: Prestige
- Magazines where Fashion is an important Topic:
  - ✓ Al Hasna'a (4-5 topics: skin care, hair, cloth, accessories, 15 to 20 pages) Jamaliouki (4 to 10 pages), Laha, Hawwa'a, Noun, Snob Family, Femme Actuelle, Mondanite, Allo (15 – 20 pages)
  - ✓ Masculin (for men 11 pages)
- Affiliated Fashion magazines:
  - ✓ Lamasat (3 issues Lamasat Fashion, Hair, Weddings): a Lebanese magazine affiliated with a publishing company in Dubai, ELLE Middle East
- Other:
  - ✓ Alam Al Saat wal Mujawharat (watches and jewelry)
  - ✓ Haute Coiffure (hairstyling)
  - ✓ Skin (skin care and make-up)

- ✓ Easy Wedding Magazine (wedding arrangements), Marriage Magazine

- Local Newspapers: are willing to promote or publish pictures of fashion events (such as important fashion shows). Fashion news are mentioned in their weekly appendix (Mulhak) of Al-Nahar and other daily newspapers. However, in general no specific place or page is assigned to fashion in the daily newspapers

3.7.10 Wedding and Special Events Planners

- A potentially new but large and growing sector in Lebanon. With the show-off mentality of people, thousands of $ are being spent on weddings and special ceremonies. Creativity, innovation and being different are driving concerns when planning such special occasions. And Lebanese customers are willing to pay for this differentiation.

- Employ a lot of people, mainly young university students hired on event basis and paid on hourly basis.

- Many people are involved in different activities:
  - ✓ Invitation cards
  - ✓ Wedding list
  - ✓ Flower arrangements
  - ✓ Decoration for church and reception
  - ✓ Arranging seating in church and reception
  - ✓ Ushering
  - ✓ Catering
  - ✓ Entertainment: lighting, music or band, zaffe (typical local show involving dance and music)
  - ✓ Transportation
  - ✓ Photography: pictures, video and screens
  - ✓ Hotel accommodation

- Some economic data:
  For these activities, there is a large discrepancy in prices. Therefore we will mention ranges of prices:
  - ✓ Cocktail reception $ 8 to 55 per person
  - ✓ Buffet reception $ 14 to 60 per person
  - ✓ Seated dinner, $ 14 to 100 per person
  - ✓ Bride's dress: can be ready-made or custom-made, bought or rented
    - Average ready to buy $ 3200
    - Average ready to rent $ 1100
    - Average sewed /bought $ 5600
  - ✓ Hair treatment for bride: $ 150 to 400
  - ✓ Make up: $ 100 to 400
  - ✓ Photography: prices vary as well.
    - For a 13x18 photo $ 1.33 to 3
    - The super VHS $ 150 to 300 for one camera
      $ 250 to 1,000 for two cameras
    - The digital video: $ 300 to 1,000 dollars for one camera
      $ 450 to 4,000 dollars for two cameras

- The Beta cam $ 500 to 1,500 dollars for one camera
  $ 950 to 4,500 dollars for two cameras

✓ Ushers: $20 to 50 per hour

✓ In addition, singers are called for weddings and ceremonies. Their income per ceremony varies between $3,000 to 25,000

✓ For the Zaffe: a group of at least 12 persons (singers, dancers, designers, choreography)

✓ On average, a wedding or any ceremony of 200 guests involves at least 20 ushers and helpers, 20 persons (serving food and cleaning)

✓ Wedding and ceremonies organizers generate a lot of jobs and income. Lebanese customers are ready to pay. In addition many organizers are providing their services abroad (either to Lebanese and or non Lebanese living abroad)

3.8 Success Story: Ms Milia Maroun

Based on an interview with Ms. Milia Maroun:

- Established in 2000, registered as a private company/ created the line “milia m”
- Launched her sales in few boutiques first, and then opened her own shop “milia m”, in Saifi Village, in November 2005.
- In 2000 we started shows in Paris
- Our client are multi-brand shops who check our collection and orders
- We manufacture and deliver the orders
- Our experience so far includes 2 shows in Milano and 2 shows in Japan
- We still do the Paris show until now
- Soon we are going to start in New York, probably September 2006
- What we do is prepare a collection in Lebanon, design and produce it in Turkey and then deliver outside Lebanon
- The percent of sales in Lebanon and the percent of sales outside are 50-50 in terms of quantity
- We make money mostly in Lebanon because it is retail. We sell directly to the consumer whereas we sell to wholesalers abroad
- Abroad we sell to France, Japan, US, Italy, Greece, and occasionally to Saudi Arabia
- We sell to retailers who come to the show which is a bi-annual event
- We work in March on what we have to deliver in February
- We lately recruited a designer. We also have a pattern maker, two tailors and one who is responsible for sales and administration
- We are 7 employees including myself
- Total salaries paid per month are approximately $7000
- In 2005 sales have been increasing – We almost had half a million…We are not there yet but hopefully will be in 2006
- We are stopping the special order issue because we don’t have the right set up and it takes energy and time
- Ms Maroun classifies herself as a creative designer in a market that is virtually nonexistent in Lebanon
- She makes a full collection, specialized in terms of style that does not respond to a commercial standard
- She is in between *Prêt a porter* and *Haute Couture*

- Her designer line has a personal story
- Cost of labor is expensive in Lebanon, but labor force is highly qualified
- In fashion, Lebanon has the opportunity to have high educated level laborers compared to neighboring Arab countries
- It is a bad industry because the market is small and eaten by Syrians and Egyptians
- We are very good with hand labor but within the industry we do not follow and that is why we work in Turkey
- We are trying to shift to Lebanon
- In Lebanon, hand labor is lazy and expensive
- Lebanese workers are stubborn, not open minded
- We have a hard time finding people with a positive working mind especially women
- With ESMOD graduating students in the field we have higher chances of recruiting those who know more about the field
- The culture in Lebanon for design is nonexistent
- Lebanon is more into couture and custom-made
- Other designers like Milia include
  - ✓ Mira Mikati who owns PLUM (not local however)
  - ✓ Loulwa Abd El Baki (KALABSHA brand)
- Only 3 started out and now new designers are proliferating
- We do by design a maximum of 20 pieces and sometimes they go up to 50 but not more
- Total – 1000 pieces versus 65 references including colors
- At our shop we import shoes and necklaces
- But the focus is mainly on the collection
- Our raw materials are bought through a show attended in Paris (Premiere Vision), where all fabric industrial, weavers, knitters attend. From there on we choose and order
- We mainly work with Japanese, Italians, Germans….it depends
- We work mostly on leather, knitting, woven, and T-shirts
- We used to sell at other shops but we opened our own boutique
- To promote our product we don't do fashion shows
- We had a big event for our opening where visitors and friends were invited and given customized cards made out of shirts with the contact information printed on them
- A lot of press releases and articles were printed in magazines: Cosmopolitan, Femme Magazine, Bizance, Noun, L'Orient le Jour, Daily Star, and New York Times
- We depend mostly on word-of-mouth
- We do not invest in ads because there is no budget

3.8.1 Ms. Maroun's SWOT Analysis

Strengths

- Competition in design in Ms. Maroun's case is very little
- Haute Couture is a different market and does not cover her line of work…therefore competition is minimal
- It is a virgin field where experimentation is really allowed
- Women consumers are very open and supportive…They are followers and faithful. They really believe in you

- Emotional support, loyal clients, knowledgeable clients, supportive public and curious clientele
- They have choices abroad / outside yet they still come
- Being chosen among others is a good thing
- There is a creative energy waiting to burst given the fact that Lebanon is still coming out of a war
- This energy pushes you further. The lack of competition as well makes exposure easier. If we were in Paris I would have been drowned
- In Lebanon you are special however abroad you are like everybody else

Weaknesses
- Bad economic situation/ unstable political situation
- This industry is not a priority for this country. It is not well backed up i.e.in Turkey there is total support from the government where all shows are for free
- The Lebanese government allows imported fabric with no custom duty
- The market is open but is still complicated especially with the customs
- Taxation and new laws that are constantly changing are the main problem
- The instability and new system puts us in a tight situation
- There is no secure system to back up a start up company
- Each show costs around $15,000 between show, travel and stay and shipment etc….So per year we pay around $30,000
- There is a need for designers, there is a gap, we need a market with efficient communication channels between employees and employer
- We need set prices, laws and protection from the government
- We have no protection rights for design
- We have inapplicable laws; Most of the laws are not applied
- We have no experienced designers
- I can protect my line as “milia m” in certain countries but if there are designs with flowers on them I cannot do anything about it
- Laws are easily breakable

Opportunities
- Fashion show in Lebanon could attract clientele from the Gulf although my target is not the Gulf because their taste is different from my style which is quite independent
- Bring up the label to another standard
- Slow opportunities
- Arabs in terms of creativity are more followers than inventors or creators

3.9 Fashion During and After the War

All the economic sectors have been negatively affected by the war, Fashion is no exception. Just to note a few facts:
- Fashion shows and exhibitions that were planned during summer were cancelled.
- Some shops have moved their premises to more secure area. Aishti adapted to the war situation by opening "Guerilla Stores". They opened outlets in various regions outside Beirut: Printania hotel Broumana, Intercontinental Hotel, Faraya Mzar.

- Key designers, mainly in Haute Couture were able to proceed with their sewing and needlework for the following reasons:
  - ✓ Most of their clients were outside Lebanon, mainly in the Arab countries.
  - ✓ Delivery deadlines were set.
  - ✓ We should admit however that many orders were cancelled, mainly those related to events and occasions that were supposed to take place in Lebanon.
- Many designers have moved their sewing workshops out of Beirut to more secure areas inside or even outside Lebanon from where they were able to continue working. Despite the war and the Israeli blockade of the country, there were no (or very little) delays in deliveries as orders, mainly the expensive *Haute-Couture* gowns were carefully transported through the Syrian boarders under difficult security and road conditions, or delivered by international courier services.
- Elie Saab wanted to show a different Lebanon, one that does not reflect the war but the hopes of the Lebanese people. This is why he had to redraft, re-draw and recast (in terms of style and colors) his *Ready-to-wear* collection that was exhibited few weeks after the war, during the Paris Fashion shows of spring-summer 2007 season. He called his *Ready-to-wear* collection "Shams Beirut" – the Sun of Beirut-. All the collection was of "warm golden color", featuring the retro spirit of the 1970's. The overall effect was to recreate the feel of sun-dappled Beirut summer on the Mediterranean sea.
- Rabih Kayrouz attributes the success of a collection to its designer's spirit and whether its it can be a reflection of it. It is the task of every designer to portray his culture and, by doing so, to regenerate it. He was putting the finishing touches on his new collection which he named for Beirut itself. However, he admitted that his design style was different after the war. His work was more simple, yet more rough. His designs were more raw designs, more eccentric and less soft than his usual style. Even the colors were stronger: more rough colors and fabrics.
- Abed Mahfouz adopted a different approach. He doesn't want to associate his collections with sadness but with happy connotations. Named his collection "Lebanon Never Dies". For him, proceeding with his work was a way to defy enemies of Lebanon. He went on with his fashion show that was scheduled in Rome when the war broke out. During the war, he was traveling between the Arab Countries, delivering orders and preparing new designs.
- Just before we close the section on Fashion, let us mention the story of Hassan Rayess, who is one among many manufacturers who lost everything during the war, but decided to pick up the pieces himself.

- Hassan Rayess: (Daily Star, November 15, 2006)
  - ✓ An entirely self-taught man, entered the shoe making trade at age of 12
  - ✓ Learned all parts of shoe making by observation and practice
  - ✓ Began to notice designers and how they drew models before he was able to draw and design his own models
  - ✓ Is both an artisan and an entrepreuneur
  - ✓ Slowly built the trade of a small craftsman into a successful international business
  - ✓ Initially produced shoes to be sold under such names as Regent and Beltrami
  - ✓ Later started selling tailor-made, high quality shoes under his own brand, Maestro
  - ✓ Owned 60 machines, employed 35 expert tradesmen
  - ✓ Sold shoes in local and international markets
  - ✓ Lost everything during the war (July-August 2006)

- ✓ "Preferred not to leave the country but rebuild" his factory and start again with his own very limited bank savings
- ✓ "There is no public support for the industrial sector. In any other country, the banking sector and the government help"
- ✓ "When you build your own home, you recognize every small part of it and how it came to be and you love it more because of this. It is your artistic creation"

4 PERFORMING ARTS

4.1 Dance

4.1.1 Definition

This sub-sector comprises companies, groups or theatres primarily engaged in producing all types of live theatrical dance presentations (ballet, modern dance, ballroom dancing, folk/ dabkeh). It includes: performance, choreography, teaching, and administration/ management. A company operating in this industry is involved in the choreography and performance of dance routines for an audience. Dance companies or groups may or may not operate their own theatre, or other facilities, for stage shows.

4.1.2 Academic

- There are no universities specialized in dancing or that provide students with a degree in dancing. Hence, there are no records of graduates.
- The Lebanese University offers a degree in Performing Arts which includes Drama, Theater, and Dance courses. Nevertheless, it is considered to be very basic given the fact that it does not account for dance education or preparing dancers for professional work.
- Schools do not offer dance courses in their curricula, in some private schools Dance is offered as an after school activity.
- There are around 3 dance companies, 10 Dance studios, and a few dance "schools".
- No scholarships are offered for dance.

4.1.3 Structure

- Within the dance sector there are a wide variety of job opportunities to select from; be it performing, teaching, choreography, community dance and administration/management. The traditional style of dance in Lebanon is the "Dabkeh", and the "belly dancing"; a sector which has flourished in the last few years with the success of a few Lebanese belly dancers. There are a handful of professional dance companies in Lebanon, the most known are:
  - ✓ Troupe Fahd el-Abdallah
  - ✓ Caracalla Dance Group
  - ✓ Maqamat Dance Theater Company
  - ✓ Groupe de danse folklorique Libanaise
  - ✓ There are a number of dance studios such as:
  - ✓ Alice Massabki Dance Institute
  - ✓ Ca-danse
  - ✓ Espace Danse Nada Kano
  - ✓ Studio Alissar Caracalla
  - ✓ Ecole Libanaise de ballet
  - ✓ Ecole de danse Mont la Salle
  - ✓ Freestyle Dance Studio
  - ✓ Attitude Dance Center
  - ✓ Ecole de musique Ghassan Yammine
  - ✓ Theatre el-Naqsh

  Source: L'agenda Culturel

There are privately owned dance "schools" such as Khanito, Bailando, Nameless, and Arthur Murray. These are targeted mainly to nonprofessionals although not considered creative; such organizations do contribute to the Lebanese economy through the performance that each company holds at the end of the academic year. The main type of dance that is highly regarded in Lebanon is Ballet followed by Oriental dancing and Ballroom dancing. Nevertheless, with respect to professional performances, ballet does not contribute much to the professional dance scene. It is mainly limited to teaching. Moreover, students in different dance schools in Lebanon rarely regard dance as a professional career.

- Ms. Nada Kano teaches 120 students at her dance school, with an average fee of $55/month. The school does not grant diplomas.
- Ms. Georgette Gbara teaches at the "Ecole libanaise de ballet" and the average fee is $60/month. She is the only one to process a degree whereby she can grant her students a certificate that is authenticated by the Ministry of Culture. This certificate has proven to be very useful for students who continued their dance studies abroad.

4.1.4 Economic Data

2002	
	Number of shows
	27

2003	
	Number of shows
	19

2004	
	Number of shows
	8

2005	
	Number of shows
	11

*Source: Archives of the Agenda Culturel

Figure 2. Statistics of dance shows performed from 2002 through 2005.

The overall trend of dance shows is marked by a considerable decrease from 27 shows in 2002 to 11 shows in 2005. However, although this decrease has reached 8 shows in 2004, which is the smallest number attained through the years 2002 to 2005; it has gone up to 11 shows in 2005.

4.1.5 Related Industries

Refer to the related industries as Music and Theater.

4.1.6 Employment

There is no precise estimation of the number of employees in this sector first of all because this sector is a mixture of cultural, educational and entertainment industries and second of all because such industries use a lot of part-timers. The only major employer in this sector is Caracalla. According to their website, they have 63 full-time performers, but these include dancers and actors. They have full-time and part-time dancers from Lebanon and Eastern

Europe. The number employed depends on the performance being prepared. Most of the dancers in Lebanon are part-timers who rely on other jobs for their income.

4.1.7 SWOT Analysis

Strengths

- Availability of highly qualified and creative choreographers.
- Lebanon is one of the few countries in the region where it is more culturally acceptable for women to dance.

Weaknesses

- Administrative structures: There is a lack in administrative dance bodies that organize and promote professional work:
  - ✓ Cultural management
  - ✓ Cultural diffusion and production
  - ✓ Archiving and documenting bodies
- Academic dance teaching: Dancers in Lebanon have either to travel abroad to get a degree in dance or register for a theatre major instead. This leads to the lack of:
  - ✓ Professional choreographers and dancers with an excellent knowledge of dance in terms of theory and practice
  - ✓ dance critics and journalists
  - ✓ dance researchers
  - ✓ academic dance professors
- No Conservatoire for the arts and nothing for dance
- No proper funding / only sectarian and tribal
- Struggling on individual effort
- No national dance identity. The Dabkeh form of dance might be considered the only national folkloric or "regional" dance
- No syndicate of dancers in Lebanon
- No ethics in acquiring knowledge
- We imitate performance rather than develop our own artistic creation. Most performances are copied without true understanding of the concept or philosophy behind them

Opportunities

- Dance School and Theater
  This will create different jobs such as administrative and managing jobs, teaching jobs, marketing jobs, and will develop the artistic quality of dance creations (The lack of a dance space for professional dance training and performing affects the artistic qualities and level of the performances presented).
- Dance Events and Festivals
  This will create management and administrative jobs, creative jobs (choreography, dancing, designing, etc...). In addition to technical designers such as lighting, sound, make up, scenography). This will develop the exchange between local and international choreographers and thus widen the creative scope of local artists in relation to artistic creations, theme development, and its credibility within a specific social context.
- Supporting the creation of a dance/ body space that:
  - ✓ Gives a professional degree in dance and provides theoretical and practical training.
  - ✓ Provides training and rehearsal space.

- ✓ Provides a performing space that presents dance works only.
- ✓ Manages and diffuses dance productions locally and internationally.

- Supporting the creation of different dance events such as dance festivals, where local dance professionals would:
  - ✓ Interact with international choreographers, and dancers.
  - ✓ Are introduced to different dance techniques and concepts through workshops, lectures, and talks.
  - ✓ Have the opportunity, together with the public, to see new innovations in dance and different approaches towards movement and the body.
- Dance can be part of the school curriculum (gender problem in dance is difficult for men) that is because dance has been always regarded as an entertainment or spectator art form it is often considered in our society as improper for men to practice. The main idea is to promote dance as a cultural tool that tackles social, artistic, and political themes that are directly reflected on the human life in its wider context.
- Educating the public on the importance of dance as a means of expression and communication.
- To build an artistic sector that suits this era while improving, updating and preserving the Lebanese heritage and culture with regards to music, costumes, and dance movements.
- Academically speaking, there should be an emphasis on building a new generation interested in music, dance, and movement.
- Promote smaller works in festivals abroad.

4.1.8 E-commerce

Refer to the e-commerce section of the Theater Industry.

4.1.9 Success Story

- The major dance company in Lebanon is the Caracalla Dance Company
- Caracalla is the only Dance Company that owns its own theatre or cultural center. Based in the Lebanon, Caracalla Dance Company blends "Eastern culture, Lebanese folklore with Western dance techniques"
- Caracalla is one of the few dance companies that has achieved brand equity in the Arab world and Europe through the composition of their performances
- Revenues are made mostly outside of Lebanon due to the amount of performances done abroad. The last show they had in Lebanon was in 2004 in Biel. They were planning to participate in the Baalbeck festival in the summer of 2006 which had to be cancelled due to the July war
- Caracalla's Studio of Dance includes up to 600 students. The Ivoire Theater is the "cultural center" for Caracalla. At the center there is a school of dance, a theater, a workshop for all the costumes to be used
- Full-time dancers have fixed salary in addition to everyday training, which gives them a kind of security and technical development

4.1.10 History (This is copy pasted from the Caracalla website: www.caracalladance.com)

In 1970, Abdel-Halim Caracalla founded what would evolve into the first and most prominent theatre in the Middle East. Aiming towards a new language in dance with a style based on the amalgamation of the Western and Oriental, the Caracalla Dance Theatre began its rise at the 1972 Festival of Osaka in Japan. Having combined yesterday's heritage with today's technique, the company's continued success made it a permanent visitor on the stages of Europe, Africa, the Arab countries, Canada, Southern America, Russia and the United States.

The first full-length production, Mystery of the Bizarre (1974), followed by the world tour for The Black Tents (1978), were the breakthrough programs that brought international press recognition. Caracalla had crystallized the developing lyricism of his choreography and paved the way for his next ballet, Shot of Glory (1980), leading to additional world tours with Taming of the Shrew (1982) and Echoes (1985), productions that proved to be an impetus for his artistic path. In 1990, Caracalla audiences witnessed an Oriental Midsummer Nights Dream, another ballet inspired by William Shakespeare and in 1996, Caracalla performed Elissa, Queen of Carthage in the Oman Auditorium of the Al-Bustan Palace Hotel.

The Caracalla Dance Theatre was appointed to re-open the 1997 Baalbeck International Festival with the premiere of Andalusia, The Lost Glory. It re-lit the stage and re-established Baalbeck as a forum for art and talent.

In the summer of 1999, the company performed as part of the Baalbeck Festival, a musical adaptation of Much Ado about Nothing to full house capacities of over 22,000 spectators. As part of its autumn tour, the company returned to the Peacock Theatre, to present the London audiences Andalusia, The Lost Glory.

In 2001, Caracalla graced the stage of Baalbeck again for its production of Two Thousand and One Nights, a musical adaptation of Arabian Nights. Now in January 2003, the production will again be performed at the BIEL exhibition centre.

Throughout the years of Lebanese war, the Caracalla Dance Theatre never conceded to the ongoing strife, but rather continued to be an artistic and cultural ambassador, claiming a global theatrical audience.

Another Success story is the Maqamat Dance Theatre Group created by Omar Rajeh, a choreographer and dancer. Maqamat is a Lebanese contemporary dance company which was founded in 2002 in Beirut. The company has been able in a very short period of time to emerge as a functional organization in the creation and development of contemporary dance in Lebanon. It has presented works that were favorably received by both critics and public and was considered by Nazih Khater, the well- known critic from Annahar Newspaper as:

"…the founder of a Lebanese dance theatre scene."-Annahar 12 January 2002

Contemporary dance creations, such as Beyrouth Jaune (2002), Guerre Au Balcon (2003), which won the prize of "best technique in Performance" at the "Rencontre theatrale de Carthage", Mental Masturbation (2004), Shutter Speed (2003), White Coffee (2005) presented at the Beirut International street festival, and Concerto 13, produced by Beiteddine Festivals and presented at Beirut International Platform of dance. Maqamat presented work in Beirut and other Arab and European countries.

The company and in response to a non-existent contemporary dance scene in Beirut, has found itself playing a double role of creator and organizer. Besides the creative work, the company has founded and organized an international dance platform: BIPOD-Beirut International Platform of Dance, created an annual training project (Project Zero) for emerging choreographers and performers, and organized many artistic residencies, workshops, and training projects. The company's objective is to create and establish a contemporary dance scene in Lebanon and the region, and to encourage artists from different disciplines to experiment and interact with each other for the purpose of creating new and challenging productions.

Our aim is to motivate young artists and create new perceptions of dance. We firmly believe that the work we create and the events that we organize have a strong impact on the development of dance culturally, socially and artistically in Beirut. Maqamat is a project that addresses itself as more than just a company but as a new space for performers, directors, musicians, and choreographers to interact and create.

4.2 Theater

4.2.1 Definition

The theater sub-sector comprises companies, groups, theaters of individuals engaged in producing the following live theatrical presentations: plays and comedy, improvisational theater, musicals and vaudeville. Theater groups may or may not operate their own theater or other facility for staging their shows.

4.2.2 Academic

- At the university level, drama is taught by specialists, most of whom are Ph.D. and Masters Holders.
- There are 9 universities in Lebanon offering an education in the Audio-visual arts: UL, IESAV, USJ, LAU, USEK, ALBA, AUST, AUT, Al Kafaat. In addition, there are few private institutes such as Mounir Maasri, Abdo Nawwar centers that do not operate regularly. We can add Betty Tawtal (who does theater training for kids and adults at Monot), Mounir Abou Debs, Lucien, - Chekov Comedies (who have their own plays and who perform in different places).
- We can add some training that is done in some private schools, such as Riad Charazi at International College, Nicole Katoul at LPS, Naji Souraty at College Protestant Francais; they actually prepare generations of students who might later enroll in further studies in theater.
- There are no specific programs or curricula for theater majors. Each university develops its own practices.
- At USJ, for example, for the Bachelor Degree, students receive a "Licence en Arts du Spectacle" – in all Performing Arts. They are required to take a broad range of courses in theater, film, advertising, photography, scenarios, lighting, sounds, and makeup. This develops their potential to perform in theater, films, documentaries, institutional movies, internet web-streaming.
- At the Masters level, there is an agreement between universities on the program offered by each. Each university therefore is more specialized in one particular sub-sector. For example, at USJ at the Masters Level, students have 8 options:
- 3 different Masters Programs in Theatre: mise en scene, dramaturgie and research;

- 5 in Cinema: movie direction, script writing, direction of photography, sound design and research. Different emphases are offered at the remaining universities.
- Not much weight is placed on theater courses or on a pathway that leads to a future in theater, because it is an unstable line that does not ensure employment opportunities. In the production arts, many related jobs are not taught in an actual academic sense. Although training is available, there is no concrete curriculum that teaches everything needed to ensure a bright future in theater. Hence, due to the lack of job opportunities and unstable nature of the theater and arts fields, the number of theater graduates is decreasing.
- Ideally, the theater field should be divided into two main groups: Professional Theater and Academics Semi Professional and Amateur, which subsequently should be subdivided into 1) production arts and stage craft and 2) acting, directing, and writing; however, due to the small number of theater students, the program is not as concrete, and is customized to their needs.
- Some universities have their own theater stages such as USJ's Beryte Theater, where student productions are performed (2 to 3 per year). Students are encouraged to prepare their own play, in addition to other university requirements.

4.2.3 Structure

- There is no National Theater in Lebanon. Therefore the Theater industry is made up of private theaters owned by private individuals, who fund their theatres with minimal aid from the Ministry of Culture. Most theaters are supported by Arab and foreign associations, and friends of the theater donors funds.
- There are about 43 theatres in Lebanon (most of them are inactive). We can just consider mainly 4 of them that are really active and they attract the majority of the theater audiences: Monot, Masrah Al-Madina, Masrah Al Arab, and Dowar Al Shams.
- We can also mention other theaters such as Palais de L'Unesco, George V, Chateau Trianon, Athenee Theater. Some of them operate occasionally (6 to 7 months per year), hire around 12 to 20 employees. The type of plays differ: sarcastic, political, educational; Some are local some are not: at Chateau Trianon, all the shows are local, whereas almost half of the shows presented at Palais Unesco are local,as compared to George V where just very few (5 or 6) are local.
- Theater audience is mainly made of "elite" people, unlike the audience in the music sector which has a wider audience appeal. This is mainly due to the fact that these theaters are managed by directors who belong to the older generation who are reluctant or hesitant to produce work relevant to the youth.
- Theater's audience has decreased (one factor being that many people interested in theater have left the country).
- Theater audience is further subdivided because of Mulitlinguism in theater plays.
- The French language was leading the way when it comes to theatrical performances. This is due to a large number of French-speaking audiences. French theater had been the most dynamic up to 1975; it has since lost its vitality due to the significant decrease in its audience size, mainly because of emigration and the decrease in importance of the French language. However, the number of plays in French has increased lately.
- Plays in English theater have never really been significant in Lebanon. They are by far the least popular.

- Today, the great majority of the theater plays are performed in Arabic, followed by plays in French, and very few in English.
- Today, Arabic takes the lead. Plays in Arabic are currently more dynamic, yet unable to develop fast. Theoretically, Arabic plays benefit from a large audience.
- The audience preferences have changed: The audience wants new blood, theater made by young directors and performers, politically relevant, not foreign plays or theater translated into Arabic. They want theater plays that are related to their culture.
- Comedy troupes are quite successful in Lebanon, gaining large audiences as well as Vaudeville, which integrates the music and dance element, and therefore attracts wider audiences.

4.2.4 Economic Data

- For the following 3 theaters:
  - ✓ Monot: around 210 performances (not plays) per year, each attended on average by 110-150 persons. Around 25,000 persons attend per year.
  - ✓ Masrah Al Madina: around 35,000 persons attend per year.
  - ✓ Dowar Al Shams: around 30,000 persons attend per year.
- In total, for all 3 theaters: around 90,000 persons attend per year.
- Average net cost of Ticket: \$8 - \$9 per performance.
- Average monthly cost for rent, electricity and salaries at Masrah Al-Madina \$23,000; Revenues vary between \$7,000 -\$10,000 when have full audience.
- Other theaters like Casino Du Liban host 6-10 events annually which bring in an audience of 8,000-10,000.
- It has been estimated that the cultural industries account for around 4% of GDP or \$675 million, divided amongst several sectors of which dance, theater and mainly Festivals accounted for \$50,000,000.
- The total estimated revenue from the theater industry in Lebanon ranges between \$ 1,000,000 and \$1, 500, 000. This range does not include revenues from the major festivals such as Baalbeck, Beiteddine or concerts.

2003

Number of PLAYS	
In Arabic	17
In French	32
In English	10
Total	**59**

2004

Number of PLAYS	
In Arabic	11
In French	24
In English	8
Total	**43**

2005

Number of PLAYS	
In Arabic	6
In French	38
In English	8
Total	**52**

*L'Agenda Culturel Database

Figure 3. Number of theatrical plays for the period 2003-2005

- The total number of theatrical plays has decreased from 59 in 2003 to 52 in 2005. Although 2005 was better than 2004, which shows growth potential of the industry.
- In addition, there are some theater plays that are performed from time to time by the Rahbani Group, Caracalla and others.

4.2.5 Related Industries

As a sub sector of the Performing Arts, theater is related to the other sub sectors in the same industry: Music and Dance. In addition to that however, the theater industry is also related to:

- Film industry
- TV industry
- Festivals (please refer to the Music Sub-sector)
- Events and grand productions (Production)

4.2.6 Employment

There are no precise estimates of the number of employees in this sector:

- Theater is not considered as an independent industry by itself: it is very closely related to music, shows and festivals.
- A lot of part-timers are working in this sector, on irregular basis.
- Many performers and helpers are students, friends, or simply individuals who like to volunteer and have an interest in the theater.

4.2.7 SWOT Analysis

Strengths

- The troop of Masrah Al Arab offers training in production arts.
- People involved in theater stages are efficient.
- Qualified technicians are available in some theaters.

- Other spectacular arts have started to re-emerge: Circus, Fire Tricks Dancers, the arts of performing (Al Founoun Al Istiiradiyyah), and Exhibitionism.

Weaknesses
- Lack of professionals, economists and researchers in the field of theater production arts.
- Some parts of theater activities are not taught at theater academies and universities.
- Due to limited job opportunities, theater graduates end up working in different fields, changing their profession. While some remain involved in the theatre as part-timers, others in pursuit of better opportunities in the field leave the country.
- Various related jobs are not taught in the proper academic sense.
- Lack of money, financial support and sponsorship.
- High taxes are imposed on the theater sector. However, laws applied to theater industry should be different from those applied to the business institutions.
- Lack of audience motivation.
- Performers and people working in theater consider that they "cannot do without the stage". Each play is prepared for a specific form of stage. They construct the plays around the place. Theater directors still adopt the traditional concept. This vision limits the possibility of performing. Moliere, Shakespeare used to present their plays anywhere (in streets, in houses).
- Revenues from this sector are very low. Very few (2 or 3 people such as Rafic Ali Ahmad and Antoine Kerbage live out of their work in theater). Most of the others have another income generating job.
- Lack of government support. Income for theater is generated only from the sale of the tickets. Can hardly cover their expenses. A person working in the theater is similar to "jack of all trades" working a bit of everything. Cannot afford to employ high qualified people and pay high salaries.
- Lack of an effective Syndicate for people working in theater.
- Lebanese law does not protect the rights of production writers.

Opportunities
- Theater is being used as a vehicle to introduce and tackle social problems.
- Academically, introduce theater to as many students as possible. Let students be more involved (as performers and backstage). Encourage more students to gather and prepare plays as student production more than just part of a curriculum. Increase the number of workshops, seminars, and clubs, to encourage open discussions.
- Lebanese directors are targeting the youth now, aiming to reach a wider audience.
- Stage considerations: there are more than a couple of dozens of theater stages in Hamra area. They can be re-opened as experimental stages, black box theaters, comedy theaters, all with an angle of appealing to the youth rather than to the older generation.
- Attitude by theater management needs to be changed and geared towards the youth rather than the older established groups.
- De-mystify the image of the theatre and try to give it a precise identity.
- Take the theater out of the limit of the stage (schools, villages).
- There is a high potential to keep on producing good quality performances.
- The ultimate ambition would be to open a "Performing Art Institute" for research and production.

- Need for more qualified and culturally oriented people in government that are interested in theater.

Threats

- The unstable political and security situation prevents some people from going out to the theater during the war.
- However, this did not decrease the popularity of the theater.
- On the contrary many theater plays and activities were born during the war. Just to list a few: plays by Ziad Rahbani and by Sharif Abdunnur.
  (refer to separate section on Sharif Abdunnur's plays and activities during the July-August war).
- Lebanon suffers from being run by a sort of "friendly theater mafia". Work of new comers to the group will not be approved unless one is part of such a circle.
- The worldwide trend which has shifted audiences towards television at the expense of the stage (theater). This has resulted in the theatre audience slowly dwindling and dying out.
- There should be more attempts to motivate the younger generation to watch theatrical plays.
- Theater is just a mere "playhouse". It is no longer part of a culture in the wider sense: this is a major threat to its development.

4.2.8 E-Commerce

In the theater sub-sector, there is hardly any use of the internet except for the sale and booking of tickets, in which case, the latter are usually for the big festivals such as Baalbeck, Beiteddine and Byblos.

4.2.9 Theater Activities During and After the War (July-August 2006)

- Many theatrical performances were interrupted or cancelled during the war because of security reasons and poor attendance.
- However, as we have mentioned earlier, many theater plays and activities also started during the wars.
- Sharif Abdunnur activities were not an exception at all.
  - ✓ Sharif Abdunnur, lecturer in drama at the American University of Beirut Fine Arts and Art History Department, has found a way to use his art to help hundreds of Lebanese children learn to cope with the painful experience of the July 2006 war.
  - ✓ Has set up his own theater troupe named Masrah al Arab in 2002.
  - ✓ Worked for many years to help vulnerable children around the country and, struggled with his own intense emotions during the war.
  - ✓ Sharif Abdunnur wrote and directed an interactive theatrical piece "Laughter Under the Bombs" performed in early August at Beirut's Masrah Al Madina, located in Ras Beirut (a relatively safe region) where many children and adults from the South of Lebanon have taken refuge.
  - ✓ The production featured adult professional actors as well as children whose families had fled the bombing in the south to seek refuge in the relative safer areas.
  - ✓ The play required active audience participation a great deal of improvisation. It included a variety of characters and situations.

- ✓ The play itself represented only part of Abdunnur's efforts to alleviate the suffering of some 120 children affected by the war.
- ✓ Sharif Abdunnur worked with children as young as three as well as adolescents and young adults.
- ✓ Theater workshops and activities were held daily. Abdunnur decided to concentrate on devising physical activities during the first five days of the program to get the children to calm down and to give them the opportunity to vent their anger, fear, and frustration. Later, and while improvising scenes suggested by Abdunnur, the children were able to explore and confront their feelings about what was happening to them.
- ✓ Sharif Abdunnur had used drama therapy in the past both with children in prisons and refugee camps and with children with physical and mental disabilities. He explains that he and a number of volunteers "were trying to teach the children that since you only live once you have to learn to laugh and continue with your life and remain connected to other people no matter what happens around you."
- ✓ The experience was very emotional and tough: the children's suffering was intense. Some of them were able to unload their own pain. Even after the bombing had stopped and the children were able to return to the South of Lebanon with their families, Abdunnur kept on visiting them.
- ✓ "Laughter Under the Bombs" will be performed in English outside Lebanon, mainly in Greece and Canada.
- ✓ Immediately following the ceasefire, Abdunnur took part in a variety of workshops organized by Al Jana (a local NGO) that included trainers and teachers from various schools as well as from various local and foreign NGOs.
- ✓ Conducting drama therapy workshops five hours a day for 10 days, Abdunnur demonstrated the importance of drama as a means of communicating with children who are struggling to deal with difficult circumstances such as war or abuse.
- ✓ Abdunnur is currently conducting drama and creative arts workshops in southern Lebanon for trainers who will continue working with children where they live.
- ✓ He is also hoping to produce a play that will be performed in villages in the South of Lebanon dealing with the serious problem of the thousands of mines the Israelis planted in the region just before the ceasefire took effect.

4.3 Music

4.3.1 Definition

The music sub-sector includes: Music production, composition, performance, distribution, promotion, training and education, as well as recording studios, live music venues, and manufacturing, rental, repair and retail of musical equipment.

In Lebanon there are three economically distinct sub sectors:

1. Classical Music: Oriental and Occidental
2. Arabic Music and Songs
3. Musical Scenes and Festivals

4.3.2 *Academics*

- In Lebanon, there are 4 professional schools and 1 National Conservatoire. In addition, there are about 20 music teaching centers that do not teach music to the same professional standards as that of the National Conservatoire.

- In schools, music was taught only as a private activity; however it has now become a core course that was introduced in the school curriculum at both the elementary and middle-school levels.

- The Lebanese National Conservatoire
  - ✓ Around 4800 students are enrolled in the Conservatoire. All the students are Lebanese. This is a large number compared to the population of Lebanon.

- Universite Saint-Esprit de Kaslik (USEK) offers academic music curriculum covering the following fields:
  - ✓ Musicology
  - ✓ Music Education
  - ✓ Music
  - ✓ Sacred Music
  - ✓ Specialized Higher Music Teaching: to prepare and train music professors to teach students based on efficient pedagogic methods

  Courses are offered in 3 languages (French, English or Arabic), which provides different perspectives and wider exposure to the students.

  Students registered are not only Lebanese. They come from different countries: Lebanon, Syria, Jordan, Palestine, Iraq, Turkey, Kuwait, Tunisia, France, Cuba, China, and India.

  USEK University provides students with the following recognized degrees:
  - ✓ La Licence (B.A.): a 3 years program, attended by 5 students.
  - ✓ La Maitrise: a total of 4 years program, attended by 5 students.
  - ✓ Le Masters (DEA): a total of 5-6 years program, attended by 2 students.
  - ✓ Le doctorat (Ph.D.): a total of 8 years program, attended by 3 students.

- Antonine University offers also courses and degrees in Music.

- Ecole De Musique Ghassan Yamine (EDCGY) music school: a privately owned music school provides interested students, starting from age 6, the opportunity to learn music (violin, piano, flute, saxophone, drums, clarinet, electric and acoustic guitar) or train their voice, do vocals compositions, computerized music as well as music appreciation). Courses in modern music, including jazz, pop, blues, and classical music are offered.
  - ✓ Ecole De Musique Ghassan Yamine (EDCGY) became the official representative of Waleed Hourani in Lebanon and the Arab countries (1999).
  - ✓ EDMGY was the first non-european institution that became a member of the Federation Francaise de l'Enseignement Musical (FFEM) in February 2000.

- ✓ EDMGY was selected in November 2000 to become the first music institution from the Arab countries that adheres to the Association Europeenne des Conservatoires superieurs (AEC), academies de musique et musikhochschulen.
- ✓ It has signed, in 2001, a protocol of collaboration with the " Conservatoire de Boulogne-Billancourt", which is considered one of the three top conservatoires in France. Diplomas are issued by EDMGY and the Conservatoire de Boulogne-Billancourt. They jury is presided by directors of both institutions.
- ✓ In June 2001, it began collaboration with Ecole Normale Superieure de Musique de Paris- Alfred Cortot, which is offering full scholarships to EDMGY students to continue their education in Ecole Normale is affiliated with professional music schools in France. Students present an exam in front of Lebanese juries, who will evaluate their performance. Successful students will be allowed to pursue their music education in Billancourt, France, as they will be accepted directly.
- ✓ Today the school offers the following on various instruments and for various ages:
  - Classical music
  - Modern music
  - Music technology
  - Music education
  - Accompaniment
  - Choir
  - Teaching courses
  - Interpretation courses
  - Piano master classes

- Parsegh Ganatchian Music School
  - ✓ Established in Lebanon for mainly Armenian students
  - ✓ Their objective is to improve art education and create a generation of youngsters well educated in music and thus well-prepared to pursue higher college education in music
  - ✓ Students (at secondary level) receive a certified degree from the Conservatoire in Armenia
  - ✓ However their degree is not licensed in Lebanon although they are working on it.
  - ✓ Their graduate students are mainly working in teaching

4.3.3 Historical Background

- Music has always been and is still a major rich part of the Arab culture. It can be documented.
- The Arab Oriental Music appeared before the Andalousiat (before the Renaissance period in France). It is actually in the Andalous where the Arab music has developed the most.
- The Arab Classical music appeared at a later stage than the big names in classical music in Europe.
- There was a rupture of the growth and spread of the Arab Music during the reign of the Ottomans.
- Today, much of the old Classical Arab music is re-interpreted.

4.3.4 Structure

Music Sector Characteristics

- The Music sector in Lebanon is unique and differentiated from other sectors and from music in other countries in that when we say "Arab Music", we do not include only the Lebanese music, but we also include the Egyptian, Syrian Jordanian, Saudi Arabian , Gulf Music. In music, the Lebanese music is not exclusively Lebanese.

- We should also draw the attention to the duality that exists in the Arab music mainly between composers and interpreters.
  Composers: there are 2 poles:
  - ✓ Al Rahabni(Ziad, Mansour and Assi) from Lebanese side
  - ✓ Abdel Wahab from the Egyptian side

  Singers: there are 2 poles:
  - ✓ Fairuz from the Lebanese side and
  - ✓ Oum Kalthoum from the Egyptian side

- Lebanese music is not easily sold in Egypt as Egyptians have a strong preference for their local music. However, this trend is starting to change.

- 70% of the Lebanese singers who go to Egypt sing Arabic songs using the Egyptian dialect. In the Arab Gulf countries, they sing using Arab Gulf dialects. They will be better accepted by Egyptian and other Arab audiences.

- Today, the Arab music sector is highly dominated by Lebanese singers who perform in various dialects.

Types of Music

Arab Music can be subdivided into various subgroups:

- The Classical Arab Oriental Music: interpreted by the famous names of the fifties:
  - ✓ Abdel Wahab, Abdel Halim Hafez
  - ✓ Oum Koulthoum, Asmahan
- The Classical Arab Occidental Music:
- The "Classic" Music
- The Lebanese Classical Music:
  - ✓ Walid Gholmiyeh (The Lebanese National Conservatoire),
  - ✓ Toufic Sukkar
- The Traditional Music:
  - ✓ Fairuz
  - ✓ Sabah
  - ✓ Wadih. Al Safi
- Al Tarab
- The Music Pop (or Popular):
  - ✓ Haifa Wehbeh,
  - ✓ Amrou Diab
- Al Shaabi
- Music Festivals

The Lebanese National Conservatoire

- Has 3 National Orchestras:
  - ✓ The National Symphonic Orchestra
  - ✓ The Oriental Symphonic Orchestra
  - ✓ The Chamber Music Orchestra
- The symphonic orchestras jointly hold bi-weekly or sometimes tri-weekly performances in the St. Joseph Church (in the morning for schools) and in the Abu Khater Amphitheater at USJ (in the evenings for the general audience).
- Besides the Symphonic Orchestra of the National Conservatoire, there are two workshops of "Chamber Music Orchestra".
  - ✓ A total of 96 musicians participate in the Symphony orchestra; 50% of these musicians are Lebanese (as compared to 30% when the Symphony was initiated 6 years ago): Violon 2, Oud 3, Kanooun 3, Nay 3
- The Ministry of Culture has been regularly financing the Lebanese National Conservatoire with an annual budget of 9 to 10 Million Dollars. However, this budget should be larger to allow for further expansions. It is relatively low compared to international standards.
- The number of performances delivered by the Lebanese National Conservatoire (2 to 3 per week) is quite satisfactory as compared to conservatoires abroad.

Table 13. Conservatoire statistics

2003		*2004*		*2005*	
	No.		No.		No..
Orch. Symph	22	Orch. Symph	30	Orch. Symph	29
Orch. Chamber	27	Orch. Chamber	52	Orch. Chamber	18
Opera/singing	37	Opera/singing	10	Opera/chants	21
Piano	33	Piano	40	Piano	31
Soloists	10	Soloists	0	Soloists	11
Choir	35	Choir	17	Choir	24
Initiation	41	Initiation	61	Initiation	49
Night live	167	Night live	140	Night live	504
Divers	111	Divers	48	Divers	74
Total	483	**Total**	398	**Total**	761

*Source: the Lebanese National Conservatoire Information Center

Music Companies and Studios

- Recording studios and CD engraving companies are included in our definition of the Music sector.
- Most of the companies in this sector are small enterprises, except for Rotana.
- There are around 100 to 120 recording studios: Studio Elias Rahbani, La Notta (of Ziad Rahbani), Studio Liban, Forward Studios, Studio Boudy Naoum.
- The sales sector is made up mainly of 20 shops, dominated by 2, namely Virgin and CD-Theque who together control around 75 to 80 % of the market.

Record Label Companies: Rotana

Singers, who succeed commercially, particularly in pop music, largely enter into a production, distribution and diffusion cycle which is dominated by one major company: *Rotana*

- *Rotana* is a major Record Label in the Arab World
- *Rotana* owns approximately 80% of the Arabic pop songs repertoire
- Rotana has been in business for 10 years
- Musicians are mainly from Lebanon, Egypt and the Arab Gulf
- Every year around 5 new singers join Rotana
- Today, there are 125 singers affiliated with Rotana
  - ✓ 40% are Lebanese, 10% Egyptians
  - ✓ 10% from the Arab Gulf, and the rest are from other countries
  - ✓ Out of the 40% that are Lebanese, 95% are highly qualified
- Videoclips are produced by Rotana, not by the singers. Singers are not allowed to produce clips on their own. Rotana produces 2 to 4 clips per album. They record the songs and then issue the albums on CDs (35%) and on Cassettes (65%)

Music Festivals and Concerts

- Music Festivals are a key significant element in the music sector: Beiteddine and Baalbeck are the most prominent.
- Many smaller-scale festivals such as Byblos, Tyre, Deir El-Qamar.
- Al-Bustan Festival is more specialized in classical and opera type music which appeals to a different niche audience.
- Programs are diversified: musical shows, singers, and musical performances
- It is essential to mention that around 90 percent of these shows and musical programs are imported.
- With audiences exceeding 5,000 per performance, music festivals represent an important part of the music sector, as they attract Lebanese, Arab and foreign audiences.
- In addition, many diversified concerts, musical performances and events take place all year round. They have their special audience. They are organized by broker companies such as Buzz Production or We Group.

4.3.5 Economic Data

General

- The music market captures approximately 280 million potential listeners, mostly from the Arab population.
- Arabic music, mainly Arabic songs, currently dominates the market.
- The music business has been active in Lebanon for the last 50 years.
- In Lebanon, there are 7 to 8 TV channels, and 15 radio stations that played a major role in promoting musicians, singers and the music sector in general.
- The music industry has been estimated to be worth $50 million annually:
  - ✓ around $ 5 million from recorded music sales and
  - ✓ around $45 million for concerts, festivals, distribution and other products
- Out of the $ 5 million sold:
  - ✓ around 30% represent Oriental Music whereas
  - ✓ around 70% represent Occidental music

- Out of the $ 5 million sold around:
  - ✓ around 55% are sold by Virgin
  - ✓ around 25% are sold by CD-Theque
  - ✓ the remaining 20% is sold by La Maison du Disque and other institutions
- Lebanon was one of the first countries to manufacture and sell long play records (LPs).
- In 2000, Lebanon occupied the 58th position in world music rank according to IFPI. Lebanon's music industry has the potential to become one of the leading music industries in the Arab world.
- The big money spinners for the singers are made in private parties and celebrations. Popular performers can charge up to $35,000 or more for a one night performance in the Gulf countries, and up to $20,000 in Lebanon.
- Theoretically speaking, album sales should ideally cover the production and promotion costs and generate profits for publishers. In reality however, music publishers admit to disappointing sales in Lebanon. Music Master was not able to sell more than 20,000 copies from one work, which to Music Master is not enough. The main reason for the lost revenues is piracy, which costs the market an estimated half of all potential sales.
- A new release for a known pop singer costs around 60,000 to $100,000 (including the marketing and advertising campaign). Selling this release to the Lebanese market is not enough to cover its costs. The major target markets are Saudi Arabia, the Arab Gulf countries and Egypt.
- Major promotional campaigns could cost as much as $1 million given the fact that several markets are targeted. Such a campaign would include the production of two video clips costing $150,000 each, a promotional campaign in Lebanon including billboards for $50,000, radio and TV advertising for $50,000, then a budget of $15,000 to cover Syria, $50,000 for Egypt, $30,000 for Jordan, and $150,000 for the Gulf.
- CDs are mostly sold in the Arab Gulf countries, whereas cassettes are highly demanded in Egypt.
- There are a large number of Pirated CDs and Cassettes. Accurate numbers cannot be estimated. Lebanon is a member of the IFPI (International Federation of Phonographic Information, which represents the recording industry worldwide). Lebanese authorities try to fight piracy by destroying and confiscating pirated copies.
- The price of a pirated CD varies between 1,000-1,500 LL.

Imports

- The import of international music is closely linked to the trends of the market; it depends on what is selling in the US and European markets.
- Recently the import of international music has grown on a massive scale due to an increase in younger generations' response and a more diversified taste in music.
- Customs figures show that imports, which represent around 70% of all music sold increased from $3.1 Million in 1999 to $3.4 Million in the year 2000. It is still estimated at $ 3.4 million today.
- The rise in imports can be attributed to the growing number of retail stores, the opening of the Virgin Mega store, and the removal of the Customs duties.
- The rise in imports is not necessarily matched by a parallel increase in sales.
- This decrease is due to piracy and the economic setback.

Exports

- In music the word "exports" refers to the right to manufacture the product (and produce music on CDs, Cassettes and others) outside Lebanon rather than its physical export.

- CDs
  - ✓ There is no legal CD manufacturing plant in Lebanon. This is why improvement possibilities are restricted. However, there is a CD manufacturing plant "Skyline" which reproduces CDs, but is not considered a CD manufacturing plant.
  - ✓ Building a CD manufacturing plant in Lebanon is currently out of the question due to lack of financial support.
  - ✓ Therefore, Arabic music in the form of CDs is manufactured in Greece at Digital Press Hellas (DPH) or in Egypt. CDs are then exported to other countries. Egypt and Greece are considered as both a distributor as well as a manufacturing plant. Egypt is a better option, as it is closer to the Arab markets, and production costs are lower than in Greece.
  - ✓ Although Lebanon lacks a CD plant which consequently negates its homegrown involvement, the spread of Arabic music in the West is very encouraging. A potential increase of 5% in export of Arabic music is expected every year.
  - ✓ In 2001, exports of Abdallah Chahine (a major Lebanese producer) represented 30-40% of his annual turnover with imports double the value of exports.

- Cassettes
  - ✓ Cassettes are cheaper than CDs, thus explaining their predominance in consumer preferences and habits. On the other hand, the technological advantages of CDs make CDs more attractive.
  - ✓ Arabic music is sold mostly on cassettes, whereas International music is sold mostly in CD form.
  - ✓ For a new release:
    - International Music, 70% of the total unit sales will be CDs and the other 30% will be cassettes.
    - Arabic production, 70% is said to be recorded on cassettes and only 30% on CDs.
  - ✓ Figures from the IFPI reveal that
    - in 1999 cassettes sold 66% more than CDs
    - in 2000 CDs sold 14% more than cassettes and
    - in 2001 cassettes and CDs each made up half of the total sales.
  - ✓ In Lebanon there are 3 - 4 cassette manufacturing plants. Most countries have their own manufacturing plants.
  - ✓ Following are some statistics related to sales of cassettes and CDs in Lebanon , Dubai and Egypt. In table 16 imports and exports of CDs, Cassettes, DVDs and Videos are shown, "exports" being to the number of items produced outside Lebanon.

Table 14. Value of imports and exports for the period 1998-2001

EXPORTS CDS, DVDS, CASSETTES AND VIDEOS (USD '000)									
Description	*Customs Code*	*Export 1998*	*Export Countries 1998*	*Export 1999*	*Export Countries 1999*	*Export 2000*	*Export Countries 2000*	*Export 2001*	*Export Countries 2001*
Cassettes	85.24.51.00	172	USA 34%	121	USA 68%	186	USA 58%	205	USA 30%
			UK 10%		Saudi Arabia 7%		Libya 14%		UAE 30%
			Upper Volta 10%		UAE 6%		Upper Volta 8%		Saudi Arabia28%
Videos	85.24.53.10	736	UK 54%	470	UK 76%	155	UAE 30%	99	UAE 40%
			Holland 8%		UAE 7%		Holland 27%		UK 13%
			Cyprus 8%		Holland 4%		UK 19%		Iran 10%
CDs	85.24.32.00	201	Paraguay 49%	41.8	USA 25%	51.5	UAE51%	46	Upper Volta 63%
			Upper Volta 22%		UAE 24%		Belgium 14%		UAE 10%
			Free Zone 14%		Saudi Arabia 21%		Upper Volta 12%		Saudi Arabia 7%
DVDs	85.24.39.00	1		76.3	UAE 60%	97.5	Paraguay 44%	109	UAE 41%
					Bahrain 34%		UAE 29%		Paraguay 30%
					France 2%		France 12%		Canada 8%
Total		**1,110**		**709.1**		**489.6**		**459**	

IMPORTS CDS, DVDS, CASSETTES AND VIDEOS (USD '000)									
Description	*Customs Code*	*Import 1998*	*Import Countries 1998*	*Import 1999*	*Import Countries 1999*	*Import 2000*	*Import Countries 2000*	*Import 2001*	*Import Countries 2001*
Cassettes	85.24.51.00	128	Germany 60%	113	Canada 24%	78	France 16%	123	Saudi Arabia 60%
			Greece 19%		France 21%		Canada 16%		Upper Volta 14%
			France 5%		Germany 17%		Austria 16%		Japan 9%
Videos	85.24.53.10	1,470	USA 49%	459	USA 58%	364	USA 52%	292	USA 44%
			UK 17%		UK 13%		Japan 10%		UK 24%
			France 8%		France 7%		UK 9%		Japan 7%
CDs	85.24.32.00	1,360	Germany 22%	1,220	Canada 16%	1,300	Germany 24%	1,260	Germany 18%
			Greece 14%		Holland 16%		Holland 19%		Holland 17%
			France 13%		France 14%		France 10%		France 16%
					Greece 14%				
DVDs	85.24.39.00	3,240	Malaysia 69%	1,330	France 28%	1,660	UK 47%	1,130	USA 28%
			USA 15%		USA 26%		USA 15%		Austria 19%
			Germany 5%		Canada 13%		France 10%		France 16%
Total		**6,198**		**3,122**		**3,402**		**2,805**	

*Source: Customs Authority

Table 15. Sales of recorded music, 1996-2000 (millions)

Year	*Number of Cassettes*	*Number of CD's*	*Sales USD*	*Real Growth %*
1996	3.5	0.5	13.4	
1997	2.7	0.4	10.5	-23.9
1998	2.5	0.5	12.9	21.6
1999	2.5	0.5	12.9	-2.1
2000	2.4	0.3	10.1	-24.2

*Source: International Fairs and Promotions Database

Table 16. Cassette and CD sales in selected countries in 2000 (in millions)

Country	*Cassettes Sold*	*CDs Sold*	*% of Cassettes*	*% of CDs*
Dubai	4.6	1.4	76.66	23.33
Lebanon	2.4	0.3	88.88	11.11
Egypt	25	0.3	1.1	98.9

*Source: International Fairs and Promotions Database

- Today, most of our exports are directed to Saudi Arabia, The United Arab Emirates and other Arab countries as well as to some European countries, the USA and Canada.

- Pricing of Albums
  The cost of producing an album is made up of 3 major components:
  ✓ The recording costs
  ✓ The author, composer, producer fees
  ✓ The artist's fees
  Recording and music creation are charged on an hourly basis and represent usually approximately one third of total costs. The production of a 6-song recording alone costs the publisher between $20,000 -$50,000; the higher cost is paid for the rights to the performer's voice, which is proportionate to the performer's popularity. Well-known artists might charge up to $200,000 for a one album contract.
  Internationally speaking, the singer usually takes a percentage as royalty upon the sale of his/her music; however in the Arab world, as royalties are rarely recapitulated, the singer prefers to cash his/her dues avoiding the uncertainties associated with the selling process and the intellectual properties.

Musical Festivals, Concerts and Shows

The foreign audiences account for ~20% of the audience, including the Lebanese who are living abroad.

- Summer Festivals: Baalbeck, Beiteddine, and Byblos
  Below are the festivals which were scheduled for the Summer 2006; however, they were cancelled due to the July war, except for the Fairouz play which was postponed and which took place Dec 1, 2 and 3 2006.

- ✓ Baalbeck International Festival 2006 which included:
  - Fairouz in "Sah El Nom" musical play by the Rahbani brothers.
  - Deep Purple, a rock band that has been performing since 1968 in a heavy metal concert.
  - Diane Schuur meets Dizzy Gillespie All-Star Big Band, jazz.

- ✓ Byblos International Festival 2006 which included:
  - Boris Eifman, Ballet Theatre of St.Petersburg and the Russian choreographer's two nights of "Homage to Balanchine" and Mozart's "Requiem".
  - Lucia Di Lammermoor by Donizetti, opera.
  - The Villager's Opera by Caracalla Dance Theatre, dance based on a folkloric journey.
  - Barbara Hendricks with the Magnus Lindgren Jazz Quartet, jazz.
  - Sean Paul, Dancehall, reggae and hip hop.
  - Gad Elmaleh, Standup comedy, a one-man show.
  - Gonzales, solo piano, a projection by video artist Ninja Pleasure.

- ✓ Beiteddine International Festival 2006 which included:
  - Sylvie Guillem & Russell Maliphant; Maliphant in "Push", dance production. A bold British production by ballerina Sylvie Guillem and choreographer Russell Maliphant mixing traditional forms and diverse modern ones with elements of Capoeira and Tai Chi.
  - Liza Minnelli, Cabaret, classic swing and quite a bit of slapstick humour.
  - Stomp, percussion performance. Half-naked men and women, muscled and toned, dancing, jumping and battering any implement they can to make tuneful sound.
  - Angelique Kidjo and Cheikh Lo, African rhythms. Lo a master Sengalese singing percussionist is inventive and soulful while the Beninian Kidjo is an all-dancing Afro Latin funk star.
  - Ravi Coltrane and Shemekia Copeland, Jazz and blues.
  - Souad Massi, Arabic and French rock. Guitar-led oriental folkish ballads in Arabic and French.
  - Magida El Roumi, Arabic music.
  - Carlos Acosta, Tocororo, a Cuban ballet; contemporary Cuban dance moves with the technique of classical ballet courtesy.

– Other Festivals musical and other creative themes:

- ✓ Deir El Qamar Festival:
  - Bernard Renno, winner of many local and international awards, displays an exhibition, which focuses on Lebanese traditions, cattle farming and women.
  - Journee des Peintres: Thirty artists will be spending their day painting in Deir El Qamar in different styles in the old neighborhood.
  - Femmes a` la Folie, a series of seven sketches exploring female hysteria.

- ✓ Douma Festival: This year the Douma Festival will be opened by several artists. The artists will start painting in the afternoon and continue during the evening, people will be able to choose and buy painting landscapes and Lebanese houses.

- ✓ La Nuit Blanche, between the Midane Square and Moussa Castle, as part of its summer cultural program, the French Cultural Center of Dier el-Qamar presents its first Nuit Blanche Festival, with all night music, dance and entertainment in town.

- ✓ Lebanon's popular Kite Festival, starting July 4, is organized by the kite flying club, "Ciel et Vent" with the theme Magic Number Seven to match the number of years the festival's been going. The festival is an attempt to revive the creativity of kite making and the hobby of kite flying.

- ✓ "Tmasha W'shar", Jounieh Old Road, an annual event organized by the Jounieh Municipality gathering music, entertainment, art exhibitions, theatre and many other events to enjoy on the pedestrianised street.

(Time Out Beirut Magazine July 2006)

4.3.6 Related Industries

- Satellite TV, video production and Internet: their role is expanding the market and changing the rules of local music business, as well as promoting / making this sector more popular.
- TV Programs (such as Superstar, Studio El-Fann etc) and videoclips are advantageous to the relative programs, the individuals involved in these programs, as well as to TV channels such as LBC-SAT and ART who rely on music to boost their programming.
  - ✓ Live TV shows/ TV programs reveal real talent (with strong creative potential). Sometimes, TV shows and programs provide funds to these talented individuals by promoting their image, helping them gain popularity, etc. These talented individuals can eventually boost music sales. These trends have been adopted in Lebanon for few decades, since Mr. Simon Asmar, a major talent agent, started supporting these talented individuals through a local TV program "Studio-El-Fan", early in the 70's.
- Modeling agencies are another related industry. Modeling agencies rely on programmers and producers to recruit their models in their TV programs, shows, and video clips.

4.3.7 Employment

- Jobs in music are not stable: Many jobs are quickly created. However most of the jobs disappear rapidly as they are linked with a specific singer or clip that generates jobs for a limited period. Jobs availability is fluctuating.
- Very few musicians survive in the job market. They become professionals, play in concerts, and organize tours abroad.
- Many young musicians rely on teaching as a financial support.

4.3.8 SWOT Analysis

Strengths

<u>The Lebanese National Conservatoire</u>

- The quality of the Lebanese Orchestra and Symphony are as good as well-known international orchestras.
- Each program is new; not a replay.
- Media is playing a role in promoting the Conservatoire's music.
- A large number of students are enrolled in the Conservatoire (4800 students).
- Until now, performances have been presented for free as the objective has been to create a tradition and an interest in music. Charging an entrance fee of LL 2,000-3,000 in the future could be considered. This fee will not affect the audience size as it is expected to remain large. People really enjoy the Conservatoire symphonies.
- Large audience for Chamber Music: around 300-400 persons attend (compared to 3-4 persons who attend Chamber Music in Europe).

<u>Arabic Music and Songs</u>

- Arabic music is gaining a higher profile worldwide. Music produced in Lebanon can now find widespread buyers as far as the Far East. One Lebanese music producer exports to Japan in relatively small yet significant quantities. This international world coverage helps in creating a wider audience / appeal.

<u>Rotana</u>

- Monopoly: Clips shown on Rotana TV are not shown on any other channel. Rotana may make a contract to give these clips.
- Rotana produces 2 to 4 clips per album.
- Rotana TV strength is mainly due to
  - ✓ Rotana Heritage TV (Turath), showing key singers
  - ✓ Rotana TV, promotes new singers
  - ✓ Arab Classical Music, a mixture of Arabic, Eastern and Western songs
    (People are not highly interested in Classical Music this is why they introduce the mixture)
  - ✓ International, world coverage
    (They are the only TV that can reach Australia, Canada and parts of Africa)

Weaknesses

<u>The Lebanese National Conservatoire</u>

- It is rather difficult to build a career in the classical music sector. This is why a large number of talented musicians continue their studies abroad, where they can build careers.
- The lack of funds is a barrier to establishing new branches, and to reaching out to more potential students. This is a problem, because there was very little music education in Lebanon as music was only taught in schools as a private activity. The lack of funds is also forcing the Conservatoire to pay its teachers low salaries, which decreases their motivation and incentive to stay in the Conservatoire.

- Limited growth potential. Just a mere example: the lack of funds and financial support does not allow building a CD manufacturing plant in Lebanon, which could be a high potential step.
- There are very limited job opportunities for music teachers in the orchestras. Consequently, the Conservatoire loses potential talent, who perform in other areas such as Zahle and Tripoli.
- A Strategic Cultural Development Plan was requested by the Committee of the Ministry of Culture to set the academic programs that should be followed in schools (in the year 2000). The plan would introduce music, theatre and the plastic arts in the school programs; books were prepared for 9 school levels (starting from the KG level); Copies of these books were published, however the project's development was stopped and the program was never implemented in schools.

<u>Arabic Music and Songs</u>

- Musicians can only count on concerts they perform in due to the non respect of their royalties.

Opportunities

- With the improvement of lifestyle and the increased amount of time we spend on leisure, along with the multiplication of radio and TV channels, music has potential to develop. This is especially true for Lebanese stations in the Arab countries. We should work on maintaining this position since Lebanon occupies a privileged spot.
- Lebanon is privileged:
  - ✓ The Arabic language is understood by 280 million persons (for many this is the only language they understand)
  - ✓ Lebanese singers are on the roll

<u>The Lebanese National Conservatoire</u>

- Holding workshops for music teachers.
- Lebanese musicians have talent but there are not enough adequate places for the whole orchestra, which results in limited job opportunities; therefore, most students end up going into private teaching and very few have joined TV.
- There is no cultural discrimination regarding music; therefore holding performances in regions than Beirut (St Joseph Church and the Abu Khater Amphitheater at USJ) will not make a very big difference.

<u>Arabic Songs</u>

- One recent trend has seen Arabic music gain a higher profile worldwide.
- Assuming the situation will remain stable, Rotana sees big potential; despite considerations of moving to Dubai, Al Amir Talal has insisted on staying in Lebanon as he considers it a media city through which Rotana can reach the artists. Lebanon’s Rotana office has become the bigger of the company’s operations, employing 28 out of the 80 staff in its 5 branches.

Rotana TV

- Development of TV:
  - ✓ Develop TV (Bath)
  - ✓ Increase the number of TV Channels
- Developing Singers:
  - ✓ Work on replacing the "Old" singers with new ones
- Technological Developments:
  - ✓ Improve their website www.rotana.com
  - ✓ Allow to download parts of songs, ring-tones, chat with singers

Musical Shows

- A big potential for performing abroad but needs better local support.
- Shows and musical interpretations of Lebanese singers mainly in the Arab countries, France, the USA and Canada benefit from a large audience made up of Arabs and non Arabs.

Threats

The Lebanese National Conservatoire

- TV as a major competitor as many people prefer to "see" the concert live, however the Conservatoire is not considered a Music provider for the TV.

Arabic Songs and Music

Three main factors holding the music industry back from reaching its full boom:

1. The economy- whose slowdown has caused consumers not to buy non essential items such as CDs and cassettes. Repercussions in the music industry have caused a drop in sales from 1999 to 2000.
2. Piracy-IFPI figures show that in the years 1999 and 2000 the amount of pirated units represented 25 to 50%. Enforcing the March 1999 would boost sales by at least 20% claims Samy Chahine. Record companies claim that they are losing revenue in the Lebanese market because of piracy, which costs an estimated half of all potential sales. Major music companies should persuade people not to use pirated products by reminding them that the original won't ruin their equipment and is better in the long run. Until recently, pirated audiocassettes and CDs were sold openly in the market (refer to Figure 1- page 3). Piracy not only affects the retailers and distributors who lose sales to pirates because they cannot compete with the low prices, but artists, who lose their share of royalties which they depend on as income, and consumers, who are negatively affected because they are buying recordings of inferior quality which are often defective. Of course, record companies also lose out on their investment in talent, equipment and production.
3. Censorship – Every imported CD or cassette is submitted for approval before it is allowed to go on sale. This process usually takes 24 hours and any that are banned must be re-exported to the country of origin. Censorship takes place to such an extent that lifting the current law would boost the market by 10%.

<u>Rotana TV</u>

- Piracy:
  - ✓ piracy is practiced in every sector (cloth, publications, CDs…) the committee to fight piracy is made of just 4 persons: not enough.
- CDs costs: 90% in house charges, 10% cover and printing.
- Prices of CDs are decreasing because of piracy.
- Rotana sells its CDs at different prices in different countries.
- How do they protect themselves from piracy:
  - ✓ Rotana, as a production company, do not make profits.
  - ✓ They cover their losses from the TV station.
  - ✓ Their profit center is Saudi Arabia.
- Is this Monopole in Music in Lebanon a dangerous situation?
- Rotana gave a lot of support to artists. Rotana is not concerned about financial issues. Now they have changed their policy: nothing will prohibit them from closing down and moving to another country.

<u>Musical shows:</u>

- In Lebanon, specially the teenagers, still prefer foreign singers performing in French or English rather than in Arabic.

4.3.9 E-Commerce

- The Internet has played a major role in enhancing the music industry, there are several major Arab websites which give internet surfers the ability to listen as well as download Arabic songs such as www.6arab.com, www.oghnia.com, &etc. These websites give the opportunity for a greater global audience.
- Rotana is looking to improve their website www.rotana.com: allow the download of parts of songs, ring-tones, and chat with singers & etc.
- Currently however, e-commerce remains somewhat marginal, and unfortunately compared to its neighboring Arab countries, Lebanon is far behind in the technology and internet venture/ race.

4.3.10 Music during and After the War (July –August 2006)

- Many musical shows and festivals were planned for the summer of 2006 (and tickets were sold). They were all cancelled. However, just a few, mainly the musical play of Fairouz in “Sah El Nom” by the Rahbani brothers was presented later on.
- A large number of singers left Lebanon as soon as the war started in July to perform in other more money generating countries (mainly the Arab countries).
- Many singers have engaged themselves in various humanitarian activities to help injured and displaced people. Some have even performed in various places to raise funds for the Lebanese cause.
- The war was the root and starting point for launching of new songs, programs and video clips. It was a “topic” used in developing Patriotic songs , video clips, and the like (that either promote the cause behind the war or later on criticize events in a humorous or sarcastic manner).

4.3.11 Success Story

- Haifa Wehbe

  A Lebanese singer who started as a model.

  She released her first album, titled *It is Time* (Arabic: هو الزمن *Howa el Zaman*) which was a hit thanks to her debut single "Agoul Ahwak (I say I love you)".

  Her second album *I Want to Live* (Arabic: بدي عيش *Baddi 'Eish*) was released in 2005 and lived up to expectations due to the success of its lead single *Hayat Albi*. She followed that up with her biggest hit to date, *Ana Haifa* (I am Haifa) which became a huge hit and is the song she is mostly known for. In 2006 she released a follow up single *Bous El Wawa* which so far has done respectivly on the charts.

  On June 10, 2006 Haifa became the first artist in the Arab World to introduce international hip-hop superstar 50 Cent when she performed as an opening act for his first concert in Lebanon, at BIEL in Beirut.

  She remains popular among Lebanon's youth and makes countless television appearances. In July 2005, Wehbe, along with 14 other celebrities from the Arab world, began airing the live pan-Arab reality show series *The Valley* (Arabic: الوادي *El Wadi*), based on the French reality show *La Ferme Célébrités*.
  Her other non-musical successes include a few movie roles and TV hosting as well. Haifa has also stayed busy designing her own range or diamond jewelry and being a spokes model for Pepsi. (www.wikipedia.com)

- Ragheb Alameh:
  Ragheb Alameh was born in 1961 in the "Ghebaira" neighbourhood of Beirut, where he was brought up and educated. When he was a child, his father and his brother Mohammed taught him to play the "Oud" instrument and he started his singing career in 1980 by participating in the "Studio El Fan" TV programme directed by Simon Asmar.

  His debut song was "Bint Essultan" which played on "The Voice of Arabic Lebanon" radio station. He also had a few more of his own like "Rah Tayyer Hamam" and "Ragheb Bi'ourbek Ana Ragheb", written along with the composer "Ihsan El Munzir". Later, "Relax In" production house took him and produced his successful albums, "Ya Reyt", "Lehdiyeh" and "Dawiy Elleil". The latter was particularly popular and brought him to stardom, becoming famous throughout the Levant. In 1983, he spent time in Egypt working with a number of famous composers and produced an album produced in association with "Sami El Hefnawi" who wrote the music of "Nasi" and "Hassan Abou Essood" who wrote the music of "Haram". The Album was titled "Ma Yjooz", the track composed by Mohammed El Belooshi and it was this record that really launched Ragheb in Egypt and the Arabian Gulf.

  He then had a succession of hits, with his album "Albi Ashi'ha" which was very popular throughout the Middle East followed by "Ya Hayati" and "Taw'am Roohi" which established him as one of the Middle East's top singers and personalities. He performed at concerts throughout the Arabic World, Europe, America, Canada and Australia.

All those albums were produced by “Relax In”. That encouraged him to establish his own production house in association with “Relax In” and produced the “Fark Kbeer” album. In 1996 her released the “Bravo Alayk” album – again a huge success in the region followed by “Habibi ya Nasee” in 1998.

In 2001, he again proved himself to still be at the peak of his powers with the release of the massively success “Saharouny El Leil” which spawned several hit singles including the title track and a duet with the top young Lebanese singer Elissa “Betghib Bitrouh”. (www.lebanon.com).

5 CONCLUSION AND RECOMMENDATIONS

This chapter will provide an overview of the common issues and findings derived from the sector analysis undertaken in previous parts of this report, and will seek to draw relevant conclusions and recommendations.

5.1 General/Overall Findings

The findings of this study reveal the potential of creative industries in Lebanon. The sector analysis has clearly shown the resilience of the creative sectors analyzed, and that the various sectors have managed to survive and prosper in a rather challenging environmental context. Challenges for creative industries are indeed varied, starting with intermittent periods of conflict and instability, moving to the near absence of government regulation and support, and serious financing issues and problems. Despite intermittent setbacks, there are many success stories reported in each sector, attesting to the tremendous latent potential of creative industries in Lebanon and the commitment and dedication of those involved in them. The study indeed reveals the imperative of investment in creative sectors and the need for capacity building given their yet unrealized growth potential and the prospects they embody to contribute to a sustainable competitive drive for Lebanon.

Although it was hoped that more quantifiable and concrete benchmark economic indicators could be gathered through this research, this was not possible due to the near absence of previous research on which to build and the fragmentation and inconsistency of economic data on offer in Lebanon. Despite these limitations, quantifiable indicators were compiled and provided in each sector respectively whenever possible. This shortcoming is in part compensated for however by the rich qualitative analysis presented in each sector, and the new insights which capitalized on the focus groups and interview methodology. These insights were drawn through discussions with key sector informants and represent the first systematic attempt at analyzing and understanding the unique opportunities and challenges inherent in each sector as perceived by key actors. This study thus lays the groundwork for future research, which is not only needed but crucial at this critical juncture for Lebanon.

5.2 General Recommendations

Although different sectors have differing strengths and weaknesses, this section sets forth some general recommendations that can enhance the status and competitive advantages of the Lebanese creative industries. These recommendations are formulated at the aggregate level to have relevance to the different sectors analyzed in such a way that their implementation would potentially have a widespread rather than localized impact.

- Changes in policies (especially in terms of modernizing policies and laws), in addition to better and stricter implementation of the existing laws/protective legislation (e.g. intellectual property laws). “These policies would create an environment that is positively responsive to business initiative. They would make official institutions accommodating rather than prohibitive, reduce the cost of market entry and exit, and foster investment and competition.”
- Reduction of barriers to entry for new comers.
- Active participation and collaboration between representatives of creative industries, education and research institutions, and the public sector.
- Enhance support by government authorities.

- Develop national strategies that would help creative businesses identify new or improved sources of capital, and would increase the readiness of investors to invest in Lebanese creative industries.
- Encourage the establishment of angel organizations that would extend to new and existing creative businesses financial and strategic support.
- Illuminate the providers of relevant education and training about creative industries, so they can better understand and respond to the creative market needs.
- Creative businesses should undertake continued and long-term planning.
- Joint strategic planning across sectors: Encourage CI members across segments to work together to define best practices, and to pool their expertise to provide better products and services (i.e. to better respond and grasp opportunities).
- Develop programs for marketing creative industries to enhance awareness of this domain.
- Set up venues for sharing expertise between Lebanese and foreign creative businesses.

5.3 Specific Sector By Sector Recommendations

5.3.1 Recommendations Advertising Sector

- Lebanese advertising industry needs to develop an efficient association so that agencies feel protected by it, which inhibits non-professionals without qualifications.
- Syndicated research created by an independent body which any company can buy.
- Consistent rate card prices adjusted to changes in the environment.
- Educate the public about importance of advertising in making Lebanon a creative hub.
- Educate the public about the importance of advertising as a sector.
- Transparency between advertisers, advertising agencies, media and the Regie.
- Producing and delivering accurate and detailed information on audiences using the latest technology by independent research firms.
- Government needs to decrease taxes, restrictions and censorships.
- Create effective legislation for client payment default.
- Regulate the media such as the outdoor sector, and limit the broadcast time allocated to advertising.
- Set affordable communicating technologies.
- Embrace the new media such as ipods, pod casting, G3 Technology, brand placement in movies, in games and advertising.

5.3.2 Recommendations Dance Sub-Sector

- Financing for marketing festivals.
- Space for dancing – So far only Caracalla have their own center for training, teaching and performing.
- Funding for workshop/ experts to give workshops.
- Funding for performances.
- Support in order to work and make shows that give way for freedom of expression and thought. This is more important than financial support promoting themes of diversity, self empowerment and exchange of knowledge.
- Remove the VAT, remove donation tax of 7%.

- Social security for people working in this sector.
- Provide spaces for rehearsals and performances.
- Provide public theater.
- Although there is a syndicate there is no working law and no social security.
- The private sector usually supports culture; however in Lebanon it plays a negligible role. It pays for advertising and not for performing arts.
- Public Sector Funding: Subtract the amount of funding that the private sector might contribute to cultural activities from their yearly paid taxes.
- Create a clear plan for funding by the ministry of culture rather than distributing money randomly without any criteria or development plan.
- Governmental assistance needed.

5.3.3 Recommendations Theater Sub-Sector

- Theater sector is capable of producing good quality performances but needs support and encouragement.
- More funding for performances, workshops and bringing experts to give workshops.
- More adequate theater space is needed for performances and rehearsals.
- Well equipped Public Theaters.
- More qualified university teachers are needed.
- Allowing two kinds of education: formal education and spaces made available for rehearsals and workshops as well as computerized rooms.
- Induce more research on body language, body image identity: expand the curriculum taught at universities to cover them.
- Stress the importance of theater as a major in universities by encouraging more theater workshops and seminars, and providing better employment opportunities in the field.
- Support in order to work and produce plays that give way for freedom of expression and thought. This is more important than financial support.
- Clear instructions and regulations defining who is an actor (and who is not) and who can belong to the actors' union.
- More safety laws related to theater field are needed - since safety laws applicable to business companies cannot be applied to theater institutions.
- Much Government and Overall support, Sponsorship, Financial Aid (lower or full exemption from taxes and charges) are needed.
- Remove the 7% donation tax.
- Provide more social security and protection for people working in theater (some performers, writers or theater directors operate under pressure and or are threatened by various forces).
- More collaboration among theater institutions and universities is needed. Involving as many students as possible (as performers and in the backstage).
- Internationally, the private sector usually supports culture. However in Lebanon it plays a negligible role. It pays for advertising and not for performing arts.
- Encourage the Public Sector Funding. The government might subtract the amount of funding that the private sector might contribute to cultural activities from their yearly paid taxes.

- Encourage and allow the media to play a better role in motivating people to help and support cultural performances.
- The ultimate ambition would be to open a "Performing Arts Institute" for research and production.

5.4 Suggestions for Future Research

This exploratory study has provided a preliminary understanding of creative industries in Lebanon. It has helped in mapping the structures and dynamics of three creative sectors, outlining their respective strengths, weaknesses, opportunities and threats. It is clear that our understanding can be enhanced by covering a wider range of sectors including the other important sectors which were identified at the outset of this study. Future research can also build on the data and initial mapping provided in this study to gather primary financial data and obtain better estimates of the economic impacts of creative industries. Future research should clearly aim at identifying and formulating relevant strategies for the development of creative industries in general or the most promising sectors identified and studied.

5.5 Concluding Remarks

In the midst of all the political turmoil in Lebanon, it is necessary to focus on constructive issues/concerns and productive sectors that would push the economy forward. The realization of the importance of creative industries, as a preliminary step towards their evolvement, plays a crucial role in achieving the above goal. A focus on creative industries is indeed a first step in the right direction in the Lebanese context as it will allow taking advantage of the latent creative potential of a very skilled and learned population. Lebanese people are indeed eager to work in their home country but have until now been forced to head abroad due to limited financing, poor enterprise growth and survival prospects, congestion of the local employment market, or discouragement to open businesses in Lebanon due to legislation problems and/or the low demand for Lebanese creative products (rendering costs greater than benefits). That the spotlight is starting to turn to focus on creative industries in Lebanon is indeed encouraging, as are the prospects of future capacity building and strategic development of the most promising and creative sectors.

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APPENDIX A

Creative Industries Survey – Exhaustive

GENERAL COMPANY INFORMATION:

Name of Company:
Address:
Phone Number:
URL:
Email:
Description of Activity:
Mission, Vision, Goals:

Legal Status: - Individual - SARL - SAL - Other

Date of Establishment:

Capital:

Years in Business:

If Acquired, Which Year?

Subsidiaries/Branches: - Global Offices - Regional Offices - Local Offices

In which creative industry sector or service area does your company fit?

You can choose more than one.

(We will List all creative industries segments here):

Which of the following most accurately describes your company?

You can choose more than one.

- Manufacturer
- R&D
- Consultant
- Distributor
- Contractor
- Other: specify

How many people does your company currently employ?

Is your company planning to hire employees in 2006-2007? If so, how many?

What is the estimated current market size for your company's lead product and/or services in Lebanon and Globally? ($) Note: you can specify for each of your company's product if you prefer.

Product 1………………… Lebanon $ …………………… Global $...............................

Product 2………………… Lebanon $ …………………… Global $...............................

Product 3………………… Lebanon $ …………………… Global $...............................

Product 4………………… Lebanon $ …………………… Global $...............................

Product 5………………… Lebanon $ …………………… Global $...............................

How did you raise money each year from 2000 to 2005 and How much?
Note: We will form a table here from 2000 to 2005

- Venture Capital
- Public offering of securities
- Private fund raising
- Government
- Other specify

Did you enter into any partnership or alliances in 2005? If so, what value does the alliance have and what function does it serve? Yes / No Value: ……………

Possible Functions:

- Investment /financing
- R&D
- Marketing
- Clinical trials
- Manufacturing
- Distribution
- Technology
- Other specify

List the countries of your top three foreign competitors:

a) ………………………………
b) ………………………………
c) ………………………………

How is your market segmented?

What is your current estimated market share?

What is your estimated growth rate?

Information on your Information Systems and Information Technology:

Describe your hardware and software systems, infrastructure and networks.

How do you use the Internet, the Intranet, or the Extranet?

NUMBER OF EMPLOYEES

Age Range	<30	30 - 40	40 - 50	>50
# Of Employees In This Range				
Status	Hourly	Part Time	Full Time	Contract
# Of Employees In This Range				
Gender	Males	Females		
# Of Employees In This Range				

EDUCATION OF EMPLOYEES

	# Employees	Indicate schools they graduated from
None		
Secondary		
High School level		
Technical level		
University		
Graduate		
Post graduate		

SALARIES & WAGES/ YEARLY (FROM 2000 TO 2005)

Year 2000 (This table will be repeated till 2005)	
Part time	
Full time	
Contract	
Does it include?	
Over time	
Bonuses	
Medical Insurances	
Retirement	

Hard To Fill Vacancies	
Skills Gaps And Needs	
Actions To Be Taken	

INFORMATION ON RECRUITMENT:

Recruitment From Local Labor Market	2000	2001	2002
	2003	2004	2005

Recruitment From Technical School	2000	2001	2002
	2003	2004	2005

Recruitment From 4 Year Degree	2000	2001	2002
	2003	2004	2005

Foreign Recruitment	2000	2001	2002
	2003	2004	2005

FUNDING RESOURCES SINCE 2000:

Funding Resources	2000	2001	2002	2003	2004	2005
Government Loans						
Bank Loans						
Parent Firm Funding						
IPO's						
Foreign Government /Commercial Grants						
Private Research Grants						
Other, Explain						

OPERATING INCOME SINCE 2000:

R&D Expenditures	2000	2001	2002
	2003	2004	2005

(A) Net Sales	2000	2001	2002
	2003	2004	2005

(B) Cost of Good Sold	2000	2001	2002
	2003	2004	2005

(C) Selling, General, Administration Expenses	2000	2001	2002
	2003	2004	2005

Operating Income A - (B + C)	2000	2001	2002
	2003	2004	2005

REVENUES (SALES)
FROM 2000 TO 2005

(This table will be repeated till Year 2005)

Year 2000	Total	% in Lebanon
Business to Business		
Business to Consumer		
Business to Government		
Donations		

Total Turnover Per Year		
2000	2001	2002
2003	2004	2005

EXPENDITURES (PURCHASES)
FROM 2000 TO 2005

Year 2000 (This table will be repeated till year 2005)			
	TOTAL	% in Lebanon	Key Foreign Countries
Subcontractors:			
Performers			
Designers			
Etc…			
Material			
Marketing & Publicity			
Equipment:			
Maintenance			
Repair			
Rent/ Lease			
Taxes			
Heat / AC			
Electricity			
Power			
Travel			
R&D			
Professional Services			
Cost Of Finance:			
Bank Charges			
Loan Repayment			
Capital Expenditure:			
New Premises			
Computers			
Machineries			
Other			

EXPORTS
(FROM 2000 TO 2005)

Year 2000 (This table will be repeated till 2005)				
Products	**Country**	**Year**	**$ Amount**	**% of turnover**

QUESTIONS TO HELP PREPARE A SWOT ANALYSIS:
(Explain Each Answer When Necessary):

S---

What advantages does your company have?

What are the core competencies of your company?

What do you do better than anyone else?

What unique or lowest-cost resources do you have access to?

What do people in your market see as your strengths?

Do you have any new, innovative product or service?

Do you have patent protections for those new products?

Do you have a special marketing expertise?

Is your location an advantage to your business?

Do you benefit from a strong brand name?

Do you have favorable access to channels of distribution?

Do you have easy access to resources?

Do you benefit from exclusive contracts?

Do you benefit from ample financial resources to grow your business?

Do you achieve economies of scale?

Do you benefit from superior intellectual capital relative to key rivals?

Do you have wide geographic coverage and/or strong global distribution capabilities?

Are your current physical facilities adequate to serve your expected infrastructure needs for the next 2 years?

Is your firm contemplating outsourcing?

- Expanding Facilities / Infrastructure
- Contracting Work to Other Lebanese Firms
- Contracting Work to Non-Lebanese Firms

W---

What could you improve?

What should you avoid?

What are people in your market likely to see as weaknesses?

Do you lack of differentiated products or services in the market?

Do you suffer from a damaged reputation?

Do you suffer from poor quality goods or services?

Is your location a disadvantage to your business?

Do you suffer from a weak brand name?

Do you lack of a clear strategic direction?

Do you lack of well developed or proven core competencies?

Do you suffer from a week balance sheet/ a burdensome debt?

Do you undergo higher overall unit costs relative to key competitors?

Do you experience weak product innovation capabilities?

Do you hold a narrow product line compared to rivals?

Do you have a weaker dealer network relative to rivals?

Are you behind in product/service quality and technological know-how?

Do you suffer from inferior intellectual capital relative to key rivals?

Are you plagued with internal operating problems or obsolete facilities?

Are you short on financial resources to grow the business and pursue promising initiatives?

What steps are you contemplating or taking to ensure sufficient number of adequately skilled workers and professionals for your firm?

- In-House Training
- College Recruitment
- Subcontracting
- Outsourcing
- Overtime Incentives
- Others

Which of the following strategies does your firm plan in 2006-2007? (Check all that apply)

- Refocus Product Development
- License-in Technology
- Refocus R&D Activities
- Downsize Operation
- Merge With Other Companies
- Expand Operations
- From a Joint Venture
- Enter Product Trials
- Expand Into Foreign Market
- Launch New Product
- Outsource Production
- Acquire a Company
- Establish Facilities Abroad
- Recruit Employees From Abroad
- No Changes
- Other

O---

What are the good opportunities facing you?

What are the interesting trends you are aware of?

Are there enough local events taking place (exhibitions, shows)?

Are you seeking to tackle new international, developing markets?

Do you have a website whereby people can order products?

Do you benefit from a vacated market left by an ineffective competitor?

Did you detect an unfulfilled customer need?

Are the changes in government politics of any advantage to you?

Do you benefit from any removal of international trade barriers?

Do you benefit from falling trade barriers in attractive foreign or regional markets?

Are there any changes in who buys your products or services and how they use them?

Are there any technological changes and manufacturing processes innovation?

Do you notice any lifestyle changes that are affecting your business?

How are changing societal concerns, attitudes and lifestyles an opportunity to your business? Can you notice a sharply buyer's demand for your products or services? ………………

Can you serve additional customer groups or market segments? …………………

Do you plan on expanding the company's product line to meet a broader range of customer's needs? Do you have the opportunity of acquiring rival firms with technological expertise or capabilities?

T--

What obstacles do you face?

What is your competition doing?

Are the required specifications for your job, products or services changing?

Is changing technology threatening your position?

Do you have bad debt or cash-flow problems?

Could any of your weaknesses seriously threaten your business?

Is there any new competitor in your home market?

Is taxation introduced on your product or service?

Does the political instability affect your productions and/or business?

Are there any price wars with your competitors?

Do your competitors have superior access to channels of distribution?

Do you sense a shift in consumer's taste?

Is there a rise of substitute products or services? Do you suffer from intolerable increases in suppliers' prices?

Is the increasing globalization in your industry a threat to you?

How are changing societal concerns, attitudes and lifestyles a threat to your business?

Do you face a low cost foreign competitor?

Is there a slowdown in market growth?

Is there a likely entry of potent new competitors?

Is there a growing bargaining power of customers?

Is there a growing bargaining power of suppliers?

Do you fear a hostile takeover?

Identify the barriers from the list below that impede your firm's advancement of research or product commercialization (**1 strongly disagree to 5 strongly agree**)

- ○ Access to start up capital
- ○ Access to technology
- ○ Access to information
- ○ Size of market
- ○ Unfair foreign laws
- ○ Unfair local laws
- ○ Access to international market
- ○ Export control regulations
- ○ Import regulations
- ○ Lack of qualified employees
- ○ Distribution and transportation costs
- ○ Marketing costs
- ○ Research costs
- ○ Shortage of manufacturing facilities
- ○ Patent fees and approval process
- ○ Patent rights held by third parties
- ○ Lack of patent protection abroad for product/ process
- ○ Regulatory approval process and costs
- ○ Antitrust laws
- ○ Liability concerns / Insurance costs
- ○ Unfair competition
- ○ Government procurement practices
- ○ Regulations equipment shortage
- ○ Insufficient or unstable government funding for R&D
- ○ Construction delays
- ○ Public acceptance / Ethical considerations
- ○ Local zoning and permitting practices
- ○ Other (Specify):

What additional actions, policy changes, regulatory reforms or assistance could the government take to help your firm improve competitiveness?

Comments: In the space below, provide any additional comments or any other information you wish to include regarding your operations or other related issues that impact your firm. In addition, what industry needs and concerns did this survey fail to address?

APPENDIX B

Creative Industries Survey – Simplified

CREATIVE INDUSTRIES SURVEY

The purpose of this survey is to build a detailed picture of the creative industries in Lebanon. Please answer all questions, using your best estimates where detailed information is not available. All responses will be strictly confidential.

1.0 GENERAL INFORMATION

Name ____

Address ____

Telephone/Fax __________________ Email ______________________ Website ________________________

Major Product or Services

____

____

____

Legal Status ☐ Individual ☐ SARL ☐ SAL ☐ Other Date of Establishment _________________

Capital _______________ Years in Business _________________

In which creative industry sector or service area does your company fit? ______________________________

Ideally, we are looking for information relating to the calendar year 2005. Please indicate the period covered by this survey if your figures are for a different period. My figures are for the year ending ________________

Please choose whether to answer questions in Lebanese Pounds or USD: ☐ USD ☐ LBP

2.0 EMPLOYMENT AND WAGES

2.1 ***If you have employees other than yourself, please go on to question 2.2.***

Please describe your jobs or activities during the period. Please estimate how much you earned from each job or activity, including all taxes and pension contributions. Do not include welfare benefits.

Job Description ____________________________________ **Gross Earnings in Period** _____________

Main Job ____

Other Jobs or Activities ____

2.2 ***If you have already answered question 2.1, please move on to question 3.***

How many people does your company currently employ? ____________________

Age Range	<30	30 - 40	41 - 50	>51
# Of Employees In This Range				
Status	Full timers	Part Timers	Seasonal	Temporary
# Of Employees In This Range				
Gender	Males	Females		
# Of Employees In This Range				

Educational Level ☐None ☐ Secondary ☐ Technical ☐University

2.3 ***Please give total spending on wages and salaries (including working proprietors / directors) for the period (this should include overtime payments, bonuses, employer's insurance contributions and pensions etc.)***

TOTAL WAGES AND SALARIES ______________________________

3.0 PURCHASES

Please provide your **best estimates** of the value and source of operating expenditure for the above period on each of the following items. For example, if LBP 10,000 of your spending was on materials, and 80% of this was in Lebanon, then LBP10,000 would go in the first column and 80 in the second for that category. The source of expenditure is where payment is made rather than where the goods were manufactured. So if you buy a computer in Beirut, the source is classed as Lebanon, even though the computer may have been made abroad. **Do not include VAT or the cost of direct labour (staff).**

ITEM OF EXPENDITURE	Expenditure	Est. % Purchased Lebanon
Payments to Subcontracted Creative Services (i.e. Performers, other artists, designers)		
Material (please briefly specify)		
Marketing & Publicity (including design and prints)		
Equipment hire, maintenance and repair		
Other running costs (i.e. rent, taxes, heat, light/power, travel, etc.)		
Cost Of Finance (i.e. bank charges, loan payments)		
Capital Expenditure (i.e. purchases of new premises, computer, etc.)		
Taxes		**100**
Other (please specify briefly)		
TOTAL EXPENDITURE		

4.0 REVENUE AND GRANTS (TURNOVER)

Please provide **the best estimate** of your total revenue and grant income for the period. Please estimate the amount derived from each of the listed categories, and the proportion of this that came from Lebanon.

	Total Revenue & Grants	Est. % in Lebanon
Business to Business		
Business to Consumer		
Business to Government		
Private Donations		

Total Turnover in 2005	

Do you export any goods or services? ☐Yes ☐ No
If yes please indicate to where and what portion of your turnover:

Destination	% of turnover

5.0 YOUR OBJECTIVES AND NEEDS *(continue on a separate sheet if necessary)*

5.1 What are your professional objectives and ambitions for the next 1-3 years, and what new opportunities do you see for the future?

___

___

___

5.2 What help/ assistance would help you to meet your objectives and ambitions (if you mention access to finance, please tell us more specifically what you need finance for)

___

___

___

5.3 What additional actions, policy changes, regulatory reforms or assistance could the government take to help your firm improve prospects? (specify up to three)

1.___

2.___

3.___

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Availability / usage of technology

Do you have PCs? ☐ Yes ☐ No If yes specify number ________________

If yes are you connected to the internet ☐ Yes ☐ No

Do you use the internet for marketing ☐ Yes ☐ No

Do you use the internet for purchasing ☐ Yes ☐ No

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE

Please tick here

If you would like a summary of the research output ☐

If you would be prepared to discuss these issues further ☐