



# Macro and Market News

Week 22 2024 – Week ending 31/05/2024

31 MAY 2024





# Macro/Economic News

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# Macro/Economic News (1 of 1)

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- Both Labour and the Conservatives** will keep income tax thresholds frozen until 2028 if they win the general election, meaning taxes will rise for many. Both parties intend to stick with the threshold freezes - amounting to an effective tax rise because of pay inflation - introduced in response to Covid, for the next three years. Mr Hunt has said the freeze will end after that. Labour has said it will stick to Tory plans. The Institute for Fiscal Studies has warned this would bring 4.5 million more people into higher income tax thresholds by 2028.
- The Institute for Fiscal Studies (IFS)**, a leading think tank, has issued a stark warning about the financial challenges awaiting the next government. says the state of public finances hangs over the election campaign "like a dark cloud". It warns that tax rises or cuts to public services will likely be necessary, whoever wins the next election.
- Business confidence has climbed to its highest point in nearly a decade:** According to Lloyds Bank's latest business barometer index, confidence climbed to its highest level since November 2015, up by 8 points to 50 per cent in May. The data indicated that companies were growing increasingly optimistic about their trading prospects and were keen to hire more workers after grappling with rising interest rates and elevated inflation for the past two years. Some 62 per cent of businesses surveyed by Lloyds said that they expected to raise output in May, up from 57 per cent in the previous month. Only 8 per cent predicted slower output.
- The Conservatives have promised to raise the tax-free pension allowance** via a "Triple Lock Plus" if they win the general election. Under the plans, the personal allowance for pensioners will increase at least 2.5% or in line with the highest of earnings or inflation. Prime Minister Rishi Sunak said the scheme "shows we are on the side of pensioners," who the Tories say will save £275 by 2030.
- The ONS** reports UK retail sales fell sharply by 2.3% in April, significantly worse than the predicted 0.2% decline, due to poor weather conditions.
- Retail footfall across the UK remains well down on last year** as bank holidays and improving weather failed to lure customers away from online shopping. Total footfall was down by 3.6 per cent on a year ago but an improvement on April's 7.2 per cent drop, according to Sensormatic IQ data from the British Retail Consortium. High street footfall was down by 2.7 per cent, while shopping centre visits remained subdued at 4.5 per cent lower than last May. All UK nations recorded a year-on-year fall despite improving on April's figures. Scotland suffered the most with a 5.4 per cent fall and Northern Ireland suffered the least at 3 per cent..
- Ofgem** has said the energy price cap in Great Britain will drop by 7% to £1,568 annually starting this summer, due to a decrease in wholesale gas prices. While this reduction offers some relief, household energy bills remain significantly higher than pre-crisis levels, maintaining pressure on disposable incomes.
- New supermarket "challenges"** that reward shoppers with extra loyalty points for buying more could lead to overspending, consumer groups have warned. Four of the UK's biggest supermarkets - Tesco, Sainsbury's, Asda and Morrisons - are now offering members of their loyalty schemes bonus points if they hit spending targets. The supermarkets all say their schemes offer customers better value and more personalised savings.



## Market News

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# Market News (1 of 2)

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- Costa Coffee, in partnership with Delaware North, will launch its autonomous coffee technology**, Costa Coffee Creations, at the Austin-Bergstrom International airport in Texas, in August. Located at Gates 11 and 16, the 24 square-foot Costa Coffee Creations is a fully robotic system that delivers “barista-quality espresso drinks without the need for any human assistance for up to seven days”. The equipment, capable of serving both hot and cold beverages, utilises 100% freshly ground whole beans, milk and alternative milk options. Delaware North said Costa’s current coffee robot in the Austin airport, and a precursor to Costa Coffee Creations, has demonstrated remarkable success, achieving double the revenue per square foot compared to other offerings in the airport, which saw 22 million passengers fly in and out in 2023 alone.
- Leon has launched what it claims to be the UK high street’s cheapest coffee subscription.** Roast Rewards allows users to unlock a daily dose of barista-made drinks (up to five a day), along with a 20% discount on Leon’s breakfast and all-day food menu (excluding meal deals) for £25 a month, £5 per month less than the subscription at rival Pret a Manger.
- New Demipower, the second-largest KFC franchisee in the UK,** has reported turnover increased to a record £229,758,119 for the year ending 31 October 2023 compared with £220,156,760 the year before. Of the figure, £149,638,058 came from in-store visits (2022: £142,899,825) while £80,120,061 came from delivery (£77,256,935). The business saw pre-tax losses rise to £5,341,056 from £1,020,94 the previous year. The group opened one new store in the period and operates circa 125 sites.
- Leading online food delivery groups** in Europe and the US have racked up more than \$20bn in combined operating losses since they went public, after a fierce battle for market share, according to the Financial Times. It adds that ‘shares in Deliveroo, Just Eat Takeaway, Delivery Hero and DoorDash – the four largest standalone, publicly listed food-delivery businesses in the US and Europe – are all trading well below their pandemic-era peaks, as investors scrutinise their business models.
- Chef has overtaken programmer as the most common occupation of migrants arriving in Britain** on a skilled worker visa, according to a Financial Times analysis of official data. Some 6,203 chefs were granted skilled worker visas in the year to March 2024, a rise of 54% on the previous year, figures published by the Home Office showed.
- Manchester barbecue smokehouse business Pitmaster** is looking to expand across the UK, with more than 30 locations earmarked. The concept, currently a single site located at 31 Wilmslow Road, launched a franchise programme earlier this year, offering set-up costs from £250,000, with an expected return on investment within 24 months. Pitmaster offers 16-hour smoked brisket shipped from Australia, as well as eight-hour slow smoked ribs, brisket burgers and smokehouse burgers.
- New research from BDO has found that 87% of UK consumers plan to travel this year,** with 63% intending to explore the UK and 61% planning trips abroad despite the cost of living crisis.

# Market News (2 of 2)

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- Taco Bell has said the UK is one of four priority markets** being targeted for the brand's growing global presence. Taco Bell operates circa 135 sites in the UK but is now looking to ramp up growth here. There are four priority markets targeted for the brand's growing global presence – the UK, China, India and Spain.
- Creams, the fast-growing dessert parlour operator, will return to the expansion trail** with up to a dozen openings over the summer months, led by a further roll out of its partnership with Tesco and going into new types of venue. The operator of circa 100 UK stores said in January that it planned to add 25 more in 2024 but has so far not made any opening this year. However, chief executive Everett Fieldgate said all that is set to change in the coming months, with a particular focus on growing the partnership with Tesco it launched in 2022.
- Byron is set to launch a new customisable menu, allowing its guests to “Build Your Byron”.** They can choose their own customisable protein, toppings and sauces to create their ultimate, bespoke burger. There is also a new “pick your patty” feature, offering a choice between a Byron signature patty or a double smash option. As well as the customisable options, the new menu also features ten specially crafted burgers including new options such as The Big Cheese, BBQ Chicken and Dirty Byron – with pulled beef, cheese, beef dripping mayo, burger relish, pickled red onions and bacon and onion crumb, served with a pot of gravy. It has also brought a new butcher on board, with Aldens, one of the oldest and most established butchers in the UK, producing new patties sourcing British West Country beef, alongside a return of its 2007 selected cuts.
- Admiral Taverns, the circa 1,500-strong, Proprium-backed business,** has agreed a deal to acquire 37 freehold pubs from Fuller's for £18.3m, to strengthen its presence in the south east. It is anticipated that the disposal will complete on Tuesday, 25 June.
- Stonegate Group, the UK's largest pub company, is to trial two concepts** that will be positioned in some of its late-night venues. One will be a karaoke-based format called Careless Whisper and the other a high-energy space, which will include live music, called Rita's Beer Hall and Ballroom.
- Greene King has reported revenue up 9% YoY to £2,375m** in the year ended 31 December 2023, driven by the strengthening of major brands. Adjusted operating profit fell to £186.1m from £192.6m and capex rose 3.3% YoY to £215m. Despite consumer confidence pressures, the group saw strong festive trading, event-led demand, and growth in premium beer volumes.
- Glasgow hot chicken concept Lucky B's** has signed up Subway franchisee Ross Fairbairn as a master franchisee for a 15-store deal across Lancashire. Founded by friends Giancarlo Celino and Toni Dobrenko, Lucky B's opened its debut site in the Giffnock area of Glasgow in September 2022, followed by its first franchise site in the city's Cardonald area earlier this year.
- Island Poké is set to restructure its business** via a CVA with assistance from Begbies Traynor. The restructuring aims to address Covid-related debt and focus on the core profitable aspects of the business, which operates 17 UK sites

# For more information

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## About Circana

Circana is the leading advisor on the complexity of consumer behavior. Through unparalleled technology, advanced analytics, cross-industry data and deep expertise, we provide clarity that helps almost 7,000 of the world's leading brands and retailers take action and unlock business growth. We understand more about the complete consumer, the complete store, and the complete wallet so our clients can go beyond the data to apply insights, ignite innovation, meet consumer demand, and outpace the competition.

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