



# Macro & Market News

Week 36 2021 – Week ending 10/09/2021



# Macro/Economic News

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# Macro / Economic News (1)

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- **The UK Government** has announced that it is pressing ahead with vaccine passports for nightclubs. However, a public administration select committee has told the government to spell out exactly how vaccine passports will work or drop the scheme altogether.
- **COVID passports** for mass events in **Scotland** will come into force on 1 October, affecting people entering nightclubs, football matches, music festivals and concerts.
- **Northern Ireland Government** has agreed several further relaxations of covid-19 regulations in hospitality settings. Under the new rules, which come into effect at 5pm on 10 September, the maximum number of people who can meet indoors will increase to 15 people from four households. In hospitality venues, the requirement for table service will be removed and customers will be permitted to stand while consuming food and drink in outdoor settings. Customers will also be permitted to take part in activities such as playing pool or darts or using gaming machines. Dancing will again be allowed at weddings and civil partnership receptions and the requirement to purchase tickets in advance for live performances will be removed, as will the need for audience members to have allocated seats.
- **The Republic of Ireland** has now set 22 October as its final date for all restrictions to go and Northern Ireland is moving to that position, too.
- **The Bank of England** is forecasting that inflation will hit a 10yr high of 4% later this year.
- **IHS Markit's** composite PMI for the UK in August was 54.8, down from 59.2 in July. This signals a much slower speed of recovery across the private sector economy. Shortages of staff and raw materials acted as a constraint on the recovery in August, with supply chain disruption leading to an especially sharp rise in backlogs of work at manufacturing companies. Markit comments that 'strong inflationary pressures continued in August, but the latest rise in overall cost burdens was the slowest for three months. Meanwhile, prices charged inflation eased since July in both the manufacturing and service sectors.'
- **UK Hospitality** chief executive Kate Nicholls has said that government ministers have put dealing with the issue of staff shortages top of the agenda. Nicholls said the issue was not just one impacting hospitality but the whole economy, and "short-term, medium-term and long-term solutions" are needed.

# Macro / Economic News (2)

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- **Barclaycard** has suggested that consumer spending rose in August, up some 15.4% compared to the same month in 2019. It reports that pubs, bars and clubs saw a rise of 43.4% with restaurants up 0.1%. The card processor said that socialising, shopping, and staycations were top of the agenda for Brits in August.
- **The Halifax Building Society** has reported that average house prices in the UK rose by 0.7% in the month of August. The average house now costs £262,954. The number was a little below estimates.
- **The SMMT** has reported the weakest UK August car sales last month since 2013. It says supply issues continue to undermine the market. The number was down 22% on last year and was 7.6% below the average over the last decade. Sales of electric vehicles, however, continued to move up.



# Market News

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# Market News (1)

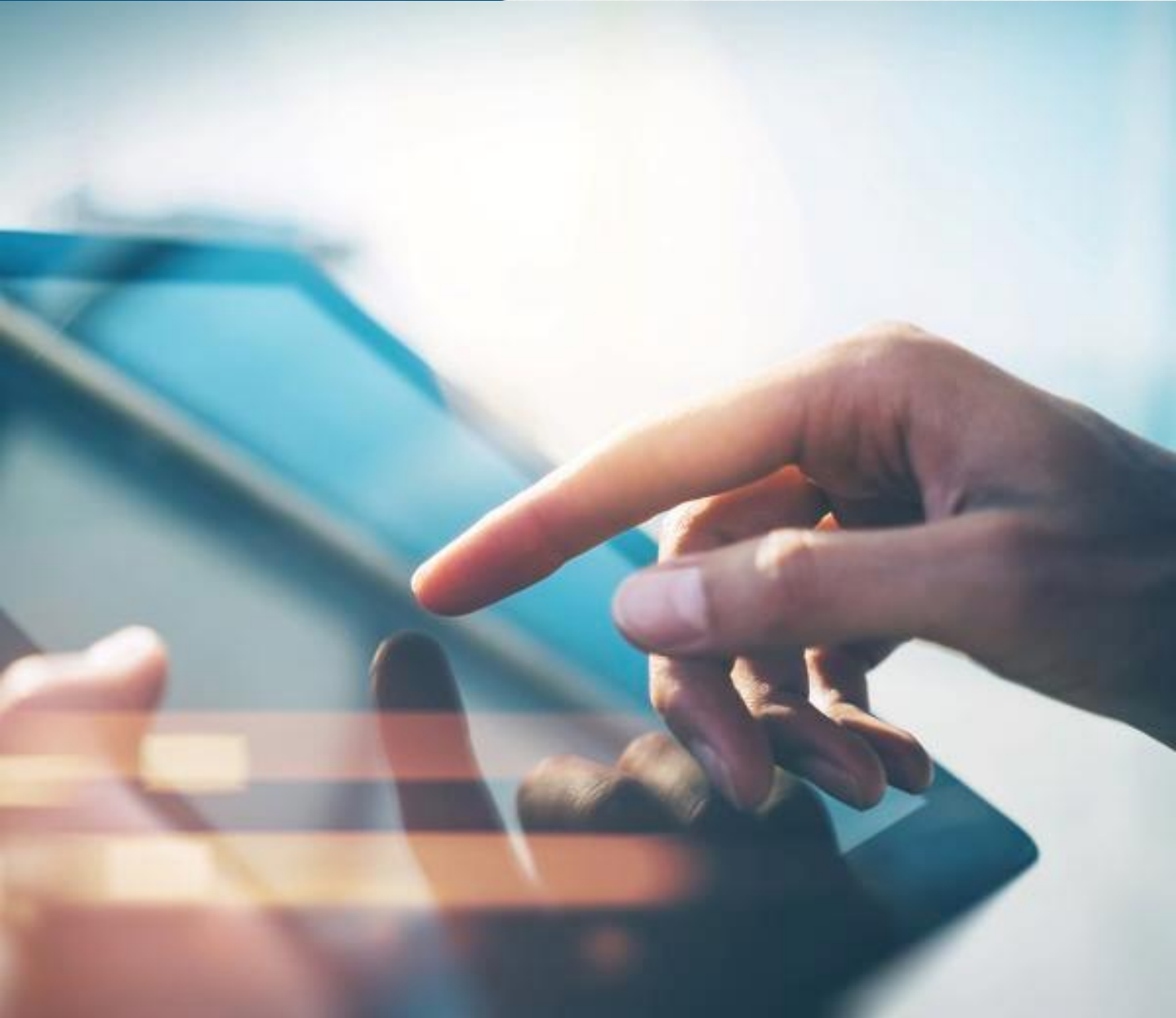
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- **Wendy's**, which opened its second site in the UK last week in London's Stratford - its first multi-floor dining room in the UK. The company plans to open in London's Camden High Street, Brighton, Croydon, Romford and Oxford by the end of the year. Last month, the brand signed up Reef Kitchens as its first franchisee in the UK. The company expects Reef to open about 50 delivery kitchens in 2021 in US, Canada, and UK, with the remainder of committed 700 to be opened between 2022 and 2025.
- **Wagamama** has revealed difficulty in hiring chefs across a fifth (30 sites) of its restaurants amid a "perfect storm" of supply chain challenges and staff shortages.
- **Wagamama** has launched 'Plant Pledge' – a campaign to encourage guests to eat more plant-based dishes in response to helping tackle climate change. An Attest survey commissioned by Wagamama revealed 80% of people acknowledge eating more plants is important to curbing climate change. However, many of those questioned said there remain obstacles to switching to a plant-based diet including not wanting to give up favourite meat dishes (36.1%), the taste is not as good (29.8%) and there's not enough choice (26.4%). From Wednesday, 6 October, 50% of its menu will be officially plant-based; a commitment made during Veganuary 2021.
- **McDonald's** will start selling its new McPlant vegan burger at ten sites in Coventry by the end of this month, with a further 250 to follow by mid-October, and hope it will be available across the UK from January 2022. The £3.49 burger is modelled on a Quarter Pounder Deluxe but weighs in at only 420 calories. The vegan patty is being produced by the US-based alternative meat brand Beyond Meat, while vegan cheese made from pea protein is supplied by Kerry Foods in Ireland.
- **Papa John's** will open its 500<sup>th</sup> UK store, in Ormskirk, Lancashire, on Monday, 13 September. Papa John's, which was founded in the United States in 1984, opened its first UK restaurant 21 years ago. Earlier this year, the company announced it would be targeting small UK towns as part of its expansion strategy and to reach more communities. To celebrate the landmark, Pappa John's is offering a free limited supply of pizza-style cakes to its customers, mimicking its most popular flavours but with a rice crispy base, strawberry jam and icing replacing the dough, tomato sauce and toppings.
- **Itsu** plans to open 20 new UK restaurants in 2021 and expand its footprint beyond the M25, following a recent tie-up with private equity group Bridgepoint. Recent restaurant openings in Reading and St Albans, the latter of which had been the "best opening in Itsu's history", looks set to be followed by new sites in Bath, Edinburgh, and Bromley.

# Market News (2)

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- **Costa Coffee** is to give all 14,500 of its store team members in the UK company-owned stores a 5% pay increase. From 1 October 2021, all store team members will receive pay increases of at least 45p per hour, bringing minimum pay to £9.36 per hour from £8.91. The company's fully trained barista maestros will see their pay go up by 65p per hour, bringing the minimum for these more experienced roles to £10.29 from £9.64 per hour. Top rates of pay for store team members also increase, depending on location and experience, to £11.29 per hour from £10.64. In real terms, this means that the average Costa Coffee store team member working between 20 and 40 hours per week will see their annual take-home pay increase between £500 to £900, based on a 45p increase. Those receiving 65p will see an increase of between £700 to £1,400.
- **Just Eat** has begun a three-month reusable packaging trial. The company has teamed up with ClubZero for the pilot. The initial trial will see six Just Eat restaurant partners across London test drive the service, giving customers the choice to opt in for reusable packaging when placing an order. They can arrange either for the packaging to be collected through the ClubZero app, or can leave the items themselves at designated ClubZero drop-off points.
- **Jollibee** is set to open three additional restaurants in the UK this year, part of a £30 million investment plan to establish 50 by 2025. The chain's newest restaurant is in Reading, opened on 9 September, also their seventh store in the country. At least two more stores are expected to be opened until the end of the year.
- **Franco Manca** and **The Real Greek** operator Fulham Shore announced that group's revenues in the last three weeks to 5 September have continued to grow by 27% for all restaurants compared to the equivalent period in the 2019 calendar year. The group is on course to open 10 locations during the current financial year, with more than 150 additional sites in medium-term plans.



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