



Macro & Market News

Week 3 2021 – Week ending 22/1/2021



Macro/Economic News

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- **The UK economy** contracted by 0.9% in Q4 of 2020, according to The National Institute of Economic and Social Research. This would mean a contraction of 9.8% on the full year.
- **Chancellor Rishi Sunak** is weighing up another extension of the furlough scheme as part of plans to support the UK's covid-hit jobs market. The £60bn scheme paying 80% of workers' salaries has already been extended until April, but a continuation of the unprecedented jobs support is under consideration for the Budget on 3 March.
- **British retail sales** saw their largest annual fall in history last year as the impact of the pandemic took its toll, according to the Office for National Statistics. Sales fell by 1.9% in 2020, when compared with 2019, the largest year-on-year fall since records began in 1997. The drop came despite a slight pick-up in December, as a brief easing of some lockdown measures meant more stores were able to open. The small increase came despite the end of England's national lockdown on 2 December.
- **Consumer Prices Index inflation** jumped to 0.6% in December, from 0.3% in November, pushed higher by rising transport and clothes prices, the Office for National Statistics (ONS) said. Many people rushed to travel and beat Christmas restrictions, forcing up prices. This was partially offset by falling food prices, most notably for vegetables and meat. The rise was slightly higher than many economists' forecasts of 0.5%.
- **Northern Ireland's** lockdown restrictions will be extended until 5 March, the first and deputy first ministers have said. The move will be reviewed on 18 February. but ministers were also told that restrictions may have to remain in place until after the Easter holidays.
- **UK consumer confidence** dipped in January after heightened restrictions were enforced across the country to contain the spread of the coronavirus, according to GfK. The indicator fell two points from the previous month to minus 28 in January. It has moved sideways since April, when it plunged on a standstill in activity owing to the first lockdown in spring. The fall in consumer sentiment in January was driven mainly by households' more downbeat expectations of the general economic situation over the next 12 months, which fell nine points from that in December.
- **The seafood industry** is to receive emergency government funding of £23m. This has been welcomed by fishing organisations, but they warn large parts of the sector remain vulnerable to post-Brexit border disruption. It follows a disastrous start to the year for the UK fishing sector, with a raft of Brexit-related IT problems, additional bureaucracy and a halt in groupage exports causing chaos for exporters.



Market News

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Market News (1)

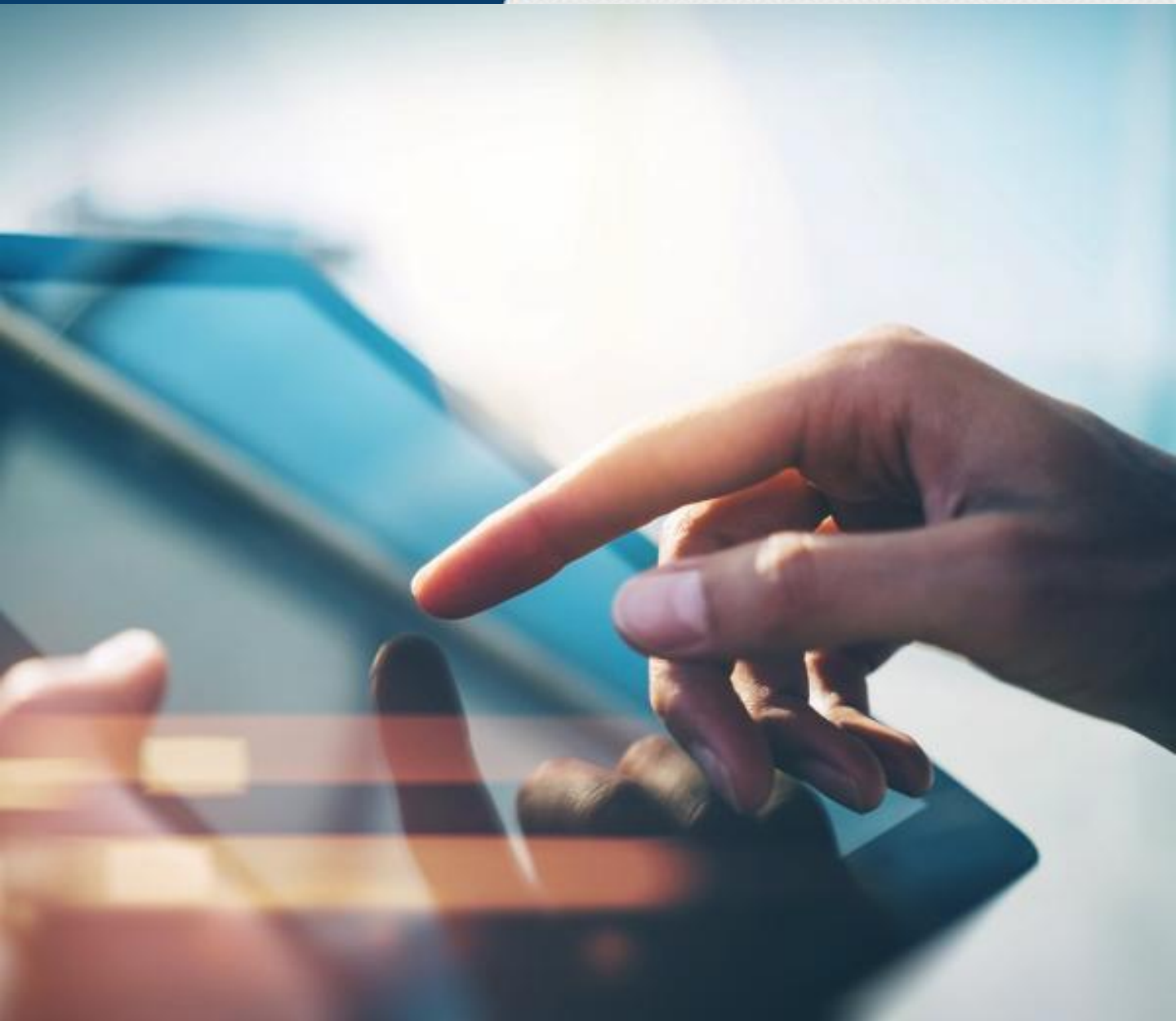
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- **Burger King UK** has reported that overall the impact of the pandemic had “not been significant and it has “recovered significantly” from the impact of coronavirus, due to its ability to trade through lockdowns, and drive through restaurants. The group said it generated a profit at the end of Feb 2020, and was back into positive EBITDA from May 2020, with a strong performance in the period since reopening and second lockdown in November. In the year to December 2019, the group reported turnover growth of 10% to £101m, with a loss of £24m due to “upfront investment in scalability”. During the period the group opened 15 new restaurants and acquired two new franchisees.
- **McDonald’s** is taking further steps to reduce more potential toxins in its food packaging, setting a 2025 as goal for replacing more items in its supply chain. It has released the new goals as part of its company-wide sustainability framework. The company committed to removing added-fluorinated compounds from its packaging materials globally. McDonald’s said in 2008, it eliminated long chain per and polyfluoroalkyl substances (PFAS), including perfluorooctanoic acid and perfluorooctanesulfonic acid, from all guest packaging globally. Between 2013 and 2015, the company eliminated bisphenol A and phthalate chemicals from its packaging. The fluorinated chemicals have come under increasing scrutiny for their impact on the environment and the body.
- **Costa Coffee** has launched a limited-edition latte drinks range. The range includes the caramel oat latte, the vanilla coconut latte and the hazelnut almond latte.
- **Papa John’s** is introducing new flexible franchising formats in the UK. Following the continued success of its franchised high street stores, Papa John’s is now aiming to expand its reach by providing even more convenience for customers, by opening in new locations such as holiday parks, stadiums, leisure attractions and other “non-traditional” venues.
- **Domino’s Pizza UK** is bringing its digital team under the remit of marketing for the first time as it looks to “support increased digital investment” and drive growth. The newly-merged marketing, digital and communications team will be headed up by chief marketing officer Sarah Barron, who joins from her role as chief growth officer at Coca-Cola-owned Costa Coffee. Domino’s had a strong 2020 helped by the rise in people staying at home, with delivery orders up 11.8% in the third quarter and like-for-like sales jumping 17.5% in the UK and Ireland. It said the various lockdowns last year accelerated its transformation to a digital business in terms of how it operates and communicates with customers, and how customers interact with the brand.

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- **Wetherspoon's** share placing of 8.37m new shares has raised £93.7m and will allow the company to take advantage of property opportunities thrown up by the pandemic. The company is considering the acquisition of a number of properties in central London, the freehold reversions of pubs of which it is currently the tenant, and properties adjacent to successful pubs. Despite this, JDW saw a LFL sales decrease of 27.6% for the 15 weeks to 8 November 2020 and has made 378 employees redundant across its airport sites and head office.
- **Deliveroo** has appointed the chief executive of Next, Simon Wolfson, to its board as a non-executive director. Deliveroo has just completed a new Series H funding round of more than \$180m from existing investors, valuing the business at more than \$7bn. Deliveroo is now working with 140,000 restaurants and 110,000 riders worldwide in more than 800 towns and cities, while improving margins, having demonstrated profitability in 2020. This year, the company is focusing on areas including expanding its Editions delivery-only kitchens globally; increasing choice and selection for consumers by working with more restaurants and grocery stores; increasing affordability for customers by extending its Plus subscription programme; investing in new tools to help restaurants grow their business; and continuing to provide riders with the flexible work they value. Deliveroo will also continue to deliver thousands of free meals to NHS workers.
- **TGI Friday's** has launched "Parent Packs", offering its kids activity kits for free when ordering via its click and collect menu. The activity packs include a range of creative activities to get kid's minds working, including colouring, puzzles and selfie props that are designed to help families have fun and enjoy quality time together. Currently available on all click and collect orders, the kids activity packs will soon be rolled out to TGI Friday's DIY meal kits too.
- **Taco Bell** will open its second Welsh restaurant next month. The company will open the outlet – its 54th – in Swansea on Monday, 1 February. The company made its debut in Wales when it opened in Swansea last year has more than 7,500 sites across the globe.
- **Subway** will extend its protein bowls trial into a permanent fixture at selected sites in the US. Introduced in December, the bowls have all the ingredients of sandwiches but without the bread. Each bowl can be customised to match guest preferences.
- **BrewDog** is in negotiations to open a rooftop bar in Las Vegas. BrewDog has been steadily expanding its bar network in the US since it launched its brewery in Columbus, Ohio, in 2017, and is due to open a site in Cleveland.



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