



Macro & Market News

Week 1 2023 – Week ending 6/1/2023



Macro/Economic News

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- **The UK's dominant services sector showed tentative signs of recovery at the end of 2022 with businesses reporting an easing in inflationary pressures.** Activity in the services sector, which includes finance, retail and health companies, inched up in December to 49.9 from 48.8, according to a monthly survey of purchasing managers. Any number below 50 on the index indicates contraction and this was the third consecutive month that the PMI has dropped below this level. The service sector had boomed after the end of pandemic lockdown restrictions last year but along with the wider economy has suffered from a slowdown in consumer spending, high energy prices driving inflation and a climb in borrowing costs.
- **Tuesday to Thursday has become the typical working week in offices across the country** as most staff work from home on Mondays and Fridays, a study of mobile phone use by PlaceMake.io suggests. The analysis of anonymised phone data from more than 500 high streets from 2019 to 2022 found increased activity in many suburban and small towns because workers are commuting less into big cities. Another notable trend was that seaside towns were significantly busier than before the pandemic. The figures correspond with other evidence that shows city centres are quieter on Mondays and Fridays.
- **Retailers rebound, taking FTSE to six-month high:** Strength among retail stocks meant that London's blue-chips continued to enjoy their new year rally and pushed the UK's leading share index to its highest level since early June. The FTSE 100 added a further 31.81 points, or 0.4 per cent, to 7,617.46 as investors toasted positive Christmas trading updates from Next, often considered a bellwether of the high street. The more UK-focused FTSE 250 rose 68.87 points, or 0.4 per cent, to 19,459.94.
- **More than a quarter of businesses hit by nationwide strikes** said they struggled to access necessary goods in November, according to new data from the Office for National Statistics. The ONS said that 16 per cent of surveyed companies across the economy had been affected by industrial action carried out by postal and transport workers in November. Of these businesses, 28 per cent said they had struggled to get essential items related to their business. The sectors most affected by strikes were wholesale retailers and motor vehicle repair services, where more than a fifth of companies said they had felt the impact of industrial action.
- **Springboard reports that footfall for the week ended 24 December was up 24.9% YoY** but still -7.1% on pre-pandemic levels. Activity was down by 27.7% week on week, perhaps indicating that consumers had moved from shopping to socialising. There were rises in activity across all three key destination types, but the increases in footfall in shopping centres and retail parks were nearly double that in high streets.
- **The British Chambers of Commerce has said that it sees 'No Signs of Business Recovery'**, this according to its Quarterly Economic Survey Q4 2022. It says 'after significant declines across all business conditions tracked by the BCC in Q3, most indicators have stabilised at a low level...'

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- **Warm winter set to send energy bills below £3,000 price cap:** Household energy bills are forecast to be hundreds of pounds a year lower than expected in the second half of this year, falling below the government's £3,000 price guarantee after a sharp drop in wholesale prices. Annual energy bills for a typical household are now estimated at £2,640 from July and £2,704 from October, according to Investec, while Cornwall Insight forecasts £2,800 a year from July and £2,835 from October. The government's energy price guarantee subsidises tariffs so that a household with typical usage will not pay more than £2,500 a year at present, rising to £3,000 a year from April.
- **Mortgage approvals fell to their lowest level in two years in November** as rising borrowing costs and the aftermath of the government's mini-budget put off prospective homeowners. Borrowing data from the Bank of England showed a larger-than-expected fall in the number of new mortgages to 46,100 in November, down from 57,900 the previous month and below economist estimates of about 55,000. The UK's mortgage market stabilised after lending was thrown into temporary turmoil following the market panic that accompanied the government's mini-budget on September 23.
- **The FT reports that 'the recovery in activity in London's offices and hotels after the pandemic lockdowns lagged behind many rival European cities in 2022.'** Quoting data that measure the use of lifts in buildings, the paper says 'offices and hotels in Amsterdam showed the largest increases in elevator usage last year' with London offices ranked fifth in terms of how much the use of lifts rose during the year. London's hotels came tenth.
- **Inflation fear as food prices hit record highs:** Food prices rose by a record 13.3% in December, increasing fears that inflation may not fall as sharply in 2023 as central bankers and economists hope. The war in Ukraine led to sustained rises in the cost of animal feed, fertiliser and energy that squeezed supplies as demand rose, according to the latest monthly shop prices index published by the British Retail Consortium. It is the highest level recorded since the index began in 2005.
- **Almost 50 shops closed down every day last year** as retailers grappled with soaring energy costs, wider inflation and online shopping, according to new figures laying bare the challenges on the high street. More than 17,000 sites around the UK shut their doors for the last time, according to figures from the Centre for Retail Research. The Telegraph reports this figure is almost 50% higher than 2021 and marks the highest number of closures in the last five years. Only 32% of the closures followed insolvency proceedings. The rest were due to larger retailers deciding to close some stores to cut costs, or independents deciding to throw in the towel.
- **According to a survey for Abta — The Travel Association, 61 per cent of people are planning an overseas holiday this year,** while 31 per cent say they're planning to book earlier than usual to get the best price. Sunshine Saturday — the first Saturday after Christmas and the new year — is typically the busiest day of the year for overseas holiday bookings as consumers become fed up with the cold winter weather. Tomorrow is tipped by Abta to be one of the busiest for years as holidaymakers take advantage of the lifting of Covid travel restrictions.



Market News

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Market News (1)

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- Pubs and restaurants are cutting their opening hours as staff shortages, high energy costs and wider inflationary pressures take their toll.** Three quarters of hospitality businesses are operating below capacity, according to a survey published by the British Chambers of Commerce (BCC). The BCC's Quarterly Economic Survey (QES) for Q4 2022 shows key economic indicators have stabilised at concerningly low levels, following significant declines in Q3. The survey of over 5,600 firms – 92% of whom are SMEs – reveals business confidence, conditions and sales have stabilised at low levels, while inflation remains the top external factor of concern.
 - Kate Nicholls, the CEO of UKHospitality,** has said many pubs and restaurants are opting to cut capacity by 20% in January. Nicholls said 'The fear is that people will tighten their belts quite considerably. That's when the cost of living will bite. And you'll see customers not going out as frequently...'
 - Hospitality sales benefited from a Christmas bounce in December,** according to the latest data from S4labour, the people, productivity and payroll system. It found that December like-for-like sales were up 17% compared to the same period in 2021. Despite rail strikes causing disruption for much of the capital, London sales were up 32%, with the increase being driven equally by food and drink boosts. Outside of London, like-for-like sales were up 15%, with food up 13% and drink up 16%.
 - Train strikes cost hospitality industry £2.5bn:** The disruption to the travel industry caused by months of rolling strikes will cost the hospitality industry £2.5bn for the period from June to the end of this week according to UKHospitality. Chief executive Kate Nicholls told the BBC that is £1bn more than the £1.5bn it had previously estimated
- as an expected pre-Christmas bounce back during a period when fewer strikes were called never materialised and factors in the new strike dates called by rail workers this week. Rail union leader Mick Lynch said this week the strikes could continue for months yet unless a deal on pay and working patterns that they could accept was forthcoming.
- New Year revelers partying at home:** a growing number of people shunned pubs and nightclubs in favour of partying at home this past New Years Eve. Ticket sales for NYE were "significantly behind" pre-pandemic levels, according to the Night Time Industries Association, whereas supermarkets reported bumper sales of party food and drink. Waitrose says customers have noticeably been gearing up to host celebrations at home, with "record-breaking" sales of sparkling wine.
 - J Sainsbury has said it will raise the pay of its 127,000 hourly-paid staff in February** to at least £11 for those working outside London from £10.25 now. London staff will get £11.95, up from the current £11.30. The raise, which has been brought forward from March, is reported to be the second increase since October.
 - A former senior buying manager at Asda has warned that British egg farmers** are quitting 'every week' over soaring costs, suggesting that the UK will struggle for home-grown foods this year.
 - Wasabi Sushi & Bento** has said it is continuing 'to research and evaluate opportunities to expand its portfolio within the UK...The expansion into more suburban areas is a result of the strong sales performance of similar suburban sites in the existing estate, and the business sees this as an attractive area for future growth'.

Market News (2)

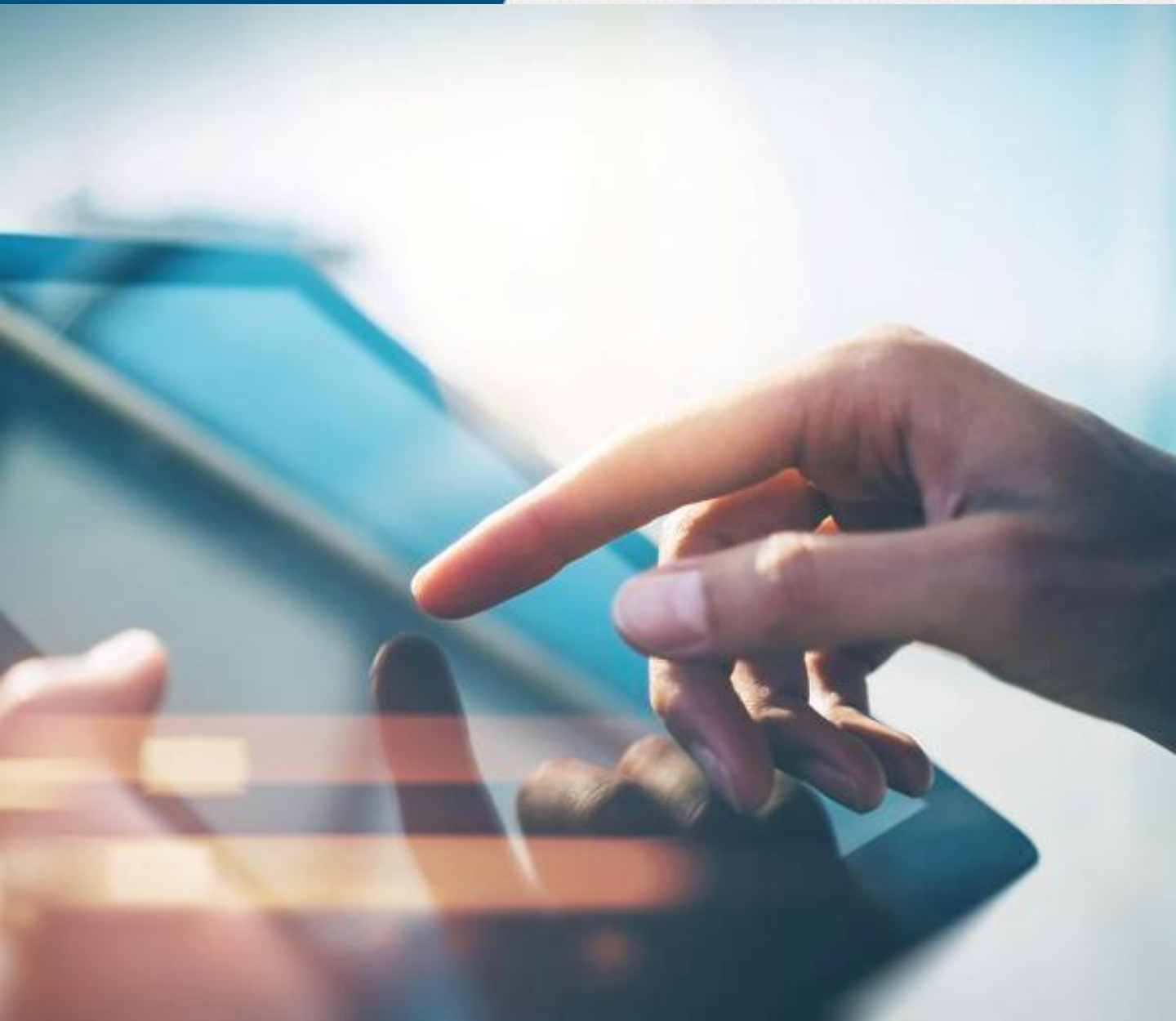
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- **Zoe Bowley is to step down as managing director of PizzaExpress**, after more than 12 years with the business, to “pursue her next chapter”. Bowley has been managing director of PizzaExpress for the past five and a half years. Prior to that she was its chief operating officer and spent over six years as the brand’s operations director.
- **Potato Corner, the Filipino, kiosk-based flavoured fries concept**, has made its debut in the UK, with an opening in central London. The company has opened its first UK site in the Medz Corner Food Court on Kensington High Street.
- **The Restaurant Group (TRG), the owner of Wagamama and Brunning & Price, has opened the first site under the Barburrito brand**, since it acquired the business last July for £7m. The Andy Hornby-led company opened the site in Aberdeen’s Union Square just before the end of last year.
- **Mowgli, the Indian street food concept, has set out the timetable for its next four openings**, including its long-awaited launch in Bristol. The Nisha Katona-led, Foresight-backed group will open its next site in Brighton (Dukes Lane) on 24 February. It will be followed by an opening in Edinburgh (Hanover Street) in April. The group’s new sites in Bristol and Beverley (North Bar Within) will open later this summer.
- **Greggs** has reported a rise in sales during the Christmas trading period despite the impact of adverse weather and strikes at the end of 2022. Like-for-like sales grew by 18.2 per cent in the three months to December 31. This lifted its total sales for the year to £1.51 billion, an increase of 23 per cent compared with the same period in 2021. Demand for Greggs’ seasonal lines was high, it said, including its festive bake, a vegan alternative, sweet mince pies and festive hot drinks such as the salted caramel latte.
- Meanwhile, **Greggs** has again upped the price of its sausage rolls, as new chief executive Roisin Currie said she thought 2023 will “start off tough”. The price of the Greggs sausage roll has risen to £1.20, up from £1.15 in October. In October last year, it rose from £1.10 to £1.15 after starting 2022 at just £1. In some city-centre locations like London, its sausage roll now costs as much as £1.45. Currie said its breakfast meal deal remains at £2.60 and its lunch deal at £3.60.
- **Pret A Manger** is to launch a new value range of sandwiches and its first meal deal promotion, which it said will help customers spend less as the cost-of-living crisis continues. This month, customers will be able to buy any full-size baguette with Pret’s crisps or popcorn for just £5. The deal is available now and runs throughout January. In addition to the baguette offer, Pret is expanding its value range – Made Simple – to include eight freshly made sandwiches starting from just £2.99 in the vast majority of shops.
- **Popeyes** launched a Snacking Menu offering customers to choose either 2 tenders or 3 hot wings served with fries for £3.99. A drink can be added for an extra £1.
- **Browns** offers £10 off when you spend £40 until 27th of January 2023.
- **Harvester** was offering 50% off all mains this week from Tuesday to Thursday.

Market News (3)

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- **Leon** will give away one free coffee per customer from its self-serve kiosks every Friday in January. Starting today (Friday, 6 January) and running to Friday, 27 January, the offer will be available from Leon's circa 65 self-serve kiosks across the country. All hot drinks are included in the deal, in any size, with the option to add syrup free of charge too. It follows Leon's announcement in November that the business will more than double the number of its self-serve coffee kiosks in the UK to over 200 before the end of January. The new machines will primarily be in additional convenience stores of owner EG Group, along with a large rollout in Asda supermarkets.
- **KFC** has launched a 5 week 50% App-exclusive campaign. Rotating product every Monday, starting with 4 boneless mini fillets meal that includes a side and a drink.
- **Burger King** has launched a new Bakon Kings range. To celebrate the launch, customers could get a free Vegan Royale Bakon King or a Plant-based Bakon King Single when they bought one. Burgers are made with a Plant-based Whopper or Vegan Royale patty, strips of Vegan Bakon, and topped with smooth slices of Vegan Cheeze. The offer was available from 31st December 2022 until 3rd January 2023 and later replaced with a different offer where you can get a Plant-based Bakon King Single burger or Vegan Royale Bakon King for just £3. This offer is available exclusively on the BK App from 4th January 2023 to 31st January 2023. Plant-based Bakon King is plant-based, however it is cooked on the same broiler as Whopper®.



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