



Macro & Market News

Week 9 2023 – Week ending 03/03/2023



Macro/Economic News

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- **The CBI** reports that the private sector saw activity decline in the three months to February for the seventh consecutive rolling quarter.
- **UKHospitality's** Workforce and Skills Seminar highlights the significant job creation taking place in accommodation and food service, with a record 2.6 million people now employed in the sector. Vacancies in the sector are still 64% higher than pre-pandemic levels.
- **Lidl** has joined the growing number of retailers that introduced limits on sales of certain fruit and vegetables due to shortages of fresh produce. The company is putting limits of three per customer on sales of peppers, tomatoes and cucumbers. A Lidl spokesperson told the BBC that 'adverse weather conditions in Spain and Morocco' had impacted the availability of certain salad items. The ongoing shortage of tomatoes could mean Italian restaurants make white pizzas and tomato-less pasta dishes more prominent menu items.



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- **Cornish Bakery** plans to open 15-plus new shops annually in the next few years, with 95% of the next 50 set to open in UK high streets. The high street is relatively new territory for Cornish Bakery, with a current 80-20 split in favour of tourist locations. But it expects this to be more like 50-50 by the time the company reaches 100 stores. Cornish Bakery has six new sites either being built or in paperwork, with Bury St Edmunds, Bakewell and Truro due to open in the coming weeks, as well as a second bakery in Whitby. The pipeline following that includes shops right across the UK but focusing on the north and south east. Of the 51 current sites (including six locations under a franchise agreement with Roadchef), 49 are in England and two are in Scotland.
- **Café Rouge** sites in Reigate, Surrey, and in Haywards Heath, West Sussex, will be converted to the fast-casual pan-Asian brand Banana Tree, also owned by The Big Table Group. The site in Haywards Heath was originally the pilot for a new Rouge concept that launched last year, which included the word Café dropped from the name. The first site to be converted to Banana Tree however will be the ex-Café Rouge site in Wellington Street, Covent Garden. It will be followed by the Café Rouge at the O2 Arena. The Big Table Group acquired the nine-strong Banana Tree brand for an undisclosed sum last September. Founded more than 30 years ago by William Chow, Banana Tree started as a single site in London's Maida Vale and currently operates six sites in the capital along with restaurants in Chelmsford, Milton Keynes and Oxford.
- **Mitchel & Butlers** restaurants and pubs were offering various discount throughout this week:
 - Sizzling Pub Co chain was offering 40% off mains Monday to Thursday. Voucher required.
 - Harvester and Toby Carvery were both offering 50% off mains Monday to Thursday with voucher. Those who visited and used the offer, can enjoy a 25% discount on mains in the next 30 days (Mon to Wed).
- **Oakman Group** has raised £5.3m from its existing shareholders and announced a board restructuring following the departure of financial director Koula Achillea. John Leslie, currently non-executive director and shareholder, becomes non-executive chairman while Peter Borg-Neal returns to the position of chief executive. Dermot King will take charge of the finance team on an interim basis “and will take on the critical responsibility of focusing on Oakman’s strategic direction”. Meanwhile, head of HR, Jill Scatchard, joins the board as HR director. For the 26 weeks to 1 January 2023, Oakman’s total sales were up 41.5% versus 2019, with like-for-like sales up 9.8%. Total sales versus 2021 were up 10.4% and up 1.1% on a like-for-like basis.
- **Chaiwala** is set to open its third Scottish site, in Edinburgh. The chain, which already has sites in Glasgow and Dundee, has taken a vacant former retail unit in the Scottish capital’s Fort Kinnaird development. Chaiwala, which opened its first site in 2016, in Leicester, now has about 80 UK sites. In January, it opened the first Indian drive-thru in the UK, in Bolton, Greater Manchester.

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- **Pret A Manger** has announced a third pay rise in 12 months for its 7,870 UK shop staff. From 1 April 2023, team members, baristas and shop managers will receive an additional 3% pay increase, on top of the 5% increase that came into force in December 2022. Average base pay for shop staff will increase by 19% in the year to April, while average entry level pay will have increased by 15% year on year to above £12, including the brand's Mystery Shopper Bonus, which is above the UK National Living Wage and inflation. The latest pay increase will be applied to shop employees irrespective of age, although some differences may apply depending on role, experience, and location. The company said that team members will see a pay increase from between £10.30 and £11.55 per hour to between £10.60 and £11.90 per hour depending on location, or between £11.85 and £13.15 per hour with Mystery Shopper Bonus. At the same time, baristas pay will increase from between £10.85 and £12.50 per hour to between £11.20 and £12.85, depending on location and experience, or between £12.45 - £14.10 per hour with Mystery Shopper Bonus. The company said that it has also launched a new discounts portal, which provides staff with access to fresh food and other essential items from major supermarkets and other businesses at a lower cost. This new portal builds on Pret's existing benefits package, which includes free food and drink while on shift (including breakfast and lunch) and a 50% discount for all staff otherwise.
- **Wendy's** is expected to have 45 sites in the UK by the end of this year. At the end of 2022 Wendy's had 12 UK company restaurants, and 29 restaurants in total, which included 16 REEF and one traditional franchisee.
- **Nando's** has announced the launch of This Must Be The Place, a new brand platform and national campaign that it says celebrates the "uniqueness of the Nando's experience". Teased earlier this week on the brand's social channels, This Must Be The Place has launched with a film by British director Jonathan Entwistle. Nando's has also unveiled its first ever sonic logo (an audible version of a brand logo). Inspired by Nando's Southern African heritage and Afro-Luso music playlists, the company has created an "infectious new sound" which will run in-restaurant and through advertising and internal communications. The campaign will roll out in restaurants through digital takeovers, and each restaurant and employee will be invited to participate. Nando's head of brand, Hannah Smith, said: "We're excited to launch This Must Be The Place – our new creative platform that will inform all brand activity moving forwards. We're so proud to be able to offer such a unique experience as a restaurant – whether it's trying a new spice on the PERi-ometer or telling your mates about a first date you had – everyone has a Nando's story, and that's what This Must Be The Place represents. It's a message that we will be championing throughout the business, and we have a heap of activity planned throughout the year." This Must Be The Place is Nando's first national campaign since it launched delivery in 2020.
- **World Coffee Portal's** research has found that the UK drive-thru coffee market increased by 104 outlets in 2022 to reach 696 sites. The leading players were Costa Coffee and Starbucks, with 316 and 284 sites respectively. Tim Hortons doubled its UK drive-thru estate last year to 55 stores.

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- **Costa Coffee** has named Philippe Schaillee as its new CEO, effective 10 April. Schaillee comes to Costa from Groupe SEB, where he has served as executive vice president in charge of Products and Innovation since April 2021. Schaillee began his career with the Sara Lee Group in Belgium in 1994, where he held various marketing roles. In 2000, he moved to the United States, where he was executive vice president of marketing for the coffee and tea businesses. He later became EVP of the beverages division. In 2006, he was named EVP of the Breakfast, Snacking & Beverages division. In 2008, he was appointed SVP, chief marketing officer and executive committee member for all of the Sara Lee Group's categories in the United States. In 2012, Schaillee returned to Europe, where he joined Jacob Douwe Egberts (JDE) Group. He was named president of the Professional Coffee Division and served as a member of their executive committee. Most recently, he has been a member of the executive committee at France-based Groupe SEB, which is a global market leader in cookware, small domestic appliances and professional coffee equipment, with brands that include WMF, Schaerer, All-Clad, Krups, Tefal and Rowenta. Schaillee is a graduate of Catholic University Leuven and holds an MBA from Vlerick Leuven Ghent Management School, both in Belgium. Schaillee succeeds former Costa CEO, Jill McDonald.
 - **Costa Coffee** has just launched a new plant based milk alternative – the Ultimate Blend. It's free for those willing to try it for two days, March 2nd and 3rd.
 - **Sainsbury's** has donated its 10 millionth meal to those facing food insecurity in 18 months through its work with Neighbourly, saving 4,500 tonnes of food from going to waste.
- The retailer has worked with Neighbourly since 2021 to connect all its stores with local charity partners, helping to manage surplus food donations. Through the partnership, both ambient and fresh groceries can be donated to a store's connected charity.
- **Busaba** is set to open in the Lakeside Shopping Centre in Thurrock, Essex, on 15 March. Busaba will be offering a lunch deal of any pad Thai or rice bowl for £11 until 4pm from Monday to Friday. Busaba's other out-of-London site is in Oxford, having closed its Cardiff site in January. This followed the closures of other regional sites in Manchester, Liverpool, St Albans and Bicester. It also operates nine restaurants in the capital. In January, private equity firm Tnu Capital, which has backed Busaba since 2020, has acquired Essex-based steak and lobster business Bourgee, which would be operated separately from Busaba.
 - **Wasabi** has secured new funding to support its growth. Wasabi said trading has been encouraging in the first two months of the year. The restaurant business consistently outperformed 2019 comparables throughout the fourth quarter of 2022 and it said the trend has improved through the start of 2023, despite the impact of rail and tube strikes. Firm's grocery business has continued to grow, achieving record weekly sales following the products' success in Sainsbury's and the recent launch in Tesco. Wasabi has 43 sites in the UK and a ready meal grocery range distributed in more than 1,100 Sainsbury's and 1,500 Tesco stores across the UK.



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