



Macro & Market News

Week 45 2022 – Week ending 11/11/2022



Macro/Economic News

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- **The ONS** has released its first quarterly estimate of UK gross domestic product for Q3. It shows an estimated fall of 0.2% in Quarter 3, 2022. Monthly estimates show that GDP fell by 0.6% in September 2022 which was affected by the bank holiday for the State Funeral of Her Majesty Queen Elizabeth II, where some businesses closed or operated differently on this day.
- **The Halifax** says that house prices fell by 0.1% in September and by a further 0.4% in October. The annual rate of growth fell from 9.8% in the year to September to 8.3% in October. Compared to the level of inflation, these are now declines in real terms. This and other data has led The Resolution Foundation to claim that around 200,000 households will be trapped in “negative equity” next year if house prices fall by 8% as predicted.
- **The CEBR** forecasts that the gap in average incomes between poorer regions and better off areas in the UK will widen between the general elections in 2019 and 2028. The CEBR says the UK’s poorest regions will suffer disproportionately. It says ‘the northeast of England and the west midlands are expected to suffer an above-average decline, with output falling by 2 per cent, because of their reliance on the manufacturing sector.’
- **Millions of people** on low incomes will begin to receive £324 into their bank accounts this week as a second part of a £650 sum being paid out to people receiving certain benefits including Universal Credit.
- **Poultry farmers** are battling the country’s worst-ever avian influenza outbreak, which has proved lethal to turkeys, especially free-range flocks. English poultry owners have been required to keep flocks indoors since 7 November to combat further spread. The current outbreak – which began in October 2021 but has proved more severe this year so far than last winter – has already claimed two-fifths (40%) of the 1.2 million to 1.4 million free-range turkeys raised annually in the UK. Gressingham, one of the largest producers, said its entire goose flock across three farms had been wiped out. Some 2.3 million birds – including chickens, ducks, geese and turkeys – have been culled in the current bird flu season, according to official data, against 3.2 million in the whole 2021-22 season. While that is only a small proportion of the 20 million birds produced weekly in the UK, it has been weighted towards Christmas poultry. It is believed that several medium-sized turkey farmers have decided to exit the industry permanently. Ministers are allowing turkey producers to freeze then thaw birds, selling them as fresh – a measure enabling them to slaughter birds sooner in an effort to outrun the virus. The UK produces about 11 million turkeys a year, two-thirds of which are for the Christmas period.



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- **Deep Blue Restaurants**, owner of the Deep Blue and Harry Ramsden's brands, has signed an exclusive retail development license agreement with Boparan Restaurants Group (BRG). The agreement allows BRG to include the Harry Ramsden's brand in its new supermarket restaurant concept that also includes BRG's own brands such as Carluccio's Cafes, Slim Chickens, Ed's Easy Diner and Gourmet Burger Kitchen. The "Restaurant Hub" concept is being rolled out across 150 Sainsbury's supermarkets over a three-year period. Under the terms of the agreement, BRG will also have exclusive rights to develop and distribute Harry Ramsden's approved products to grocery retailers.
- **Paul** is aiming for a 100-site UK estate, with 50% of it franchised. The brand, which operates circa 36 bakery stores in the country, made its UK franchise debut last month when Graham and Matthew Allan took over the running of its store in Oxford. There are no plans to open any stores in the remaining part of this year. Slow and steady growth throughout the year has seen sales close in on 2019 levels, according to company's CEO. Average ticket has grown, but work still to be done to recover overall transactions versus 2019. New Christmas offerings from Paul this year will include a Vanilla & Pecan Buche, a Mince Pie Pastel de Nata, and a Vegan Trimmings Sandwich.
- **Lounger's** new roadside dining brand, Brightside, was announced this week, with the company saying it is 'taking a relatively big bet' on the concept. Brightside will be a restaurant brand reminiscent of Little Chef and Happy Eater sites that were a hit decades ago. The first restaurant to open will be on the A38, south of Exeter, in February 2023, with two additional locations to follow in spring on the A303 near Honiton and on the A38 near Saltash. The menu, targeting families, locals and holidaymakers, will offer a freshly cooked classics, comfort food-style dishes, including burgers, pizzas, brunch and kids' dishes. Loungers currently operates 175 Loungers and 35 Cosy Club venues.
- **Coffee#1**, the Caffe Nero-owned brand, has reported strong like-for-likes sales growth taking sales to 111% of pre-pandemic levels in the first five months of its financial year (June 2022-October 2022). In September and October, sales reached 117% of 2019 levels, giving Coffee#1 its first £1m gross sales week. This record was then broken again during the October half-term, which saw more than a quarter of a million people served in a single week for the first time. During the period, Coffee#1 opened four new stores and now has 106 UK sites. Another five new openings are anticipated over the next three months as the business continues to expand its geography. Buxton is Coffee#1's most northerly store to date at the moment. Coffee#1 has also launched a delivery partnership with Just Eat in more than 60 locations and plans to expand the service further. A new click-and-collect function, which will run through the brand's app, will also be launched in the coming weeks.
- **Stonegate's** CEO Simon Longbottom will step down at the end of February next year, being replaced by BrewDog's chief operating officer David McDowall.

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- Heavenly Desserts**, an artisan dessert restaurant with 42 stores in the UK, prepares to expand into international markets as it's launching the brand in Canada next month and has four openings in the pipeline. Heavenly Desserts' first international opening will be in the district of Mississauga, near Toronto. Master franchise rights have also already been secured in the US, Pakistan, and Copenhagen in Denmark.
- Friday** (formerly known as TGI Friday's) will open its 86th UK restaurant in Barnsley's Glass Works development on 16 November, spanning around 5,300 square feet with covers for 200 both indoors and outdoors, creating 70 jobs.
- Pret** plans to roll out its self-service coffee-to-go solution to more than 50 locations in the UK by the end of the year.
- Waitrose**, from 7 November, offers holders of its myWaitrose loyalty card a free coffee or tea in store. Customers can claim a hot drink from any of the supermarket's 331 shops, with no minimum spend required, but must bring their own reusable cups. A similar scheme run previously by Waitrose was scrapped during the pandemic. The offer was first brought in for all cardholders in 2013 – even those who had not bought anything in the store – but was updated in 2017 so shoppers needed to buy something before claiming their free drink. The supermarket has since partnered with Caffè Nero, to offer the 650-strong coffee house's range of drinks.
- JD Wetherspoon** has reported that like-for-like sales for the 14 weeks to 6 November 2022 were 9.6% higher than the same period last year and 0.4% higher than the 14 weeks ending 3 November 2019. For the first nine weeks of the financial year, sales were 1.5% above the same period in calendar-year 2019. For the last five weeks, sales were 1.1% lower than the same period in 2019. The company has opened one pub during the period and sold five pubs. In addition, the lease of a pub at Doncaster airport came to an end and reverted to the landlord. The company currently has a trading estate of 847 pubs. As previously reported, the company has recently put 32 pubs on the market and intends to add a further seven pubs to the disposal list shortly. Most of the pubs are in close proximity to existing Wetherspoon pubs.
- Coca-Cola HBC AG** has reported Q3 numbers showing that total organic net sales revenue rose by 7.4% with organic volumes, ex-Russian and Ukraine, up by 5.7%. The company says that organic revenue excluding Russia and Ukraine was up 19.6% in Q3, continuing H1's strong momentum.
- The Big Table Group** has appointed John Baker as managing director of its **Bella Italia** brand. Baker, who started his career with Allied Domecq and Mitchells & Butlers, was also previously operations director at Betty's and Taylor's of Harrogate, had roles at Pizza Hut, Debenhams and more recently at Krispy Kreme, where he was chief operating officer, will join the 70-strong Bella Italia on 14 November. Megan Trimble, formerly of Tim Hortons and The Restaurant Group, has joined Bella Italia as its new marketing director.

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- **McDonald's** is replacing plastic cutlery with paper-based spoons, knives and forks across England and Wales. The move will eliminate 858 metric tonnes of plastic each year. The new cutlery is made from renewable, Forest Stewardship Council certified pressed-paper and is fully recyclable and compostable. It comes after the company already switched to the paper-based alternatives across restaurants in Scotland, Northern Ireland and the Republic of Ireland. The move is a part of the company's sustainability strategy – Plan for Change. This includes a goal to achieve net zero emissions across its UK and Ireland business by 2040. McDonald's also set a target to ensure all its packaging is made from renewable, recycled or certified sources and is fully recyclable and compostable by 2024. It has already introduced paper-based straws, new McFlurry cups without plastic lids, and developed salad boxes made from card.



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