



# Macro & Market News

Week 3 2023 – Week ending 20/1/2023



# Macro/Economic News

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- **Environment secretary** Thérèse Coffey has announced late last week a ban on a range of single-use plastics in England from October 2023. The ban will include single-use plastic plates, trays, bowls, cutlery, balloon sticks, and certain types of polystyrene cups and food containers. From October, people won't be able to buy these products from any business – this includes retailers, takeaways, food vendors and the hospitality industry. The ban will not apply to plates, trays, and bowls that are used as packaging in shelf-ready pre-packaged food items, as these will be included in the government's plans for an Extended Producer Responsibility Scheme – which will incentivise producers to use packaging that can be recycled and meet higher recycling targets. Through the Environment Act, the government said it is bringing in further measures to tackle plastic pollution and litter. This includes a Deposit Return Scheme for drinks containers to recycle billions more plastic bottles and stop them being landfilled, incinerated, or littered via a small deposit on drinks products to incentivise people to recycle, and plans for consistent recycling collections for every household and business in England.
- **The ONS** has updated on inflation saying that the rate of CPI was 10.5% in the year to December, down from 10.7% in the year to November. Pushing inflation up, the ONS added, were higher prices in restaurants and hotels, food and non-alcoholic beverages.
- **The ONS** has reported that retail sales fell by 1% in December. The Office for National Statistics said that retailers told them "consumers are cutting back on spending because of increased prices and affordability concerns". There was a sharp drop at non-food stores, but food stores also reported a fall in sales. The ONS also revised down figures for November: sales volumes fell by 0.5% instead of the original estimate of a 0.4% drop. The drop in food sales during December reinforced the view that people stocked up for Christmas earlier. In November the volume of retail sales at food stores rose by 1%.
- **GfK's** consumer confidence index has just been produced for January showing that confidence slipped three points to minus 45. GfK says that four measures were down, and one was up, in comparison to the December 16th announcement.
- **Aslef** train drivers are set to strike on 1 & 3 February after union bosses rejected a pay offer from rail companies. The ONS reports that 467,000 working days were lost to strikes in November 2022, the highest for November since 2011. For 2022 as a whole, the number of strike days reached a 30-year high with 1.9 million work days missed.
- **The Rail Delivery Group** has confirmed on 19 January it has sent its 'best and final offer' to the RMT union, which should see a 5% and 4% percent increase for staff covering the 2022 and 2023 pay awards. The Union promised to reply "in due course".



# Market News

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- **Café Rouge** rewards its newsletter subscribers with an unlimited £10 off to spend once per day until the end of 31st January. And that is on top of weekly offers, which this week is 50% off French-inspired mains from 16th-22nd January.
- **Wendy's** chief executive Todd Penegor said that company has grown the market to a footprint of almost 30 restaurants in well under two years. As of year-end, this includes 12 company-operated restaurants as well as Wendy's first traditional franchise-operated restaurant. The company's first UK drive-thru is expected to open at Northern Gateway scheme in Colchester, and it is also thought to have lined up a further drive-thru site on Derby's Normanton Road. Last month, the company opened its first traditional franchise site in the UK, in Sheffield. Wendy's has so far approved six franchisees, who will take on territories including Scotland and Wales.
- **Tortilla** will open at the Derby's flagship retail and leisure destination, Derbion, next month, joining the likes of Popeyes and Burger & Sauce as recent additions. Derbion has invested more than £3.6m in its food offering in the past few years and recently spent £2m on food court refurbishments. Tortilla earlier this week announced UK like-for-like revenue growth of 16.0% on FY19 and a FY22 performance in line with market expectations. Following the trading update, chief executive Richard Morris told Propel the business is refocusing on its in-house service and standards, and said delivery is now 30% of its sales.
- **Just Eat** is launching a grocery delivery partnership with Sainsbury's. The partnership will launch with more than 175 stores by the end of February in locations including London, Edinburgh and Bristol, with plans to roll out to more cities and towns across 2023. With more than 2,000 grocery sites already on the platform, Just Eat said this marks a significant step in its plan to expand its grocery offer even further and to give customers "the greatest choice and convenience". The partnership will widen the range of products available, starting with more than 3,000 items ready for consumers to buy online.
- **Greggs** is to open its first site at a London airport, at Gatwick. The site will open in South Terminal arrivals later this summer and will be the first new food and beverage outlet to open at Gatwick in 2023. Situated immediately opposite the arrivals gates, the store will be ideally located for those using the newly refurbished Gatwick airport train station to grab a coffee or quick breakfast on their way to work, and for those awaiting the return of loved ones from a trip abroad.
- **Burger & Sauce** has opened a site in Leicester and is planning ten more outlets in 2023. The restaurant, in London Road, is run by a franchisee and he is eyeing further expansion once the Leicester outlet is established. The Leicester site is the ninth to open since Burger & Sauce launched in 2020. Last year, the company said it was targeting a UK estate of 300-plus stores.
- **800 Degrees Pizza** has confirmed it will launch its debut UK site on Tuesday, 24 January, in Reef Food Hall at Gravity Southside in Wandsworth. This will be followed by two further UK sites in the next three months. At Gravity Southside, guests will be able to order pizzas via a QR code, or for delivery via Deliveroo. Pizzas include the Butter Chicken, with tikka sauce, red onions and chillies; the Doppio, with crispy pepperoni and spicy salami; and the Build Your Own option, featuring a vast selection of premium toppings.
- **Neat Burger** has signed a delivery deal with Uber Eats which will see eight of its stores (Soho, Oxford Circus, Camden, Finsbury Park, Victoria, Liverpool Street, Canary Wharf and Westfield Stratford) launch on the platform's app. Neat Burger's new menu includes sides such as Buffalo Cauli, Mac n Cheese and Nasty Nachos, while this month also sees the launch of its limited-edition Chick'n & Waffles, a plant-based take on the classic American brunch dish featuring a toasted Belgian waffle and fried Chick'n nuggets, topped with bacon bits and served with maple syrup.

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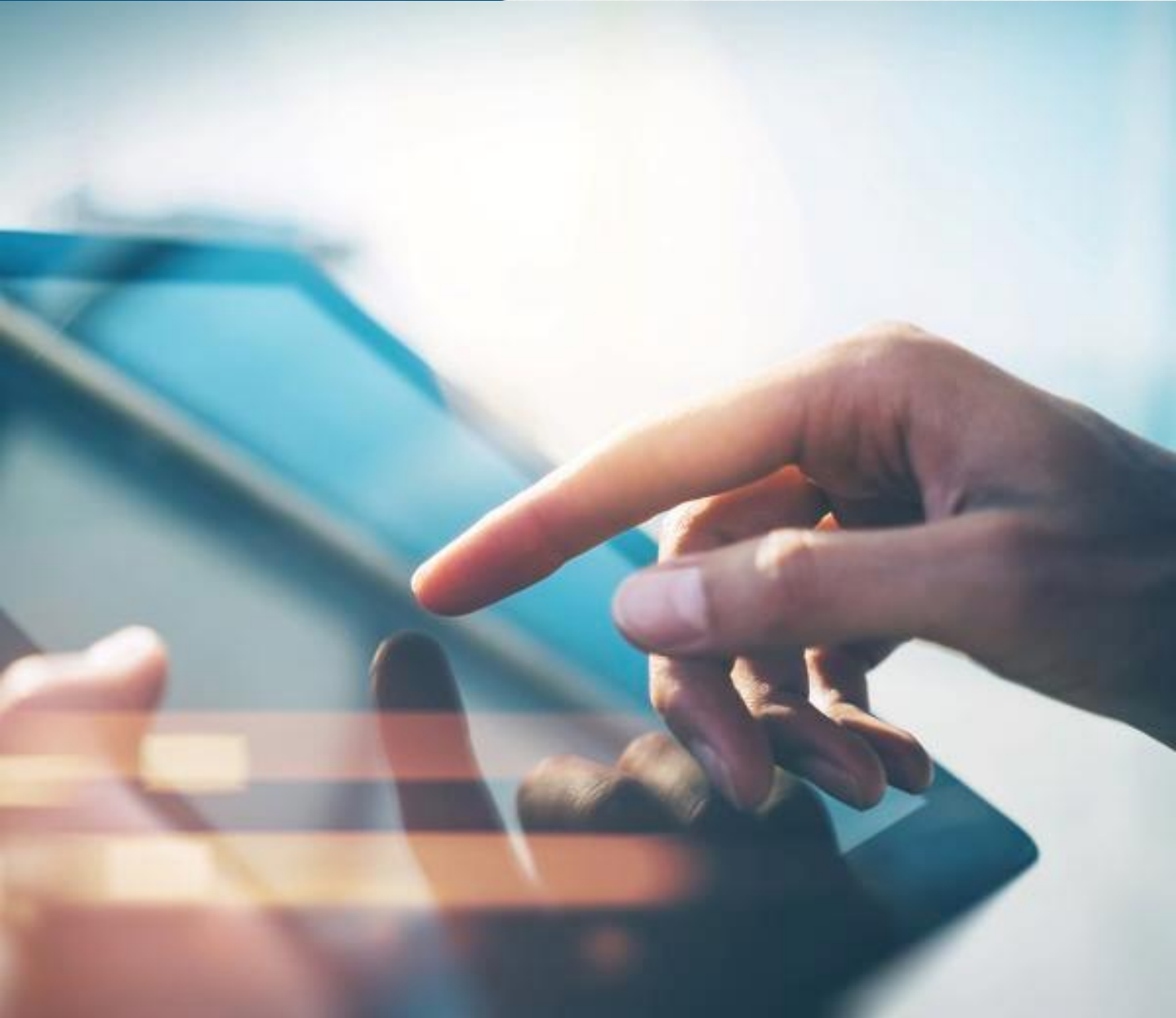
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- Wendy's** has confirmed it will open its debut UK drive thru site on 23 January in Cambridgeshire. The new site at Brampton Hut, located on the A1/A14 intersection, will be operated by Blank Table, the brand's second UK franchisee. It plans to open more Wendy's restaurants in the southeast area this year, including locations in Wisbech and Cambridge. Wendy's is also thought to have lined up further drive-thru sites at the Northern Gateway scheme in Colchester, and on Derby's Normanton Road.
- Black Sheep Coffee's** like-for-like sales increased 43% in 2022 against the previous year, with total fourth quarter revenues rising 25% on the same period in 2021. Co-founder Gabriel Shohet said the company 'should at the very least double sales in 2023 versus 2022' and has set a base forecast to operate 131 shops by the end of 2023. Founded in 2013, Black Sheep Coffee currently has 53 stores across the UK, with new openings slated in Edinburgh, Newcastle and Cardiff early this year.
- Ian Cranna** has been appointed as the new general manager for Taco Bell in the UK and Europe. Cranna brings more than 25 years' experience of working for major retail and food and beverage brands to Taco Bell, which operates circa 120 sites in the UK. He spent more than two and a half years as chief marketing officer at Compass Group UK & Ireland. Prior to that he spent more than 15 years at Starbucks EMEA, including stints as its vice-president Reserve and roastery, and vice-president marketing and category. He replaces Gino Casciani, who after almost three years as general manager for Taco Bell UK & Europe, has been promoted to vice-president international operations for the brand.
- Tortilla** has lined up a debut site in Northern Ireland. The 82-strong business is to redevelop a site in Belfast's Arthur Square for an opening later this year. It has secured a ground floor unit previously used by Google and shoe retailer Hotter, which has been vacant since October 2020. New sites set to open in FY23 include
- Derby and Greenwich (London) in the spring, with a "healthy pipeline" of further openings planned for later in the year.
- Just Eat Takeaway** reports total orders of €239.8m in Q4, down from €273.7m in the prior year. It reports Gross Transaction Value was down 2% at €7.1bn. The company has reported that it generated Adjusted EBITDA amounting to approximately €150 million (or 1.1% of GTV) in H2 2022, representing a material improvement from minus €134 million in H1 2022. It says this was driven by improved Revenue per Order, Delivery costs per Order and Overheads & Opex.
- Byron and Mother Clucker** businesses, owned by Famously Proper, were majority acquired out of administration for a total consideration of £856,000 by Tristar Foods, a new company owned by Sandeep Vyas, co-founder of Calveton, the parent company of Famously Proper. The new company acquired 12 of Byron's 21 sites as part of a pre-pack administration process. The restaurants transferring to Tristar Foods are the Byron sites in Bury St Edmunds, Cambridge, Edinburgh Royal Mile, Ipswich, Liverpool, London – Central St Giles, London – Covent Garden, London – Old Brompton Road, London – White City, Norwich, Oxford and York. The remaining nine restaurants closed with immediate effect. They are Bluewater, Chelmsford, Edinburgh Lothian Road, Leeds, London – Wembley, Manchester, Milton Keynes, Salisbury and Southampton. It is thought that Byron will continue to be led by chief executive Gavin Cox, who joined the business in the summer of 2021.
- Burger King UK** has partnered with UK Youth, a leading charity that "amplifies the voices of young people and nurtures their individual ambitions to reach their full potential". The new partnership is set to provide essential funding over the next two years to progress its strategy to 2025, 'Unlocking Youth Work'.

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- **Pasta Evangelists** has announced the launch of its own takeaway service in London, with an ambition to cover all major UK cities by mid-2023 and plans to eventually open more than 800 takeaway units. The company, which was founded in 2016 by Alessandro Savelli, first entered the takeaway market with a single unit in East London with Deliveroo, but now operates more than 30 takeaway units across the capital. Following a majority stake sale to Barilla in 2021, in a deal worth around £40m, Pasta Evangelists said its sales have grown three-fold, doubling its revenue from 2021 to 2022. It said it now stands as the biggest pasta brand in the UK by revenue and is “only continuing to grow”. The brand credits this growth to its expansion into new channels, which have included a high-end restaurant in Harrods, a cooking school in Central London, and a growing takeaway business with Deliveroo, Uber Eats and Just Eat.
- **Boparan Restaurant Group** is opening a site for its The Restaurant Hub concept in partnership with Sainsbury’s at the Carpet Trades Way store in Kidderminster at the end of this month. The site will house Caffè Carluccio’s, Gourmet Burger Kitchen, Slim Chickens, Ed’s Easy Diner and Harry Ramsdens, in collaboration with Deep Blue Restaurants. The store is the third in the West Midlands to add The Restaurant Hub following openings in Wolverhampton and Selly Oak, Birmingham, last year, reports the Express & Star.
- **Deliveroo** has reported a gross transaction value (GTV) in the fourth quarter in the UK and Ireland to be up 9% year-on-year and said full-year profitability is ahead of previous guidance, orders increased 7% to 158.4 million.
- **Yum! Brands**, the owner of KFC, Taco Bell and Pizza Hut, has disclosed it was hit with a ransomware attack earlier this week, but there is no evidence that customer databases were stolen. The company said it took certain systems offline, and is currently looking to fully restore affected systems, which is expected to be largely completed “in the coming days.” Fewer than 300 restaurants in the UK were closed for one day following the attack. The company said: “While this incident caused temporary disruption, the company is aware of no other restaurant disruptions and does not expect this event to have a material adverse impact on its business, operations or financial results.”



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