



Macro & Market News

Week 42 2022 – Week ending 21/10/2022



Macro/Economic News

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- Liz Truss resigned on Thursday after a rebellion by Tory MPs, making her the UK's shortest-serving prime minister. A fast-tracked contest will see a new PM declared within a week, with the decision in the hands of Tory MPs and possibly Conservative Party members, but Labour leader Sir Keir Starmer and other opposition parties have called for an immediate general election.
- Two thirds of tax cuts from the mini-budget on 23rd September have been reversed. New chancellor Jeremy Hunt said the strategy, which includes keeping income tax at current levels, would bring in £32bn. The move comes after economists warned the original plans would leave a £60bn black hole in the public finances. The International Monetary Fund has said that the U-turn on tax cuts will help "better align fiscal and monetary policy in the fight against inflation".
- A scheme to cap all household energy bills for two years will be cut from April, the new chancellor has said. Jeremy Hunt said the support - which limits a typical household bill to £2,500 - would be reviewed so it cost "significantly less than planned". Typical household energy bills could reach £4,347 a year from April, analyst Cornwall Insight has estimated. The Financial Conduct Authority (FCA) has estimated that 7.8 million people in the UK currently find bills a "heavy burden", up from 5.3 million in 2020.
- CPI has returned to a 40-year high, rising to 10.1% in the year to September, up from 9.9% in the year to August, reports the Office for National Statistics (ONS). Food costs jumped 14.5% in the year to September - the biggest rise since 1980 - with bread, cereals, meat and dairy prices all climbing, along with energy bills and transport costs. The ONS has also reported that
- Retail sales volumes fell more than expected by 1.4% last month, continuing their slide from August, according to the ONS, who also reported that government borrowing - the difference between spending and tax income - rose to its second highest September on record at £20bn, up £2.2bn from a year earlier.
- UK consumer confidence increased two points in October to -47, GfK has reported. 'UK consumers [are] grappling with 'new abnormal' amid uncertainty and turmoil' it said. Three measures of its Consumer Confidence Index were up, one was flat and one decreased in comparison to September.
- More rail strikes over pay and conditions will take place on 3, 5, and 7 November, the RMT union has announced. It threatens a week's worth of disruption similar to previous strikes.
- Mortgage interest rates are the highest they have been since the 2008 financial crisis, according to research from Moneyfacts. The average rate for two-year fixed rate loan rising to 6.53% on Tuesday, Moneyfacts said. That was the highest rate for such a deal since August 2008.



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- **Restaurant chains including Burger King, KFC and Pizza Hut** are facing the prospect of “severe disruption” to food supplies in the run-up to Christmas, according to The GMB union. The union said it was launching a strike vote among its near-600 members at Best Food Logistics, which delivers fresh produce to many big name, fast-food outlets and dining firms, which also include The Restaurant Group brand Wagamama and Azzurri Group-owned Zizzi. The GMB said 93% of staff had rejected a 6% pay offer as it was significantly below the rate of inflation and amounted to a real terms pay cut this year and into next.
- **McDonald’s** Convenience of the Future restaurants will not only enhance the customer experience but also unlock future growth, according to Chris English, the company’s UK & Ireland national operations director. Some 150 of the circa 1,450 McDonald’s restaurants in the UK are now operating under the concept, which launched earlier this year.
- **Caffè Nero and Waitrose** have launched a new partnership to offer customer benefits, reward loyalty and give a greater selection of premium “coffee at home” products to purchase in-store. The partnership will see Caffè Nero’s range of “coffee at home” products carried in Waitrose stores across the UK – with 20% off the normal price during November. Between 7 and 30 November, myWaitrose members will also get 20% off Caffè Nero’s “Coffee at Home” products. MyWaitrose members will also enjoy benefits in more than 650 Caffè Nero stores across the UK, while Caffè Nero app users will receive benefits in Waitrose stores. The free hot drinks offer for myWaitrose members also returns, including coffee using premium beans, crafted for Waitrose by The Nero Roasting Company. The hot drink offer will launch from 7 November, available across all 331 of Waitrose core stores, when myWaitrose members will be able to claim one drink every day when they complete a purchase at Waitrose.
- **Deliveroo** has reported a fall in orders in the third quarter of 2022. The company said GTV growth was up 5% year-on-year in the quarter in constant currency. It said orders were down 1%, reflecting the difficult consumer environment.
- **SSP Group** is trialling robot service technology to help servers with their day-to-day tasks. The pilot – the first of its kind in SSP UK – will see six service robots deployed later this month at the Sip & Stone Restaurant and Bar at Belfast airport. Two types of robots will be introduced. A service robot called “BellaBot” will bring food and drinks from the kitchen while “HolaBot” will collect plates and cutlery once customers have left their tables. “HolaBot” can be called remotely by colleagues to clear any section of the restaurant as necessary. “BellaBot” is also equipped with a voice and screen system and can greet customers for a true human-robot interaction.

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- **Lemon Pepper Holdings, which is rolling out Wingstop across the UK**, has secured an opening in Newcastle, as it looks to end the year with a 30-strong estate. Earlier this summer, Wingstop UK secured a new multimillion-pound debt facility to aid the further roll of the concept in the UK. It operates 25 sites here, comprising a mixture of bricks-and-mortar sites and dark kitchens. The company also has openings lined up in Brighton and Wood Green. The business told Propel that trading has been “extremely resilient” and it planned to open at least ten new sites next year.
- **Revolution Bars Group, which operates the Revolution and Revolución de Cuba brands**, is set to acquire Peach Pubs, the 22-strong gastropub operator, in a deal valued at between £10m and £20m. It is thought the rationale behind the deal will see the 69-strong Revolution tap into more daytime, less late-night trade, and more early week business balancing its estate. Peach will also provide a more affluent guest base. Revolution Bars Group has reported total sales in the year to 2 July were £140.8m, up from £39.4m in the prior year.
- **Birmingham** was named as Britain’s “most exciting food destination” last night at the Good Food Guide’s awards ceremony. The country’s second city was hailed for its “frequently exceptional restaurants right across the price range”.
- **Wendy’s**, the third-largest quick service restaurant chain in the US, is understood to have signed up Papas Hospitality Group, the company behind the Papas Fish & Chips chain, as one its first franchisees in the UK. Papas Fish & Chips operates ten sites under its eponymous brand across Yorkshire, Lincolnshire and Blackpool.
- **Leon** is set for further growth in London having opened two more sites in the capital. The company, owned by EG Group, has launched stores in Battersea and Euston Road. As well as an opening in Brixton, Leon is planning to expand in other areas of the capital, including Clapham and Southbank later in the year. These new openings represent a major part of Leon’s overall growth plans, which will see it have a total of 100 sites by the end of the year.
- **Just Eat Takeaway** has reported total orders for Q3 are down 11% on last year at 235.3m. Gross transaction value was €6.9bn, up 2% on the same quarter last year. JET says its focus has been ‘on profitability delivered material improvements to Revenue per Order, Delivery costs per Order and Overheads & Opex’.
- **Chopstix** has said it sees a runway for 500-600 UK stores by 2028 and is on its way to becoming “the largest Asian-inspired QSR brand in Europe”. The brand is on course to pass the 100-store mark by the end of its financial year.



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