



Macro & Market News

Week 26 2021 – Week ending 02/07/2021



Macro/Economic News

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- **Boris Johnson** has indicated there will be no early release from restrictions in England, saying it is 'sensible to stick' to the 19th July plan. New health secretary, Sajid Javid, had earlier said that he would like to see a removal of restrictions as soon as possible. It is believed that double-jabbed Brits won't have to isolate for ten days if they come into contact with a covid victim from 19 July.
- **The Covid-19 Furlough scheme** has been scaled back a little further, now paying just 70% of wages since Thursday morning this week, rather than the earlier 80%. The Telegraph reports that more than 3.4 million people continued to rely on the Government to pay their wages at the end of April 2021, but this will have come down since.
- **The businesses rates system in England** will be made fairer and more streamlined with more frequent property revaluations, according to proposals unveiled by the government. The government said that, under the plans, revaluations of non-domestic properties would take place every three years instead of the current system of five – ensuring they “better reflect changing economic conditions”. The proposals are set out in a government consultation that will form one part of its fundamental review of business rates, which will be published later this autumn.
- **The Welsh government** has announced a "final package of emergency support" for businesses still impacted by Covid-19 restrictions. Businesses in the principality will receive up to £25,000 of support, although this may be reviewed if further emergency measures are announced. To qualify for the latest raft of measures, businesses will need to show their turnover has fallen by over 60% versus the same period in 2019.
- **Inflation** could hit nearly 4% by the end of the year, according to Andy Haldane, The Bank of England's former chief economist. The Bank of England governor, Andrew Bailey, however has warned against an overreaction to rising inflation, saying that while it would continue to accelerate this year, this was likely to be temporary. In May, the UK rate of inflation rose to 2.1% - above the Bank of England's 2% target - after lockdown measures eased and consumer spending picked up.
- **UK households' savings** increased sharply at the beginning of this year as the third lockdown closed pubs, restaurants and non-essential shops, according to the Office for National Statistics. The savings rate rose to 19.9 per cent from 16.1 per cent in the fourth quarter of 2020. It had touched 25.9 per cent in Q2 last year.
- **Net consumer credit borrowing** was £280m in May, reversing the trend of paying down debt. The Bank of England has reported that households took on more consumer credit than they repaid in May for the first time since August. Credit card lending was relatively weak with £101 repaid in the month.



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- **The hospitality sector** is seeking greater flexibility and clarity on test and trace rules as the current process continues to cause havoc for businesses across the industry, as entire teams are forced to isolate and sites are closed.
- **UKHospitality** has called for government action on the sector's growing costs of delay to lifting restrictions and to consider a range of mitigation measures. It comes after prime minister Boris Johnson said while he saw no reason to lift all restrictions on 19 July, he confirmed it would not happen any earlier. But UKHospitality has highlighted how the delay in lifting restrictions risks further business failures via unsustainable accrued debts, as well as compounding problems in an already challenging labour market. From this week, hospitality businesses will have to restart business rates payments, have to contribute to furlough salary costs and face VAT repayments. UKHospitality has also called on both English and Scottish governments to address testing and isolation policies, which it said are unnecessarily compounding staff shortages in hospitality venues.
- **Nightclubs and music venues** will reopen without people having to take covid tests or show vaccine passports from 19 July. Michael Gove, the cabinet minister leading a review, is understood to believe it would impose "too much hassle" on the public and businesses to require tests for a night's dancing.
- **Ireland** is to restrict indoor drinking and dining in bars and restaurants to those who are fully vaccinated or who have previously been infected by covid-19, prime minister Micheal Martin has announced. The move is part of a more cautious approach to the easing of covid-19 restrictions due to concerns about the spread of the Delta variant of the coronavirus. Martin said indoor dining would not be reopened on Monday (5 July) as planned but would be delayed until a new system of vaccine certification has been implemented.
- **Tips** will all have to be handed over to staff under new proposals tabled in Parliament. Several pledges have been made in recent years to stop employers making deductions from money left for their staff by customers, although legislative action has failed to materialise. A new Tips Bill has been brought forward by Conservative MP Dean Russell in a bid to make progress on the issue and put protections in law. The Bill would prohibit employers from retaining tips intended for staff and also enable arrangements to be made about how tips are divided between staff.

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- **Greggs** has reported stronger than expected sales. In a brief trading update, it stated: “Greggs last reported trading performance on 10 May, at which point we had seen a strong recovery in sales levels following the easing of restrictions on non-essential retail across the UK. Since then we had expected to see increased competition as cafes and restaurants were allowed to compete more effectively with our largely take-out offer. In recent weeks the impact of pent-up demand for retail has reduced but, nonetheless, like-for-like sales growth in company-managed shops has remained in positive territory ranging between one and 3% when measured against the same period in 2019. This level of sustained sales recovery is stronger than we had anticipated and, if it were to continue, would have a materially positive impact on the expected financial result for the year. We will provide an updated picture when we present our interim results on 3 August 2021.”
- **Bridgepoint**, the private equity group behind Itsu and Burger King UK, is planning to raise £300m with a stock market flotation in London. The listing is expected to value Bridgepoint at up to £2bn in total. Bridgepoint, which recently acquired a stake in Itsu and previously backed Pret A Manger, focuses on mid-sized deals of up to €1bn.
- **Leon** has unveiled plans for its first drive-thru restaurant in West Yorkshire. The prominent new 2,000 square foot drive-thru restaurant is the first of its kind for the Leon brand, and the fourth Leon restaurant to open in West Yorkshire. The 50-plus cover restaurant, which is set to open in autumn 2021, is also the first new opening for the brand since its sale to EG Group in April 2021. Sustainability will be at the forefront of both the build and finished restaurant, being supplied with power from a 100% renewable energy source, having solar panels on the roof and, post-launch, plans to install a wind turbine that will generate even more sustainable power. There will also be electric vehicle charging and bike racks to encourage cyclists and cycle-thru guests.
- **Starbucks** first UK franchisee, 23.5 Degrees, has opened its latest site – a drive-thru in Bilbrough Top services, York. The company opened its first store in February 2013 and now has 74 stores – 32 of which are drive thru – across the UK with another 23 in the pipeline over the next year. The company is actively seeking freehold and leasehold drive-thru opportunities sitting on main arterial routes, close to major retail destinations or on large industrial estates. It will also consider retail park and “drive to” destinations, as well as high street units in prominent high footfall locations.

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- **Just Eat** is planning to create more than 150 jobs in Cambridge over the coming months as part of its expansion of the new UK worker model for couriers. Cambridge is the fifth city in the UK in which Just Eat is offering the new model, which entitles couriers to hourly pay, minimum/living wage, pension contributions and certain statutory benefits including holiday pay and sick pay and benefit from bespoke training. To help protect couriers, they are covered by the relevant insurance. Alongside this, couriers are provided with pedal bikes for launch, helping to reduce takeaway delivery contribution to UK emission levels.
- **Boparan Restaurant Group (BRG)**, the owner and operator of brands including Gourmet Burger Kitchen, Giraffe, Ed's Easy Diner and Slim Chickens, is testing a Carluccio's-branded self-serve vending machine in the convenience store and roadside markets. As part of the test, BRG, which acquired Carluccio's out of administration for £3.4m last year, has launched a self-serve coffee machine at a Budgens convenience store in Abingdon, Oxfordshire. The machine comes with an integrated food-to-go cabinet and iced drinks.
- **Five Guys** has secured a new flagship site in the City of London. The circa 120-strong business will open on the former Wasabi site at 186-190 Bishopsgate, which is located on the east side of Bishopsgate at the corner with Victoria Avenue. It will be a circa 4,000 square foot site spread over ground and first floors. The company opened its latest UK site last week in the Edinburgh St James scheme. The brand's next opening – at the former Chiquito restaurant at Teesside Park – is set to be its first UK drive-thru location.
- **Taco Bell** is lining up its first drive-thru site in Wales, on the Dragon Retail Park, Cardiff. The company has also recently lodged plans with Gloucester City Council to open a drive-thru restaurant at St Oswalds Retail Park. Taco Bell operates more than 50 sites in the UK in total.
- **Tim Hortons** has opened its first drive-thru restaurant in Yorkshire, in Sheffield. Located at the Crystal Peaks Village Retail Park, the new venue offers dine-in seating for up to 118 guests and drive-thru services. Delivery options are also available to those in the local area. Tim Hortons has 28 sites in the UK.
- **German Doner Kebab** will open its 65th site in the UK, with the latest one being its new flagship at the O2 arena. The company plans to open 47 restaurants in the UK this year.
- **Welcome Break** is offering customers who spend £10 or more in its food courts 10p off per litre of fuel. The "Fill Up While You Fill Up" offer will run all summer and comes amid the anticipated boom in staycations due to the ongoing international travel restrictions. The new fuel offer is available at brands including Starbucks, KFC, Burger King, Waitrose, PizzaExpress and Pret.



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