



Macro & Market News

Week 30 2022 – Week ending 29/07/2022



Macro/Economic News

Week 30 2022 – Week ending 29/07/2022

Macro / Economic News

Week 30 2022 – Week ending 29/07/2022

- **The International Monetary Fund** has warned that the UK is likely to have the slowest growth of the G7 economies next year. It says UK growth will fall to just 0.5% in 2023. It had been looking for 1.2% as recently as April.
- **Train strikes:** Some 40,000 members of the RMT union working at Network Rail and 14 train operators walked out on Wednesday, with Network Rail saying only 20% of services would run. People were told only to travel by train if necessary during the latest strikes.
- In the wake of the announcement of **further strikes** (potentially 18, 19 and 20 August), the CEBR has reported that strike action on Wednesday likely cost the country in the region of £26.27m. Much of this loss will have been borne by city centre pubs, restaurants, cafes, coffee shops and similar businesses.
- **The British Retail Consortium** reports that shop price inflation rose to +4.4% in July, up from +3.1% in June. It says that food inflation was up +7%, compared to +5.6% in June.
- **Asda's monthly Income Tracker** shows that one in five UK households now have a 'negative disposable income' with an average shortfall of £60 between their earnings and what they need to spend on essentials each month.
- **The CBI** reported that British industrial output grew at the slowest pace in over a year in the three months to July. It says 'the manufacturing sector has been an economic bright spot in recent months, but output and orders have softened amid ongoing cost pressures, supply challenges and a generalised weakening in economic conditions.
- **Heathrow airport** reports losses of £321m for the first six months of the year, up from losses of £466m in the same period the year prior. Passenger numbers surged to 26.1m, compared with just 3.9m a year earlier. Heathrow claims that the summer getaway has "started well", despite having to introduce a cap on passenger numbers to avoid further travel chaos.
- **Pubs, restaurants and hotels in Britain are facing a recruitment crisis** after the number of job vacancies hit a record 176,000 – double the amount before covid. There were 1.29 million job vacancies across all sectors of the UK economy between April and June this year, according to the latest figures from the Office for National Statistics (ONS). Hospitality accounts for 13% of the national total, despite companies hiking their staff wages in an industry-wide rush to claw back staff. The figures rose by 10,200 since the last recorded figures, and UK Hospitality boss Kate Nicholls said the statistics were "concerning".



Market News

Week 30 2022 – Week ending 29/07/2022

Market News (1)

Week 30 2022 – Week ending 29/07/2022

- **Accountant UHY Hacker Young** reports that UK restaurant insolvencies are up by 64% on the year from 856 in 2020/21 to 1,406 in the past year. It says there have been 431 casualties in the last quarter alone.
- **Operating costs across the UK's hospitality sector** have increased to 55.2% of turnover before rent – the highest since 2007, according to the latest report from UKHospitality and specialist business property adviser, Christie & Co.
- **US coffee chain Blank Street Coffee**, which made its UK debut earlier this month with a double opening, has secured another two sites in the capital. The fast-growing, New York chain, which is looking to quickly build a presence in London, is understood to have secured the ex-Co'm Vietnamese site on The Strand. At the same time, the business, which has "two-dozen shops slated to open this year", has taken the ex-Knoops site in Clapham for an opening later this summer. The business, which earlier this year said it plans to make London its "second-biggest city", launched in the UK with openings on the former EAT/Cubitts site on the corner of Goodge Street and Charlotte Street, and 3 Redchurch Street in Shoreditch, on 5 July.
- **Next Gen Foods** has launched its flagship product, TiNDLE, the first chicken made from plants, in over 50 restaurants across the UK, including in BrewDog.
- **Pizza Pilgrims**, the London-based sourdough pizzeria brand, will from this week increase hourly pay for all its staff to no less than £10.41.
- **McDonald's Global** has reported global like-for-likes were up 9.7 % in its second quarter ending 30 June 2022, but said the end of the VAT benefit impacted "comp sales" in the UK during the period. Kevin Ozan, the brand's outgoing chief financial officer, said: "In the UK, the return of the McSpicy Chicken Sandwich and Big Tasty promotions drove significant incremental sales. A daily digital sales calendar also helped build our digital customer base, leading up to the recent launch of Loyalty (rewards scheme). While the expiration of VAT benefits impacted our quarterly comp sales in the market, we continue to grow QSR market share."
- **McDonald's UK** announced it will raise the price of some of its menu items due to rising inflation, including increasing the price of a cheeseburger for the first time in 14 years, from 99p to £1.19. In a letter to customers, McDonald's chief executive Alistair Macrow said the soaring cost of living and rising inflation, which has seen the price of goods increase all across the UK, had increased pressure on the chain's restaurants and suppliers. Price increases of some items will come into effect this summer, with some rising 10p-20p.
- **Natural fast food brand Leon**, owned by EG Group, is to roll out its new hot drink express kiosk format to 68 further locations after a successful trial. The company begun a trial of the format in a handful of sites, including the Asda superstore in Milton Keynes and the Asda on the Move site in Holtspur, Buckinghamshire. They will now be launched into 68 EG-owned petrol forecourts across the UK.

Market News (2)

Week 30 2022 – Week ending 29/07/2022

- **Kitchen United**, the US-based ghost kitchen and restaurant hub technology operator, has announced a \$100m (£83m) Series C fundraise, which includes investment from Burger King owner Restaurant Brands International. The company, which has approximately 200 operational kitchens across 20 regions, has raised circa \$175m in total to date. The business said it plans to significantly increase its technological and physical footprint in the near term.
- **Coca-Cola** has upgraded its annual sales guidance amid robust demand for fizzy drinks despite higher prices and Costa Coffee's continued recovery pandemic cafe closures. The world's largest soft drinks company beat expectations on Wall Street, with revenue climbing 12% to \$11.3bn in the second quarter; exceeding analysts' forecasts of about \$10.55bn. Net income fell 28% to \$1.91bn over the same period. Average selling prices increased by about 12% during the three months to 1 July.
- Transactions decreased in all **Pret A Manger** locations apart from those in London airports in the week to 21 July 2022. According to the latest Bloomberg Pret Index, the largest decreases were in the West End of London and suburban areas of the capital, falling ten and six percentage points respectively. The index, which is now being used by the Office of National Statistics (ONS), showed that Pret transactions in London airports increased by four percentage points in the same week, while transactions at London and regional stations both fell by 12.
- Fast-growing quick service restaurant brand **Chopstix** has kicked off its Welsh expansion, which will see four new sites open in the country by the end of the year, with a second restaurant in Cardiff. It has opened in Cardiff's St David's Shopping Centre, which will be followed by a launch in Cwmbran this summer, and then two further sites in north Wales by the end of 2022.
- **Burrito chain, Chipotle**, has said results from the company's latest five openings in the UK have been "strong", and it is "gaining confidence that Europe could be another layer to our growth story in the future". The company recently opened its first regional site in the UK, in Watford, taking its estate to 12 sites here. The Watford opening followed new sites in Clapham, Canary Wharf and Chiswick last year for the brand, which opened its 3,000th site in total in February in Arizona.
- **Zambrero**, Australia's largest Mexican quick-service franchise, which donates a meal for every burrito or bowl purchased, has added a further two sites to its UK openings pipeline. The company, which operates more than 200 restaurants globally, recently opened its fourth site in the UK, in Chelmsford. The brand opened its debut UK site in Kentish Town last year, with a second following in Loughton, Essex, last December, and a third launched in Twickenham earlier this spring.



About The NPD Group, Inc.

NPD offers data, industry expertise, and prescriptive analytics to help our clients grow their businesses in a changing world. Over 2,000 companies worldwide rely on us to help them measure, predict, and improve performance across all channels, including brick-and-mortar and e-commerce. We have offices in 27 cities worldwide, with operations spanning the Americas, Europe, and APAC. Practice areas include apparel, appliances, automotive, beauty, books, B2B technology, consumer technology, e-commerce, fashion accessories, food consumption, foodservice, footwear, home, juvenile products, media entertainment, mobile, office supplies, retail, sports, toys, video games, and watches.

For more information, visit [npd.com](https://www.npd.com).

For more details on NPD's Foodservice service in the UK contact:

Seton Leung
seton.leung@npd.com
Head of UK Foodservice