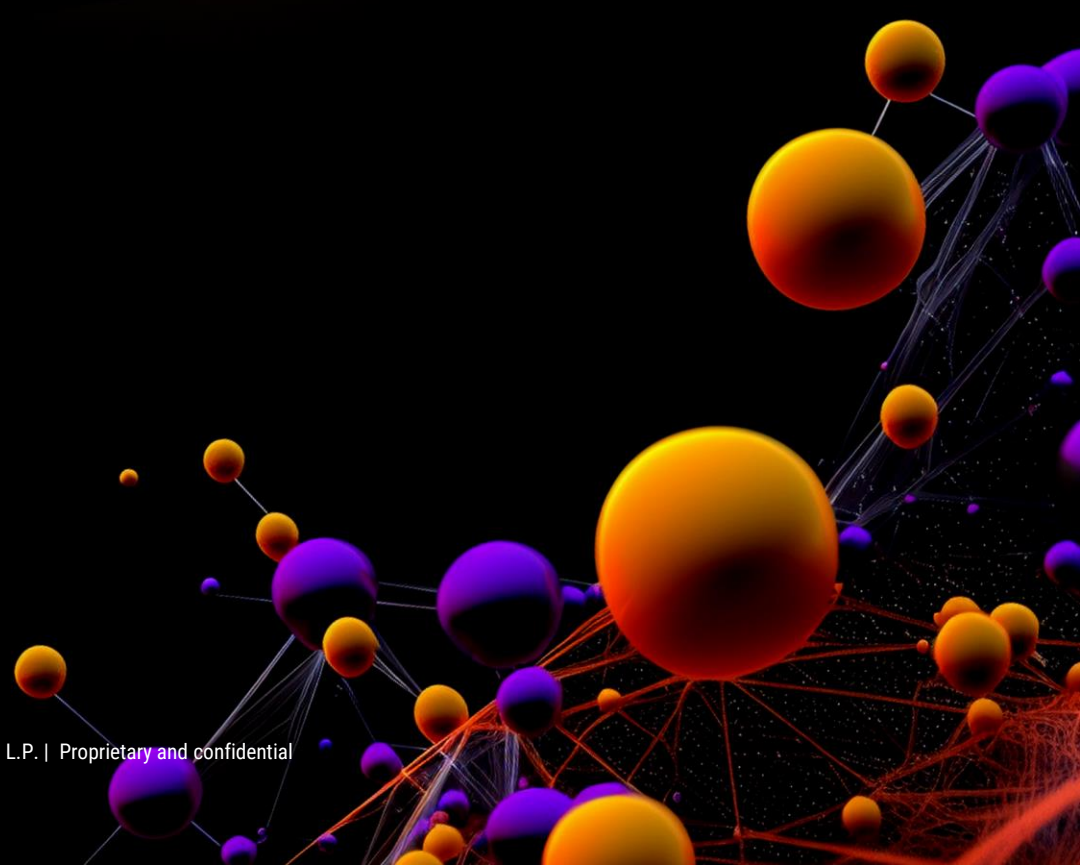




Macro and Market News

Week 45 2023 – Week ending 10/11/2023

10 NOVEMBER 2023





Macro/Economic News

Week 45 2023 – Week ending 10/11/2023

Macro/Economic News (1 of 1)

Week 45 2023 – Week ending 10/11/2023

- **Britain's economy topped analysts' expectations to grow slightly in September** putting the UK on course to narrowly escape the risk of a recession this year, according to official figures. Gross domestic product increased 0.2 per cent month-on-month in September, above City analysts' expectations and higher than August's downwardly revised 0.1 per cent expansion, according to the Office for National Statistics. The surprise expansion has all-but removed the risk of the UK slipping into a recession this year, defined as two straight quarters of output contraction. Over the three months to September, the ONS estimated that the economy flatlined with zero growth.
- **The UK's services industry, which includes the hospitality sector, performed better than first expected last month**, aided by cost inflation dropping to its lowest level since February 2021, a closely watched survey showed. The S&P Global and CIPS final purchasing managers' index (PMI) for the services industry increased to 49.5 last month from 49.3 in September, topping City analysts' expectations.
- **The government is reportedly set to introduce legislation** that could ensure about 40% of rail services will run during rail strikes under minimum service rules for train operators. Ministers are said to be hoping to introduce the legislation before Christmas.
- **Britain's household wealth boom has ended with total wealth down a quarter since COVID**, blamed on falling house prices and pension values from higher interest rates according to research by Resolution Foundation.
- **Fuel retailers have been accused of taking advantage of motorists** after the Competition and Markets Authority issued a fresh warning over prices. It said that drivers were hit by "significant increases" in fuel retailers' margins during the past two months, pushing up prices at the pumps. The watchdog added that by the end of October the difference between pump prices and the wholesale cost of petrol and diesel were "significantly above the long-term average". It found that motorists are paying at least 11p a litre more now than they were in May for petrol, adding about £6 onto the cost of filling up an average 55-litre family car. The figure rises to 13.9p a litre for diesel.
- **Travel recovery still has a way to go, says WH Smith boss:** Profits at WH Smith have almost doubled in a year as the retailer basks in the return of travellers passing through its airport convenience stores. However the group chief executive said a 25 per cent share price drop in the past six months was reflective of the wider travel retail and airline industry. He said: "The whole sector is depleted, we are in line with other travel retailers and the airlines. People think that everything has recovered but when it comes to air travel there is still a long way to go to get to 2019 levels, and I think people have misjudged that."
- **Inquiries from would-be buyers, agreed sales and property prices are all still falling**, and estate agents are not optimistic that the housing market will pick up any time soon. For each of the past 18 months, agents have reported a fall in the number of people contacting them to buy a property. In the latest poll from the Royal Institution of Chartered Surveyors (Rics), the majority recorded another decline, although at a net 28 per cent the reading was the least negative since May.



Market News

Week 45 2023 – Week ending 10/11/2023

Market News (1 of 2)

Week 45 2023 – Week ending 10/11/2023

- **Wheel Topco, owner of Pizza Express, has announced that it will not bid for The Restaurant Group.** It says in a statement 'Wheel Topco confirms that, due to market conditions, it does not intend to make an offer for TRG.' This statement is binding unless the current bid for TRG (by private equity house Apollo Global Management) lapses or a third party makes a bid.
- **Both Sainsbury and Iceland last week suggested that, whilst food price inflation should moderate in 2024, a period of falling prices is unlikely due to higher costs elsewhere such as the National Living Wage, business rates and the like.**
- **Shake Shack executives emphasised a focus on labour, retention, and recruiting going forwards in its Q3 conference call.** The company claims that kiosk adoption, which cuts down on the number of workers needed in-store, has also been key and kiosks are now driving over half of in-store orders.
- **Wendy's saw positive customer traffic and sales acceleration in the second half of Q3** after initially struggling, as new menu items like its recent promotions and innovations helped improve results each month according to CEO Todd Penegor. Wendy's has reported Q3 numbers saying that traffic fell but that price rises allowed it to reported positive same-store sales growth in the quarter.
- **Coffee chain Coffee#1 reported a strong start to its financial year with 21.9% sales growth in Q1** and 3 new store openings outperforming expectations, boosted by iced coffee demand and digital app growth according to MD Bruce Newman. The 115-site regional brand also hit a new record sales week in October topping £1 million for the first time, leading Newman to feel cautiously optimistic for the year ahead despite inflationary challenges
- **LEON managing director Glenn Edwards has confirmed that he is now stepping down** from his role. This comes as UK retail group Asda announced the completion of its £2.07b acquisition of the UK business of EG Group which consists of 462 Greggs, Burger King and Subway outlets as franchise agreements. Asda now wholly owns Leon, which it plans to introduce to its stores.
- **The CEO of Restaurant Brands International (RBI),** which owns fast food chains Burger King, Tim Hortons and Popeyes, told BNN Bloomberg on Friday that all Burger King locations worldwide will eventually be "100 per cent digital." "It's better for the guests, because they have a better guest experience, it's better for our team members, because it reduces the stress that they feel in some of the interactions and allows them to focus on delivering a great product and great experience," Josh Kobza said in the television interview.
- **Following the transformation of PizzaExpress' retail range, the brand is adding more options** for consumers starting with a frozen range of pizzas, pasta, and garlic bread. The new range consists includes amongst others the Margherita Speciale, the American Speciale and the iconic Padana. The move comes after the British Frozen Food Federation said that two in five consumers are buying more frozen food than 12 months ago.
- **Restaurant closures slowing could mean return of business confidence:** For the first time, the Hospitality Market Monitor from AlixPartners saw the number of licensed premises drop below 100,000. This is a 3,766 drop over the 12 months and is equivalent to more than 10 net closures every day. However, the report said that despite the 3.6% drop in Britain's licensed premises, the pace of venue failures has slowed as the year has gone on. The Hospitality Market Monitor recorded a fall in licensed premises over the third quarter of 2023 of only 0.3%—equivalent to just under three net closures a day.

Market News (2 of 2)

Week 45 2023 – Week ending 10/11/2023

- **Gigging Squid, the Thai restaurant brand backed by the Business Growth Fund**, has announced it has already exchanged on three sites for its 2024 pipeline and that it has a “long way to go” when it comes to roll out potential in the UK. The 46-strong business will open its next site in Shrewsbury in December, which will be followed by openings in Mermaid Quay in Cardiff, and in Muswell Hill (a former Bill’s), in the first quarter of next year.
- **Domino’s chief executive Andrew Rennie has said a loyalty scheme** is “not the be all and end all” but confirmed it is on track to launch next year. The business said in August it was planning a loyalty programme after consulting with customers, and it has now confirmed the e-commerce platform to enable it will be ready by the end of 2023. Speaking to investors, Rennie did not confirm exactly when the programme would launch in 2024 but said the business will do “whatever it can” to drive consumer frequency, which would “invariably” involve the loyalty scheme.
- **The Backing International Small Restaurants programme, which is backed by American Express**, has awarded six London-based, independent restaurants £11,500 each to help grow their businesses. Now in its second year, the programme runs in five major cities around the world. Over 100 restaurants across the capital applied for the grant, with six selected to each receive a grant of £11,500 for essential improvements, such as upgrading their restaurant operations, investing in digital capabilities and revitalising dining spaces.
- **JD Wetherspoon chairman Tim Martin has said that food sales are strong** across the board while there has been a resurgence in customers buying wine. Speaking following the company’s first-quarter update where like-for-like sales were up 9.5% on the previous year, Martin also said Guinness was doing well with young people, “and I haven’t seen that before”.
- **German Doner Kebab (GDK), owned by Hero Brands**, has launched an app-based delivery service. The launch, which covers GDK’s 133 UK wide restaurants, follows a successful trial period at selected sites earlier in the year. The app uses Uber’s technology to provide customers with real-time tracking and round-the-clock customer support. Customers can view the menu and promotions and order food to be delivered, picked up or served to the table.
- **A “new tier of hyper-luxurious restaurants” is being created** by a 50% year-on-year rise in restaurants charging £150 per head or more. Above-inflation price hikes of 10.7% in London and 14.7% outside the capital have placed more meals out of reach even of relatively affluent diners, the new edition of Harden’s London Restaurants claims.
- **Italian gelato brand Amorino has hit the 25-site mark** with an opening in London’s Embankment, which it will follow with another launch at the end of this month.
- **More than half of sector companies will reduce investment and cut staffing levels** without business rates support, a new survey has revealed. The survey, conducted by the British Beer & Pub Association (BBPA), British Institute of Innkeeping (BII), Hospitality Ulster and UKHospitality, revealed government action on business rates is viewed as a top priority by 60% of respondents, up 16% from August.

For more information

Email Circana contactus@circana.com, or one of the UK Foodservice account representatives below:

Seton Leung

Head of UK Foodservice

seton.leung@circana.com

07795 430967

Gareth Nash

Commercial Lead

gareth.nash@circana.com

07503 629227

Sergey Chekmarev

Client Director

sergey.chekmarev@circana.com

[com](http://circana.com)

07741 658042

Peter Linden

Senior Client Manager

peter.linden@circana.com

07901 106568

About Circana

Circana is the leading advisor on the complexity of consumer behavior. Through unparalleled technology, advanced analytics, cross-industry data and deep expertise, we provide clarity that helps almost 7,000 of the world's leading brands and retailers take action and unlock business growth. We understand more about the complete consumer, the complete store, and the complete wallet so our clients can go beyond the data to apply insights, ignite innovation, meet consumer demand, and outpace the competition.

For more information, visit circana.com.