



Macro & Market News

Week 41 2022 – Week ending 14/10/2022



Macro/Economic News

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- **UK companies** are collapsing at the fastest rate since the height of the global financial crisis as surging energy bills drive thousands of firms out of business. There were more than 5,600 insolvencies in England and Wales in the second quarter – the highest level since 2009, according to the Office for National Statistics. The sharp rise in energy bills was cited as the biggest problem for businesses, while difficulties paying debt, rising costs of raw materials and supply chain disruptions also took their toll. While the squeeze on finances has hit all businesses, construction, retail and accommodation and foodservices suffered the highest number of insolvencies in the first half of the year. The government has outlined support to help companies and public sector bodies struggling with their energy bills. However, the scheme for businesses will run for only six months, unlike the two-year programme aimed at households.
- **Potential blackouts this winter** “will add further strain to businesses at an already critically difficult time”, the British Beer & Pub Association (BBPA) has warned. National Grid’s Winter Outlook report warned of potential planned blackouts in three-hour intervals across rotational locations over the coming months. National Grid has said supply interruptions were a possibility if the energy crisis escalated.
- **The government’s help for businesses facing crippling energy bills has been expanded.** Its energy subsidy scheme for companies has been extended further to cover contracts signed as far back as December 2021. The wider scheme means firms that signed expensive deals when wholesale energy prices jumped following Russia’s invasion of Ukraine in February can now benefit. The extension means more companies can get help with their energy bills this winter.
- **Sector job vacancy numbers are dropping** but a significant number of posts remain unfilled. According to the Office for National Statistics (ONS), UK unemployment hit a new multi-decade low in the three months to August as long-term sickness kept more older workers out of the labour market. It said unemployment stood at 3.5%, 0.3 percentage points down on the quarter and the lowest since 1974, due to many people being counted as inactive rather than unemployed because they are not job-seeking or available to start work.
- **With petrol and diesel prices down,** it was perhaps unsurprising that ‘spending on essential items saw its smallest rise this year’ at up 3.3%. Whilst the lowest for some time, the spend on essentials was markedly greater than that on discretionary items (up 1.0% - but down from the +3.6% growth seen last month) and on all items combined (+1.8%).
- **UK Hospitality chief executive Kate Nicholls** has said taking small steps towards sustainability can help small and medium-sized enterprises (SMEs) cut costs at a time its most needed as well as ticking green boxes. Nicholls was speaking at the launch of the trade body’s new Sustainability Commitment aimed at guiding the sector to achieve net zero by 2040. It outlined ten key pledges, including eliminating unnecessary single-use packaging by 2025 and reducing food waste by 50% by 2025.



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- **The Big Table Group**, the operator of Banana Tree, Bella Italia and Café Rouge, has said it plans to open 30 new sites under its Las Iguanas brand over the next three years. The Epiris-backed business said Las Iguanas is one of the “best-performing brands in the casual dining sector, consistently outperforming its competitor set and the wider casual dining sector both on customer feedback and sales metrics”. It said it was now looking to capitalise on the popularity of the brand by opening as many as 30 new restaurants in the next three years. The brand has also introduced service robots at two restaurants. Through a trial partnership with Cambridge-based Soft Bank Robotics, six new bots have been introduced to the new restaurant at Center Parcs Elveden Forest, while two robots have been added to the brand’s Cambridge site. The robots will support team members with everyday tasks such as delivering food and drinks to tables, and returning used dishes to the kitchen, allowing team members to spend more time interacting with guests “and delivering an optimum experience”.
- **US coffee chain Blank Street Coffee**, which made its UK debut in July, is to boost its presence in the capital, after acquiring the Over Under, the coffee brand founded by Ed Barry in 2017. The deal sees Blank Street take on Over Under’s eight sites across London. Over the next year, Over Under will work closely with Blank Street to integrate its teams, leveraging both brands’ experience and skill set. The companies said the deal would combine Over Under’s “in-depth knowledge and experience in the London coffee market with Blank Street’s innovative approach to delivering quality coffee and a great customer experience”.
- **Fast pizza brand Fireaway**, the Mario Aleppo-led business, has secured new investment from six new backers, which values the company at £18.7m. It is understood the new funding will be used to improve the tech side of the business along with “an aggressive marketing campaign”.
- **Greene King**, the Nick Mackenzie-led pub company and brewer, has acquired American-style smokehouse and barbecue business Hickory’s Smokehouse for an undisclosed sum. Greene King said it sees the potential to grow the 17-strong Hickory’s into a national dining brand and the investment underpins the company’s strategy of growing its reach through “compelling brands and unlocking value by making the most of each of its sites”.
- **Scoffs Group** – the largest Costa Coffee franchisee in the UK – saw turnover rise by 50% due to increased delivery app sales and a reduced rate of VAT in the year ending 31 December 2021. During the period, the group’s portfolio rose from 90 to 104 stores, since when it has acquired a further 19, all based in Cornwall.
- **Patty&Bun**, the better burger concept led by Joe Grossmann is set to make its move into delivery kitchens. The company has partnered with Growth Kitchen, the food tech start-up building smart satellite kitchen networks, as it looks to target under-served neighbourhoods across London. The partnership will see Patty&Bun first join Growth Kitchen’s Bermondsey hub as it plans to explore delivery as an integral revenue stream.

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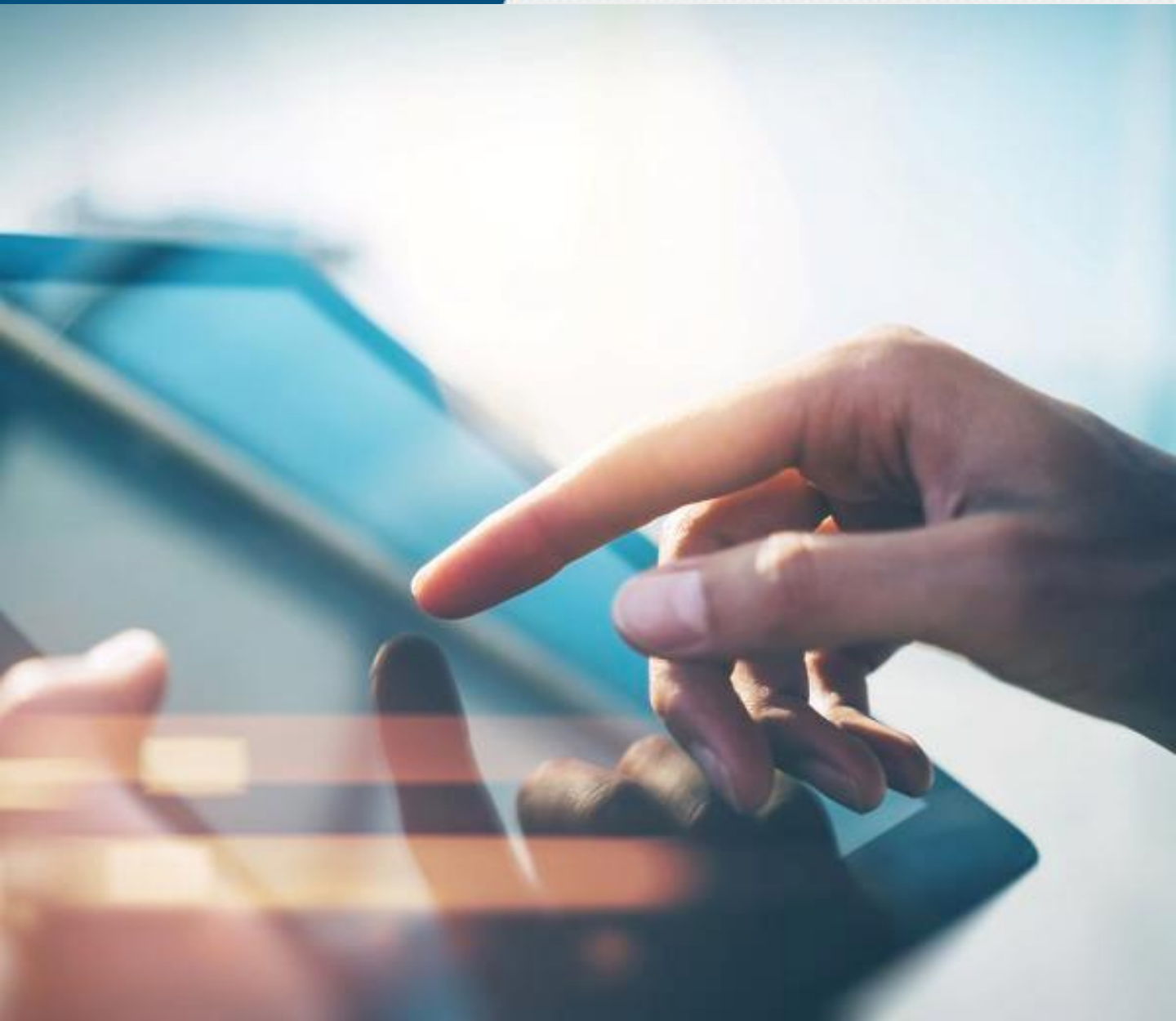
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- **Pret A Manger** is to invest an additional £10m in staff pay, surpassing the £9.2m investment made in April this year. From Thursday, 1 December, all of Pret's employees across the brand's shops and its support centre will receive a 5% pay increase. The company said this will mean 8,600 shop staff will see an average baseline pay increase of 13% within a year, which is currently above inflation. This will be the second consecutive year Pret has given two pay increases in the same year and will take the total it has invested in pay in 2022 to almost £20m.
- **Frankie & Benny's**, owned by The Restaurant Group, has launched a half term "adults eat free" offer. Switching around the usual "kids eat free" offers, the chain will be offering parents accompanied by children aged under 11 free meals to help with the cost-of-living crisis. The deal will be valid in Scotland from 17-21 October, England from 24-28 October and Wales and Northern Ireland from 31 October-4 November.
- **Just Eat** has ramped up its London growth by adding several more brands to its platform. PizzaExpress is now available on the platform, having ended its exclusive delivery partnership with Deliveroo. Just Eat has now also added Scott Collins-led concept MeatLiquor, fast-growing bakery brand Gail's and sushi and yakitori chain Sticks 'n' Sushi. They join the likes of pasta delivery start-up Pasta Evangelists and Soho House-owned Chicken Shop, which have recently signed up too. Just Eat said the period of rapid growth follows significant investment in marketing to attract younger users who are driving growth in food delivery, coupled with an ever-increasing demand for breakfast and lunch deliveries.
- **Simmons Bars**, the London cocktail bar operator, has announced plans to double its estate to more than 50 sites over the next three to five years, after what has "been a record-breaking year" for the business. Next month, the Nick Campbell-led company, which is backed by Lonsdale Capital Partners, will open its 25th site in the capital, on the ex-Parkers site in Kingsway, Holborn. The business, which has seen sales more than double since 2019, said the launch will be its biggest site yet, with a capacity to fit 400 guests, spanning over two floors and featuring a giant disco ball DJ booth.
- **Coco di Mama**, the Azzurri Group-owned Italian food-to-go brand, has lined up its first regional bricks-and-mortar site, in Reading. They currently operate 15 bricks-and-mortar sites in London and in circa 140 locations nationwide as delivery kitchens out of Zizzi and ASK sites.
- **The Salad Project**, the all-day dining concept which opened in London last year, is launching a series of limited NFTs as an "innovative and imaginative way to reward loyal fans". The business said the new series will feature the release of 35 unique, hand drawn NFTs depicting a bunch of affable vegetables engaging in everyday activities. The Salad Project, which was set up in 2021 by friends Florian de Chezelles and James Dare, said each NFT will entitle its owner to a free salad every day from the company's menu, with 22 offering a year's worth, ten offering two years' worth – and a lifetime of salad for three true fans.

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- **Speciality coffee shop operator Black Sheep Coffee and buffet brand Cosmo** have both made their Liverpool debuts, at Liverpool ONE. Black Sheep has taken a 1,800 square-foot site on Paraside Place, switching from coffee, bagels, toasties, smoothies and shakes during the day to craft beer, wine and espresso martinis in the evening – served up alongside sourdough pizza and free popcorn.
- **Chef Jamie Oliver has** launched a pasta concept designed for delivery. Pasta Dreams has been created by Oliver in partnership with Taster, the delivery-first restaurant group. Pasta Dreams launched in London yesterday (Thursday, 13 October) from a delivery-first pop-up in Archer Street, Soho. The pop-up is open for customers to click and collect from, as well as order on delivery platforms. Over the coming weeks, Pasta Dreams will be rolled out to further sites across London and other UK cities, with the ambition to become the UK's number one delivery pasta brand.
- **High-end Italian restaurant and bar Lucarelli** will make its London debut next month. Celebrity chef Aldo Zilli has again designed a signature menu of Italian dishes for the restaurant, which will open on the fifth floor of Harvey Nichols in London's Knightsbridge on Monday, 7 November. It will be a fourth opening inside 12 months for the brand, led by Carmine Sacco, which also has three sites in the Midlands. The 60-cover restaurant, which will feature an open kitchen, will use ingredients sourced directly from Italy for dishes including bruschetta, signature seafood, pizzas and freshly made pasta and risotto.
- **Premium dessert and gourmet burger concept Haute Dolci** is set to open its second store in Manchester and 15th overall. Signature dishes include huge sharing chocolate fondues, pancake stacks, cookie dough, ice cream sundaes and waffles, as well as build-your-own combos.
- **Indoor mini golf experience Puttshack** has completed a growth capital round of \$150m (£135.9m) from funds managed by BlackRock and continued support from Prometheus Investments. The company said the new funding will support its "rapid growth strategy in the US, bringing its cutting-edge and high-energy experience to more cities across the nation". Puttshack first launched in 2018 with the opening of its first site in London. Currently, the business has two locations in the US and four in the UK.
- **Julian Metcalfe, founder of Itsu** and co-founder of Pret, has said that his healthy Asian food chain Itsu "dwarfs Pret's historic potential", as the company posted FY2021 turnover of £86.5m and said, "the capital is back in business". Following post-covid uncertainty, Itsu said its City of London-based sites have seen steady growth throughout 2022 with the third quarter "exceeding pre-pandemic results". It said increasing numbers of customers are being served midweek, with Mondays and Fridays showing similar signs of growth.
- **Vietnamese street food restaurant group Pho** is to open a site in Bournemouth before the end of the year. The TriSpan-backed, 36-strong business has secured the former XOXO site in the Dorset town's Bourne Avenue.



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