



Macro & Market News

Week 43 2021 – Week ending 29/10/2021



Macro/Economic News

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- **Shops, restaurants and bars and gyms** will receive a 50% business rates discount for the next year, up to a maximum of £110,000, Chancellor Rishi Sunak announced in the Budget on Wednesday. In addition, he has scrapped 2022's planned annual increase in rates for all firms for the second year in a row. A "draught relief" is to be introduced, which will apply a new lower rate of duty on draught beer and cider. It will particularly benefit community pubs who do 75% of their trade on draught. The duty premium on sparkling wines will end and the planned increase in duty on spirits, wine, cider and beer was cancelled. However, the new system, due to start in 2023, will mean higher duty for stronger alcohol, such as Red Wine and Spirits.
- **The budget** also included an 8% cut to the Universal Credit taper rate, cancellation of the planned rise in fuel duty and a 6.6% increase next year in the minimum pay rate for those aged over 23 - known as the National Living Wage - to £9.50 an hour. Minimum pay rates for younger workers are also set to go up. The National Minimum Wage for people aged 21-22 will rise from £8.36 to £9.18 an hour and the Apprentice Rate will increase from £4.30 to £4.81 an hour.
- **The cost of living** could rise at its fastest rate for 30 years, the UK's spending watchdog has warned. Its latest forecast says inflation, which measures the change in the cost of living over time, is set to jump from 3.1% to an average of 4% in 2022. However, the Office for Budget Responsibility says figures released since its report was compiled suggest that inflation will hit 4.4% and could hit almost 5%. Rishi Sunak acknowledged inflation rate was "likely to rise further" from its 3.1% rate in September. He said it was due to increased demand for energy and supply chain issues as economies and factories reopening following coronavirus lockdowns.
- **Wages** for full-time employees saw the sharpest dip and recovery among employees aged under 21 and those in low-paid work. The Office for National Statistics (ONS) reported median weekly pay for full-time employees was £611 in April 2021, representing a 4.3% increase from the same month in the previous year. However, employees aged 16 and 17 saw pay drop by 11.4% in 2019-20, before growing by 12.5% the following year. There were also significant regional differences, with gross weekly earnings up by 8.8% in Northern Ireland, compared with a 1.1% rise in London, in 2021. A revival in pay rates for men has meant the gender pay gap has widened.
- **Inflation and higher taxes** on incomes will negate small wage increases for middle earners, the Institute for Fiscal Studies (IFS) has said, which will leave millions of people worse off next year. Low-income households will also feel "real pain" as the cost of living is set to increase faster than benefit payments, it said.
- **Scotland's vaccine passport scheme** has been an "unmitigated disaster", after the first weekend of enforcement, according to The Scottish Hospitality Group. It said that staff had faced "intolerable levels of abuse" and some venues saw a drop in footfall of up to 40%.



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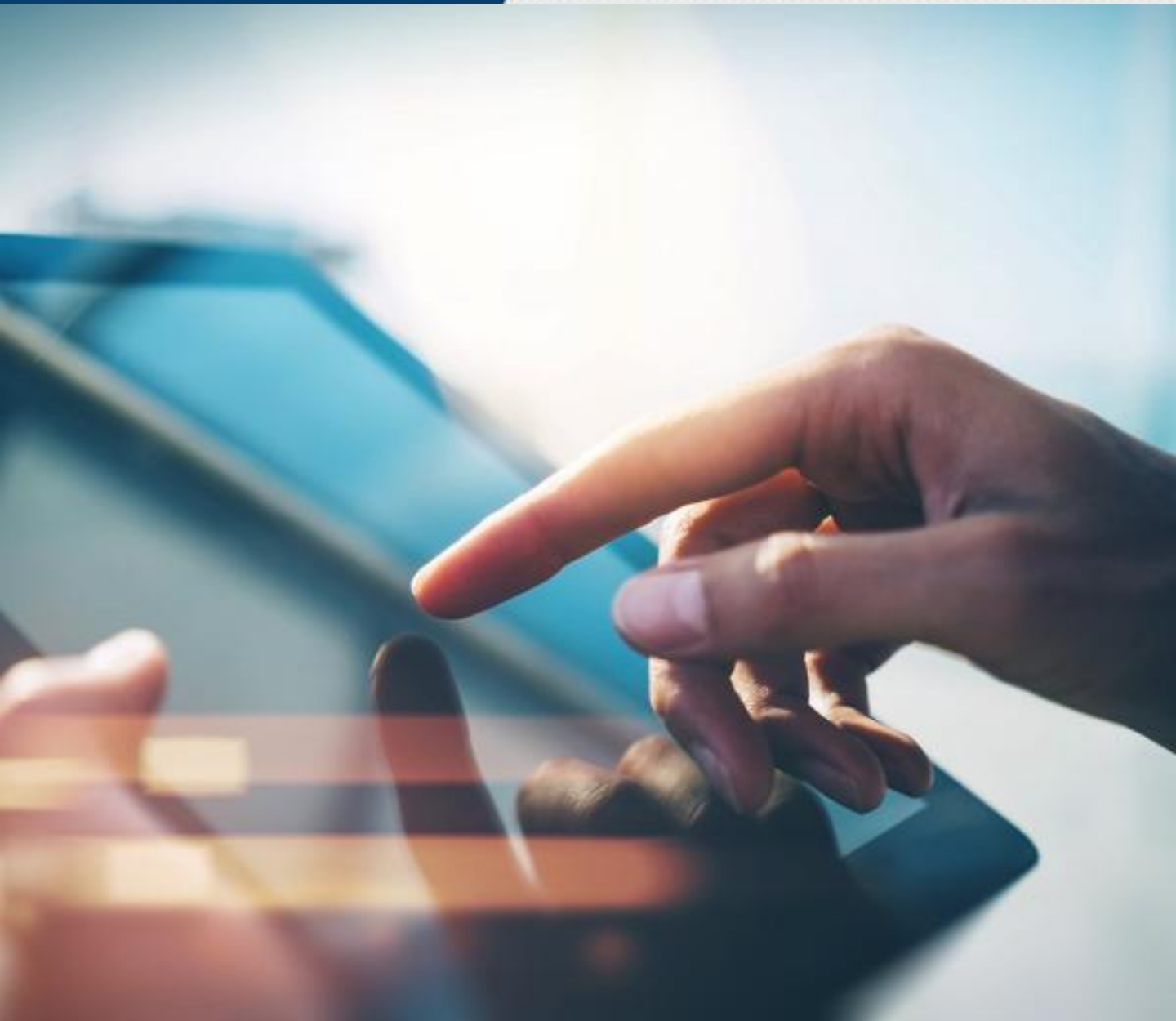
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- **McDonald's** has reported its global like-for-like sales rose 12.7% in its third quarter to 30 September (10.2% on a two-year basis). International Operated Markets segment increased 13.9, led by very strong positive comparable sales in the UK. McDonald's is to launch its first global digital reward scheme, MyMcDonald's Rewards, in the UK in 2022. The offer launched in the US earlier this month and already has 12 million signed up. McDonald's will also open its first 'net-zero' restaurant in Market Drayton, Shropshire, next month. Part of its Plan for Change programme, which aims to cut greenhouse gas emissions across its restaurants, offices, and supply chains in the UK and Ireland by 2040, the new UK restaurant will be the blueprint for all McDonald's new-build branches. It will support the company's target to revamp everything from the beef in its burgers to furniture in restaurants, with sustainability-oriented improvements including compostable packaging made from renewable, recycled or certified sources.
- **Domino's Pizza** has launched its first ever dark kitchen site, in South Wales. Working with franchisee DP Shayban, the company has opened what is described as its first national and international dark kitchen unit, in Pontypool.
- **Pret A Manger** has an initial agreement to introduce the Pret brand and products to A&W restaurants in Canada, currently the second largest hamburger restaurant company in Canada. The agreement follows Pret's announcement last month that it would aim to double the size of the business within five years, including launching into five new markets by the end of 2023.
- **The Big Table Group**, operator of Las Iguanas, Bella Italia and Café Rouge, plans to open 50 new restaurants and refurbish 70 sites over the next three years, investing in excess of £50m and creating 1,250 new jobs in the process. The group's ambition is to invest £35m in new openings, which would take the estate to 200 restaurants across the UK, while the company intends to invest a further £19m to refurbish its restaurants, with 70 major renovations in the pipeline. The Big Table hopes to almost double the current number of Las Iguanas restaurants in the next three years, opening 35 locations in major towns and city centres.
- **Burger King parent Restaurant Brands International (RBI)** has blamed a 1.6% decline in its US year-on-year sales on a move away from paper coupons toward digital offers. RBI's global year-on-year sales in the third quarter were up 7.9% at Burger King and 8.9% at its Tim Hortons chain, which has undergone rapid expansion in the UK. Burger King has opened its first fully vegetarian restaurant in Madrid, Spain, for a month. The move is an attempt "to reach both people who base their diet on vegetable products, and those who do eat meat but who reduce their consumption." The pop-up, on Paseo el Prado, is rebranded as Vurger King and will exclusively serve vegetarian items for an entire month. The menu includes a plant-based Whopper, vegan chicken nuggets and a new plant-based option called the Long Vegetal featuring "meat" from The Vegetarian Butcher.

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- **JD Wetherspoon** is launching a major sale on drinks from next month, with whisky, beer and coffee costing just 99p each. Some 671 of its pubs will be serving either a pint of Ruddles Best or Greene King IPA; a bottle of Beck's beer and a 25ml Bell's whisky with a mixer all for the low price. At a further 99p of its pubs, a pint of real ale will cost £1.10, while the Beck's and whisky will still be 99p each. The discount is set to run throughout the whole of November.
- **BrewDog** is to open its biggest site to date, complete with bars, brewery, workspaces, bowling alley and coffee shop, in London's Waterloo. The company will launch the new 26,500sq ft global flagship site next summer over two floors of the former international Eurostar terminal. It will be the biggest BrewDog location in the world, encompassing two floors of "amazing craft beer, spirits, food and entertainment in the centre of the city". The site will feature a pop-up food truck and an innovative gaming area complete with duckpin bowling alley, shuffle boards and a slide to get between floors. Other features will include a speakeasy-style cocktail bar and lounge, and a spacious outdoor terrace for enjoying drinks "amidst the greenery of a not-for-profit florist, selling flowers and potted plants to customers and those passing by". The site will also offer meeting rooms and extensive workspaces. In addition, BrewDog will be partnering with coffee brand Grind, which will be opening a coffee shop within BrewDog Waterloo, serving coffee from 7am daily.
- **Papa John's** is rolling out cashless tipping across its UK stores after partnering with digital tipping platform Tipjar. Customers can leave tips without having to download an app, instead using QR codes on order trackers, email confirmations, in-store posters and stickers on pizza boxes. Every tip is wholly owned by the staff rather than passing through the business, allowing for more transparency on how tips are handled.
- **Frankie & Benny's** will be urging its customers to go meat-free on Mondays next month. It will offer guests the chance to swap their sticky chicken wings for crispy-fried "jackfruit wingz" from vegan fast foods brand Biff's for just £1 – a £5 saving on both dishes, which normally cost £6. All proceeds will go towards planting trees with Carbon Neutral Britain, which helps businesses and individuals offset their environmental impact. The first day of the campaign will be 1 November, which is World Vegan Day, and will run each Monday throughout November, which is World Vegan Month.
- **Whitbread** has said it will pay millions in wage rises and bonuses to try to combat what it calls persistent hospitality-wide staff shortages, which mean a "material number of vacancies" remained unfilled. Higher pay rates will cost Whitbread £12m-£13m, it said, while it is also paying £10m in retention bonuses.
- **Greene King** is beginning the roll out of its new premium format – Crafted Pubs – with the launch of second site under the new concept before Christmas. The company, which launched the trial of the new format earlier this summer, is to relaunch The Watermill in Dorking, Surrey, under the Crafted Pubs umbrella.



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