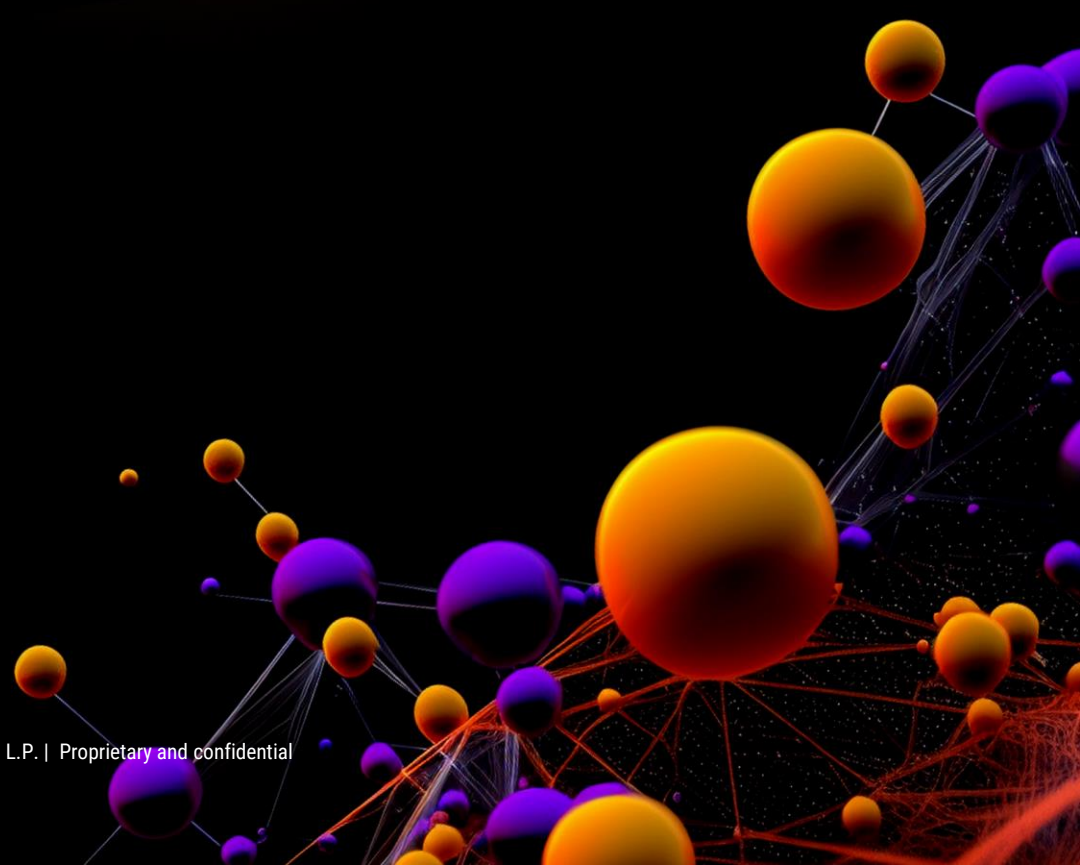




# Macro and Market News

Week 34 2024 – Week ending 23/08/2024

23 AUGUST 2024





# Macro/Economic News

Week 34 2024 – Week ending 23/08/2024

# Macro/Economic News

## Week 34 2024 – Week ending 23/08/2024

- Optimism over the health of the UK economy has slipped for the first time in five months**, prompting consumers to prioritise saving over spending, a long-running survey suggests. The GfK consumer confidence index, which has been published since the 1970s, held steady over the past month at -13, still above the long-term average of -18. The figure was lower than City analysts' forecasts. Mounting concerns about the trajectory of the economy over the coming year constrained consumer confidence. GfK's economic optimism index dropped by 4 points to -15, the first decline since February. Households were also less convinced about the economy's performance over the past 12 months, which included a recession.
- Energy bills for most households in Britain will rise** by an average of £12 a month to £1,717 a year from October 1, putting millions of households under renewed pressure. Ofgem raised the price cap by 10 per cent, from £1,568 for the present quarter, in response to a rebound in wholesale gas prices amid mounting global political turmoil and extreme weather events. It is the first time the energy watchdog has raised the price cap since January last year, when it hit a record high of an annual £4,279, after the outbreak of war in Ukraine caused energy prices to soar and pushed the government to subsidise bills, limiting bills for a typical household to £2,500 a year.
- UK households** are prioritising saving over spending as disposable income levels reach the highs seen prior to the cost-of-living crisis. Figures from Asda's Income Tracker show that despite a 14% increase in disposable income for the average household during the second quarter compared with a year earlier, consumption was down by 0.3% during the same timeframe. This suggests households are using spare cash to top up the savings depleted during the cost-of-living crisis. The uptick in savings comes as disposable income grew to £245 per week in July, an 11.7% increase to the highest figure since March 2021.
- Government borrowing**, the difference between spending and tax income, hit £3.1bn last month, the highest level for July since 2021, the Office for National Statistics (ONS) said. The rising cost of public services and benefits pushed it up to higher levels than expected in July.
- Growth in the UK economy is expected to ease**, according to new data, as the debate continues about the inheritance left by the Conservatives. A host of business sector surveys, including the newly published purchasing managers' index (PMI) for August, suggest that economic growth is likely to come in at 0.3 to 0.4 per cent in the three months from July. This would be slightly down on the rates of 0.7 per cent and 0.6 per cent recorded in the first and second quarters. The acceleration earlier this year made the UK the fastest-growing economy in the G7 in the first half of the year, with output boosted by a growing services sector, greater government spending and lower inflation.
- Gatwick Airport** said it is having one of its "busiest summers yet", according to the latest passenger data. In the first half of 2024, 19.9 million passengers travelled through its two terminals, which is 7.7% more than the same period in 2023. The West Sussex airport hopes to double capacity by making use of its existing northern runway.



## Market News

Week 34 2024 – Week ending 23/08/2024

# Market News (1 of 2)

## Week 34 2024 – Week ending 23/08/2024

- Britain's managed hospitality groups** reported year-on-year growth of 1.5% in July 2024, down from June's rate of 2.9%, the latest CGA RSM Hospitality Business Tracker reveals. As July started with the peak of the 2024 Euros, including the quarter, semi-final and final games, Britain's pubs enjoyed a more positive outcome from the tournament than the England team, experiencing like-for-like growth of 4.9%. The best performing segment in July, pubs within the M25, performed especially well, with 9.9% like-for-like growth. It was a slightly more negative picture for other segments as consumers shifted their spend towards pubs. Restaurant performance saw steep declines, dropping from a 4.7% increase in June to a 2.1% drop in July. Bars had another negative month, down by 6%, while the on-the-go segment saw like-for-like growth of 1.5%.
- McDonald's plans to open over 200 restaurants** across the UK and Ireland over the next four years in a £1bn expansion drive. "Drive to" restaurants - with a car park, a small seating area, and no drive-through - and "other smaller formats" will be tested as part of the new offer. The move would increase the fast-food chain's UK and Ireland footprint by over a tenth to 1,700 sites.
- Pret A Manger has rolled out Pret Express**, its "24/7 self-service coffee-to-go solution", to more than 80 locations, with retail partners now including the Co-op and Spar. Pret Express is now live in more than 80 locations across the UK, as well as in Guernsey and the Isle of Man. It can be found in offices, convenience stores, gyms, hospitals, post offices and petrol forecourts. This includes Co-op, Budgens and Spar stores and Barclays' head office.
- Heart with Smart Group, which operates Pizza Hut Restaurants** and is an Itsu franchisee, saw like-for-like sales increase 7.7% in the year to 3 December 2023. It said that despite sales being impacted by the weather and the Olympics this summer, it is now seeing a return to "more normalised trading". The business, which is franchise operator of 146 Pizza Hut Restaurants in the UK, said operating profit for the year increased by £4,772,000 year-on-year, from a loss of £3,021,000 in 2022 to a £1,751,000 profit in 2023.
- Burger King UK** has said the performance of the sites the business acquired from franchisee Karali Group are "driving the whole of the company". In October 2022, Burger King UK acquired 74 Burger King restaurants from its second largest franchise partner, Karali Group. At the time, the deal increased the company's directly owned portfolio to 266 restaurants, half of its then 533-strong UK store estate. It currently has 561 restaurants, 285 of which are directly owned.
- KFC franchisee Kefco Sales Limited** has reported numbers to 24 December 2023 to Companies' House saying that revenues rose by 2.5% to £44.4m with PBT up from £230k to £1.1m.
- Fast-growing pizza franchise The Fat Pizza** is aiming for 180 UK sites by the end of 2026 plus 50 across the GCC, and is trialling a dark kitchen pub model. Founded by Sunny Chhina in Southend, Essex, in 2017, the company has grown to circa 30 sites, with another ten set to open by the end of September.

# Market News (2 of 2)

## Week 34 2024 – Week ending 23/08/2024

- **Pizza Pilgrims has lined up its first site in Scotland, in Edinburgh.** The 25-strong, Imbiba-backed business, which opened its first site in Wales, in Cardiff, last week, has lined up an opening at 7-15 Rose Street in the Scottish capital. In May, Pizza Pilgrims reported record results and laid out plans to expand into Scotland as well as Wales. In the year to 25 June 2023, revenue increased 37% to £28.7m (2022: £21.0m) and pre-tax profit more than doubled to £0.7m (2022: £0.3m).
- **Bistrot Pierre is to begin the roll out of its new all-day dining concept Pierre's** with the opening of a second site later this month. Designed to be the "ultimate socialising venue, offering great dining with a value for money menu, coffee, cocktails, small plates and sharing dishes", the concept was launched in Newport in May, marking the group's return to the Welsh town following a two-year absence, with the Bistrot Pierre in Friars Walk having closed in September 2022.
- **Hall & Woodhouse has reported underlying pre-tax profit increased** by approximately 50% to £6.5m (2023: £4.2m) in the year to 27 January 2024, aided by an "excellent year" across its managed estate.
- **London Papa John's franchisee Chatha Franchises** has doubled its estate with the acquisition of nine stores. The group opened its first store 22 years ago and grew initially to seven sites across London, and then nine altogether before its latest acquisitions.
- **Farmer J has said the vision for the business is to hit a "minimum of 50 sites in the UK"**, and that it has "only scratched the surface to continue to build a global brand". At the end of last month, the business opened its 11th site in London, at 10 Hammersmith Grove. The company plans a further four openings this year, as it looks to accelerate expansion in the capital.
- **Wingers**, the buttermilk fried chicken restaurant concept, has opened in Derby for its 12th site. Amaneek Choongh, Wingers' youngest solo franchisee at 25 years old, has opened the store at the city's Parks Farm shopping centre.
- **Bleecker**, the burger concept founded by Zan Kaufman in 2012, has opened a fifth site in the capital, near London Bridge – its first outlet since the covid pandemic. The business, which opened its last site in October 2019, at Westfield London, secured a 1,130 square-foot site at 104 Tooley Street.
- **Waitrose has announced plans to open 100 new convenience shops** over the next five years. The supermarket said the new stores would be opened across England, Wales and Scotland but said it could not share the exact locations of all of them. Waitrose confirmed the move towards convenience shops was in response to changing consumer habits and demand, with the first new store confirmed for Hampton Hill in London later this year. The company, which is part of the John Lewis partnership, currently has about 45 Little Waitrose stores, which are largely located in the south of England.
- **Popeyes UK, the US fried chicken quick service restaurant brand** backed here by TDR Capital, has opened its first non-drive-thru site to feature a "park and serve" option, in Newport, Wales. Located in Newport Retail Park, the site marks the brand's 18th opening in 2024.
- **Travelodge**, which operates more than 600 hotels across the UK, Ireland and Spain, has said it is aiming for around half of its estate to be refitted with modern rooms, upgraded bar cafés in the new 85 Bar Cafe design and new style receptions by the end of this year.

# For more information

Email Circana [contactus@circana.com](mailto:contactus@circana.com), or one of the UK Foodservice account representatives below:

**Seton Leung**

Head of UK Foodservice

[seton.leung@circana.com](mailto:seton.leung@circana.com)

07795 430967

**Gareth Nash**

Commercial Lead

[gareth.nash@circana.com](mailto:gareth.nash@circana.com)

07503 629227

**Sergey Chekmarev**

Client Director

[sergey.chekmarev@circana.com](mailto:sergey.chekmarev@circana.com)

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

07741 658042

**Peter Linden**

Senior Client Manager

[peter.linden@circana.com](mailto: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](http://circana.com).