



Macro and Market News

Week 16 2024 – Week ending 19/04/2024

19 APRIL 2024





Macro/Economic News

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- The ONS has this week reported that UK CPI fell to 3.2% in the year to March**, down from 3.4% in February. This is the lowest level for two years. The ONS reports that ‘on a monthly basis, CPI rose by 0.6% in March 2024, compared with a rise of 0.8% in March 2023. The cost of some items including meat, crumpets, chocolate biscuits, furniture and household items fell. However, petrol and diesel prices rose. **The number of people out of work because of long-term sickness has leapt to a record high of more than 2.8 million.** Economic inactivity, describing when an individual is out of work and not looking for a job, has been increasing steadily since the start of the covid pandemic, pushed up by a greater prevalence of long-term illness, reports The Times. Before the pandemic, 2.1 million people were classified as being economically inactive owing to long-term sickness. It means that there has been an increase of about 700,000 over the past three years, according to figures from the Office for National Statistics. A sharp rise in the number of people leaving the workforce altogether has intensified inflationary pressures. Economists have said that a fall in the pool of available workers has pushed up wage growth and is to blame in part for inflation proving difficult to tame.
- The UK jobs market is showing signs of stalling as the number of people out of work rose**, according to new figures. The unemployment rate increased to 4.2% between December and February, which is the highest level for six months. Meanwhile, the rate of people with a job dipped and the economically inactive - those not in work or looking for employment - ticked higher. Economists suggested the data could spur the Bank of England to cut interests rates.
- Growth in wages has fallen more slowly than expected, strengthening the chances of the Bank of England postponing interest rate cuts until later in the year**, reports The Daily Mail. Regular pay growth for the three months to the end of February slowed to 6% on an annual basis, from 6.1% in the previous three months, data from the Office for National Statistics showed. City analysts had expected the rate to slip to 5.8%. Total pay, which includes bonuses, was unchanged at 5.6%. The level of private sector earnings growth, which is watched closely by the Bank, fell to 6%, the lowest figure since the 3 months to June 2022.
- GDP in the UK will grow just 0.5% in 2024 – powered by a rising population rather than a dynamic economy, the International Monetary Fund (IMF) predicts.** However, with falling inflation and predicted -interest-rate cuts, the government is confident Britain is on the road to economic recovery, reports The Telegraph. The GDP of the UK has been boosted by “inflows of migrants”, the IMF’s World Economic Outlook found. It trimmed growth forecasts for the UK by 0.1 percentage points for this year and next, to 0.5 per cent and 1.5 per cent respectively. The IMF forecasts that, when calculated per head, GDP will flatline in 2024. The UK and other advanced economies have seen their workforces boosted by “increased inflows of migrants with faster growth in the foreign-born than in the domestic-born labour force”, the IMF said in its latest World Economic Outlook. Its analysis showed that the foreign-born workforce had grown by around 20% since the start of 2019, whereas the UK-born labour force had slightly shrunk over the same period.

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- **A UK-EU youth mobility agreement would be a “huge success” for the sector, UKHospitality has said.** It comes after the EU Commission proposed to open negotiations to facilitate new youth mobility agreements, allowing young people from the EU and UK to study, work and live in each other’s countries. UKHospitality has been calling for youth mobility schemes to be expanded to the benefit of hospitality, tourism, live music and events. Chief executive Kate Nicholls said: “The sharing of cultures, cuisines and knowledge have long been the bedrock of the UK’s world-leading hospitality sector and agreements like youth mobility schemes have been a key part of that success. We have been calling for these schemes to be expanded and I’m pleased to see the EU Commission coming to the table with a plan to open negotiations. I hope the EU Council agrees with the proposal and that talks between the UK and EU can begin as soon as possible. Such an agreement would be a huge success for hospitality and tourism and, practically, it would solve challenges for the live music and events sectors.”
- **Oil and gold prices have jumped after US officials said an Israeli missile had struck Iran.** Brent crude, the international benchmark, rose by 1.8% to \$88 a barrel while gold briefly came close to a record high before falling back to nearly \$2,400 an ounce. Investors have been closely watching Israel’s reaction to Iran’s direct drone and missile attack last weekend. There are concerns a worsening conflict in the Middle East could disrupt oil supplies.
- **A key member of the Federal Reserve, the US central bank, has told the BBC that inflation is only coming down “very, very slowly” and “let’s not be in a hurry” on interest rate cuts.** Raphael Bostic, the President of the Atlanta Federal Reserve, told BBC News that US interest rates will have to be kept at a “restrictive level” and might only ease “at the end of 2024”. Expectations of a delay to US interest rate cuts has sent reverberations around the world economy in recent weeks, impacting government borrowing costs, including in the UK.
- **Rail union the RMT has rejected an improved offer of a 3.5% rise in pay from Network Rail.** It says ‘the benchmark measure of inflation used for negotiations is the November RPI figure which was 5.3 per cent.’ RMT general secretary Mick Lynch said that ‘such double standards were unacceptable and an insult to hardworking Network Rail staff’.



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- US coffee brand Blank Street Coffee has opened its second Manchester site.** The company, which has stores in Boston, New York and Washington DC in the US, and London and Manchester in the UK, has opened the outlet in King Street, following its first Manchester opening in Piccadilly Gardens. Ignacio Llado, UK managing director at Blank Street, said: “The launch of Blank Street’s first Manchester shop in December last year exceeded all our expectations – and with fans calling for us to open more across the city, we are delighted to be able to launch our second venture into Manchester. The opening of our King Street shop means we’re able to bring our high-quality products, great service and frictionless customer experience to more people. We look forward to welcoming even more Blank Street fans to meet for matcha or enjoy their favourite coffee.”
- Meatailer, which operates the Meat Liquor chain of restaurants,** has reported full year numbers to 25 June 2023 to Companies House saying that revenue slipped to £13.6m from £16.3m as the group closed a number of units. The company reports a loss before tax of £65k (2022: profit £616k).
- Cook’s Coffee has updated on trading at its Esquires brand of franchised coffee shops in the year to end-March saying group store sales were up 17.6% at £27.9m compared with £23.8m in FY23.** The company says UK store sales were up 21.1% at £18.1m vs £15.2m and Ireland store sales were up 11.3% at £9.6m vs £8.6m. Cooks says it has 77 Group sites in the UK and Ireland as at 31 March 2024, up from 66 as at 1 April 2023.
- Busaba Eathai Ltd has reported its FY numbers for the period ended 17 September 2023 to Companies House.** During the year, the company exited its regional sites, surrendering its lease in Cardiff (opened October 2021) and selling its site in Oxford (opened January 2022). Turnover marginally declined during the year as a result of these disposals but the company swung into a slight operating profit, up from a loss in the year prior. Busaba’s loss before tax lessened significantly but still remains substantial. Revenue marginally declined by 0.4% to £21.1m as Busaba exited its regional sites in Cardiff and Oxford. Busaba stated that LFL sales declined by 2%. Gross profit also marginally fell by 0.4% to £8.4m, with gross profit margin staying constant at 40.1%.
- Pret A Manger has had to refund subscribers to its Club Pret subscription scheme, who have been unable to use its app since it introduced a crackdown on subscription sharing.** The Telegraph reported that some subscribers to Club Pret, which allows a customer to order up to five barista-made drinks a day for a monthly fee of £30, were experiencing technical issues with the app and were unable to claim their free drinks. Subscribers must now use the Pret app in order to claim the free drinks rather than accessing their QR code in their Apple Wallet or on a smart watch, under new rules that came into force on 18 March to stop people sharing their subscriptions. Pret has now told The Telegraph it has given refunds to some customers who have struggled to log in since the changes came into effect. A spokesman for the company said: “Since we made this change in March, our team have either given refunds or applied the Club Pret discount as normal to any customers who have genuinely struggled to log in.”

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- Subway franchisee Peter Olowe has taken on the GB master franchise for US juice bar brand Smoothie Factory – targeting at least ten stores by the end of the year and seeing the potential for an eventual 100-strong estate.** Smoothie Factory was established in 1996 by US Olympic athlete James Villasana and has grown to more than 120 sites in 20 countries. It made its UK debut in 2022 with a launch in Belfast's Titanic Quarter, followed by a second Northern Ireland site in Bangor's Bloomfield shopping centre. The brand then came to the UK mainland last summer with a launch at The Brunswick Centre in Bloomsbury, London.
- Scottish brewer and retailer BrewDog has sales at its bars fall 2.5% so far in 2024 compared with last year but said performance is still 10% ahead of the wider market.** Updating on the company's first-quarter trading, co-founder James Watt said the teams had delivered a “phenomenal” performance against a “very challenging” period for craft beer and hospitality. He said: “The bar industry in the UK is down more than 11% versus last year and last week the UK bar industry was an alarming 22% down. Our BrewDog bars over the course of 2024 so far have been 2.5% down. Not where we want to be, but it is hard to be too unhappy with our hospitality performance when we are 10% ahead of our wider industry.”
- Greggs is planning to open six more of its Outlet stores, which aim to tackle food waste, in the UK this year.** The Sun reported the business currently has 35 shops open across the UK and hopes to have 50 by the end of 2025. Greggs Outlet's stock some of the brand's most popular items including the much-loved sausage roll – but the prices are up to 75% cheaper. It means you can get a four-pack of sausages rolls for £1.85, instead of £4.35, which works out at just 46p per sausage roll. Whereas a sandwich could cost £1.22, instead of £4.50. Prices vary across Greggs shops in the UK based on where you visit. The Outlet shops sell food that hasn't been sold elsewhere, so it's nearing its expiring date. It aims to help the chain tackle food waste and help those living in disadvantaged areas to buy food at a huge discount. Roisin Currie, Greggs chief executive, told The Sun, that “doing good” has been an important part of the business for more than six decades.
- Wingstop UK, which is being rolled out here by Lemon Pepper Holdings, has said it sees potential to grow to more than 300 sites here in time.** The brand currently operates 43 sites nationwide, including 12 delivery kitchens. Wingstop's recent openings include sites in Birmingham, Edinburgh and Leeds, and it is on track to open 15 sites this year, including further restaurants in London, in Clapham, Croydon and its largest site yet, at Westfield Stratford City. The brand, which launched here in 2018, recently secured a former Burger King site in the Midsummer Place scheme in Milton Keynes.
- Giggling Squid, the Thai restaurant brand backed by the Business Growth Fund, has added three new sites to its opening pipeline – in Liverpool, Portsmouth and York.** The 49-strong brand, which earlier this year opened in Cardiff's Mermaid Quay, has secured the former Loch Fyne restaurant in the Vulcan Buildings, Gunwharf Quays, Portsmouth. It has also secured the Point Blank bar in Liverpool's Castle Street, and the former Banks' Music Room shop in Lendal, York, for new openings.

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- London chicken sandwich concept Butchies, founded and led by Garrett FitzGerald, is to return to the expansion trail with an opening near London Bridge.** The business, which is chaired by Draft House founder Charlie McVeigh, is to open a site later this spring at 120 Tooley Street. Butchies, which had previously been linked to an opening in the Borough Yards development, currently operates five sites across the capital – in Canary Wharf, Clapham, Ealing, Earl’s Court and Shoreditch, plus a concession in the Market Halls site in Victoria. Fitzgerald, who founded the company in 2013 after a visit to New York in which the chicken served up at Harlem restaurant Sylvia’s “blew him away”, opened his first site in 2017, in Shoreditch, before adding a 100-seater Oxford Street pop-up and a Market Halls Fulham site in 2018.
- Fast-growing, quick service restaurant brand Chopstix has further strengthened its relationship with franchise partner Haven by launching an “eat-in” restaurant.** The new opening at Haven’s Thornwick Bay site in East Yorkshire is a first for the holiday park operator, having launched three modular units with Chopstix across its parks so far. Both companies said the opening of a traditional seated restaurant concept was an important step, with both businesses exploring the potential for future rollouts across the Haven estate. The new site follows openings at Haven’s parks in Presthaven, Wales; Haggerston Castle, Berwick-upon-Tweed; and Craig Tara, Ayr. Chopstix said expansion through franchise sites has been “decisive in driving the brand’s growth trajectory”, having secured multiple high-profile franchise agreements with established food and beverage operators over the past two years. Already the largest Asian-inspired quick service restaurant brand in the UK, the company reiterated that it has set its sights on becoming the largest Asian-inspired quick service restaurant on the continent, with expansion expected to ramp-up exponentially, with the long-term ambition of the founders, Sam Elia and Menashe Sadik, to reach 300 sites by 2027.
- Hostmore has announced that it has reached an agreement on a proposed all-share acquisition of TGI Fridays Inc (including affiliates TGI Fridays), the global hospitality business that owns the American-themed casual dining brand, which is the company’s franchisor.** The company said that the “transformational combination would bring together TGI Fridays’ largest franchisee with the global franchisor”. TGI Fridays is the master franchisor to 493 franchised stores, with 128 located in the US, 89 in the UK (the Hostmore portfolio), and 276 across a further 42 countries. It has 4,447 employees. The TGI Fridays group also operates 100 US company-operated stores. It reported FY23 total global systemwide restaurant sales of \$1.4bn, comprising \$672m in the US and \$708m in international markets. TGI Fridays is expected to be purchased for an enterprise value of £177m, or approximately 5.4x TGI Fridays’ FY23 underlying EBITDA, which Hostmore said represented “a highly attractive acquisition multiple for a large, established global franchisor”. The combined group would have had underlying FY23 revenue of approximately £490m, an approximately 9% Ebitda margin, and free cash flow of more than £30m. The combined group expected to be renamed TGI Fridays plc, with its shares admitted to trading on the London Stock Exchange’s main market under the share ticker TGIF.

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- Hollywood Bowl Group, the UK's largest ten-pin bowling operator, has reported record first half revenue, including six-month revenue of £100m in the UK for the first time.** In its trading update for the six months to 31 March 2024, it reported record first half group revenue of £119.2m, up 8.1% compared to £110.2m in the first half of FY2023. UK revenue was £103.3m, up 4.4% versus the first half of FY2023, and was up 1.3% on a like-for-like basis.
- Everyman, the independent, premium cinema group, has reports strong trading so far in 2024, with this year expected to outperform 2023 and three new openings confirmed.** "With a focus on hospitality, Everyman is re-defining how film is being consumed and is therefore outperforming the wider cinema market, non-executive chairman Philip Jacobson said following the release of the company's results for the year to 28 December 2023.
- Wasabi, the sushi and bento chain backed by Capdesia, has said it is looking for new UK restaurant expansion opportunities, and sees "huge potential for growth for the brand both within and outside London" on the back of a strong 2023.** The Henry Birts-led business, which carried out a recapitalisation at the start of last year, said it saw strong growth across both its restaurants and grocery businesses through 2023, leading to "healthy Ebitda delivery, which exceeded expectations". It said its 41-strong restaurant business reported strong like-for-like growth in 2023 versus pre-covid, on the back of strong demand from office workers, shoppers, students and tourists, albeit with a different weekly trading pattern to pre-covid. However, it said it had been significantly impacted by rail and tube strikes throughout the year, particularly given its strong presence in major travel hubs. The company said its grocery business showed "continued excellent growth" in both Sainsbury's and Tesco, through continued distribution gains and successful new product development. The brand's ready meals are now available in around 3,500 supermarkets across the country.
- US fast-casual seafood brand Captain D's is eyeing a UK launch as part of its global expansion plans.** Captain D's was founded as Mr D's Seafood and Hamburgers by Raymond L Danner Sr in Donelson, Tennessee, in 1969. It has now grown to just under 550 locations in the US and recently launched its first franchise agreement in Canada. The business is currently owned by private equity firm Sentinel Capital Partners, which acquired it from Centre Partners Management in 2017. Captain's D is now eyeing a launch here and has partnered with Summa Franchise Consulting to explore the possibility.
- US better burger brand Shake Shack is to further strengthen its footprint in London with an opening in Notting Hill Gate.** The company is opening the venue in the former Royal Bank of Scotland premises at 78 Notting Hill Gate for its 16th site in the capital. Set over two floors, the restaurant will offer its staple menu including the signature ShackBurger, crinkle-cut fries, flat-top dogs, ShackMeister Ale and hand-spun shakes. Last month, Shake Shack revealed it will make its UK train station debut with an opening at Unit 17 The Circle at St Pancras International early this summer.

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- Midlands smashed burger franchise Burger Boi has said it is on course for 25 sites by the end of 2024 after hiring former Hero Brands development director, Chris Palmer.** Palmer joins Burger Boi after five years with Hero Brands, helping grow concepts such as German Doner Kebab (GDK), Sides and Dirty Bones. He spent four years as GDK's franchise director – overseeing the opening of 100 new restaurants over four years – and a year as Hero Brands' group development director, and was most recently director of business development for Sides.
- Just Eat Takeaway has reported 11% growth in its UK and Ireland operations in the first quarter of 2024.** In a trading update, the company said its UK and Ireland business accelerated gross transaction value (GTV) growth to 11% (7% constant currency) in the first three months of the year. It also reported continued momentum in GTV growth in Northern Europe and constant currency GTV growth, excluding North America, of 3% in the first quarter, within the 2024 guidance range of 2% to 6% year-on-year.
- Craft breweries are under increasing threat as rising costs and lower demand push even more into insolvency.** The total number of business failures in the sector increased from 35 in 2022 to 52 in 2023, according to data from accountancy firm Price Bailey. Smaller breweries have been hit particularly hard by rising interest rates and higher costs, as many have been pushed to rely on debt to finance equipment, raw materials and in some cases, operating costs. While the data covers breweries that entered into insolvency, they do not count those that were liquidated, reports The Daily Mail. Price Bailey says that rising interest rates and the tapering of energy support package, means a growing number of breweries have failed to make payments on loans, pushing them into insolvency.
- South London smash burger brand Smacks Hamburgers has revealed a 21-store pipeline, including an overseas debut, as it grows towards a 100-store target.** The business has grown to nine sites since launching in 2021. It has two stores in Croydon (including a delivery-only location), and elsewhere in London in Thornton Heath, Gants Hill and Tooting.
- German pizza and pasta chain L'Osteria, in which investment firm McWin became a majority shareholder last year, has closed one of its two UK sites.** The company has shut its restaurant in Southampton's Westquay, with the Daily Echo reporting that a chain and lock now sits across the front door of the empty venue. L'Osteria's Southampton site is a 7,400 square-foot premises that spans over ground and first floors. The venue also has a first-floor balcony of 610 square feet and an external 1,140 square-foot seating area at ground floor level. A spokesperson for Westquay said: "Since 2020, we have worked collaboratively with L'Osteria and provided considerable support to enable the restaurant to operate and serve customers. However, regrettably we can confirm that L'Osteria has now closed. We remain engaged with the brand." The business has more than 150 restaurants across Germany, Austria and Switzerland and made its UK debut in 2016 with an opening in Bristol. The 220-cover, 5,400 square-foot site, in the Quakers Friars area of the city's Cabot Circus, is now the UK's only L'Osteria site. The Southampton restaurant opened the following year. At the time of the Bristol launch, the business said it planned for 30 restaurants in the UK by 2026 as part of a £32m investment.

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- Natural fast food brand Leon has partnered with motorway services company Roadchef for its most westerly location and second in Somerset.** A new Leon site will open at Sedgemoor on the M5, located at the southbound services between junctions 21 and 22. It will offer all the Leon menu favourites plus several self-order kiosks. This new opening will mark a continuation of an ongoing partnership, which has seen Roadchef open 11 Leon outlets since 2018.
- Family-owned restaurant group and falafel bar Pilpel, which specialises in Middle Eastern street food, has strengthened its presence in central London after securing its eighth site.** The business, which was founded by Uri Dinay and Joseph Cohen in 2009, has secured a new site in the City, in Fenchurch Street, with an opening planned for later this spring. The company, which previously operated the Badolina concept in the capital, operates Pilpel sites in Aldgate, two in Spitalfields and others in Canary Wharf, St Paul's, Lime Street and Fleet Street.
- Coffee brand Grind has partnered with supermarket Tesco to offer its products in stores across the UK.** Three product categories are available: coffee beans and ground coffee, home-compostable coffee pods, and ready-to-drink iced coffee cans. The partnership between Grind and Tesco is part of Tesco's Accelerator Programme, which helps innovative brands in the UK reach a wider audience. Grind's products are available in select Tesco stores, with the exact product range varying by location. Grind products are also available online through Tesco's website.
- Specialty coffee concept WatchHouse is to launch its final crowdfunding campaign as it looks to open further sites in New York and a**
- roastery in Brooklyn.** The business, which opened its first international site, in New York, earlier this month, is set to launch the new crowdfund campaign through Crowdcube, with no target for how much it is looking to raise announced as yet. It comes after the business, which currently operates 17 sites in the UK, completed a \$10m (£7.9m) Series A fundraising round in December to continue the company's rapid growth in the UK and US over the next 36 months.
- Deliveroo has reported 6% like-for-like growth in the UK & Ireland in first quarter of 2024 and said orders are flat, in line with overall market growth.** It said its gross transactional value (GTV) growth here was 6% year-on-year, compared to 7% in the fourth quarter of 2023, "in the context of a more stable but still uncertain consumer environment". Orders returned to growth, with a 2% increase year-on-year, while GTV per order was up 4% in constant currency.
- Cafe bar operator Loungers said it has continued its rapid site rollout with an opening every ten days so far in 2024.** The operator of the Lounge, Cosy Club and Brightside brands said several new openings since its last update on 29 January brings the current total to 257 sites. In the past three months, the group opened new Lounges in Bromsgrove (Verraco Lounge), Chepstow (Pontio Lounge), Macclesfield (Panadero Lounge), Westwood Cross (Riparo Lounge), Bracknell (Pineto Lounge), Ilkley (Vitello Lounge), Sidcup (Sarto Lounge) and Yeovil (Barolo Lounge). With each new Lounge site, nearly £1m is invested into the local high street and an average of 30 new jobs are created.

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