



Macro and Market News

Week 12 2023 – Week ending 24/3/2023

10TH MARCH 2023





Macro/Economic News

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- **The Bank of England** has upped its bank base rate to 4.25% from 4.00%. The European Central Bank has raised rates by 0.5% across its three main interest rates amid the turmoil following the collapse of Silicon Valley Bank and troubles at Credit Suisse, which was sold to UBS earlier this week.
- **GfK's** consumer confidence indicator for March saw the overall measure rise by two points to minus 36. The majority of consumers remain negative about the outlook and GfK says there is 'no spring in the financial steps of UK consumers.' However, it's the best consumer confidence score in the last 11 months.
- **The ONS** has updated on public sector net borrowing saying that, in February 2023, it was £16.7 billion, £9.7 billion more than February 2022 and the highest February borrowing since monthly records began in 1993, largely because of substantial spending on energy support schemes.
- **The ONS** has also reported that February annual inflation unexpectedly increased to 10.4% versus 10.1% in January. The surprise strengthening in inflationary pressures was the result of higher price growth recorded in food, restaurants, and clothing. UK food and non-alcoholic drinks prices are currently rising at their fastest rate in 45 years with prices up 18.2% on the prior year.
- **Signal workers and maintenance staff belonging to the RMT** union have voted to accept a pay offer from Network Rail. Also this week, RMT members from 14 train companies, including train guards, were set to walk out on 30 March and 1 April, but these strikes have also been called off. The Rail Delivery Group and the union are now jointly focused on working constructively towards a settlement to this dispute.
- **The Resolution Foundation** says that British workers are little better off than they were 15 years ago and says that the wage with other countries, such as Germany, has widened. It says the average UK household incomes have fallen to £4,000 behind those in Germany from £500 some 15 years ago before the financial crisis, the change of government, Brexit & Covid.
- **Rightmove** reports that average house prices rose by £3k (+0.8%) in March, bringing the average value of a home on the market to £365k.
- **The government** has declined to add hospitality to its shortage occupation list.
- **VisitBritain** estimates that there will be a total of 35.1 million inbound visits - 86% of pre-pandemic levels - this year.
- **ABTA** reports that 62% of people have been on an overseas holiday since the lifting of the UK's Covid travel curbs a year ago.
- **Heathrow Airport's** Terminal Five's security guards are to strike for 10 days from 31 March in a dispute over pay. The period includes the Easter break.



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- Prezzo**, the 145-strong business, over the past few weeks has closed restaurants in Horsham, Newmarket, Malvern and Thornbury, with the latter two taken on by Loungers for its Lounge concept. Prezzo has already placed a handful of sites on the market since the start of the year and is assessing the future of up to 20 further sites. Cain International bought the then 180-strong Prezzo out of administration for around £5m at the end of 2020.
- Creams** is to enter the petrol forecourt sector under a new partnership with Park Garage Group as part of its northern expansion plans, with the first to open in April. The company first revealed plans to expand outside its M25 heartland in November. Since then, it has opened a company-owned flagship restaurant in Manchester and plans further restaurant openings in Sheffield and York later this year. Before that, it will add its grab-and-go menus to two existing Park Garage sites located in the north – the first, in Wigan, opening before the end of April. Park Garage operates 75 forecourts across the country. Creams has more than 100 dessert parlours in the UK, including a centre of excellence and training academy in Nottingham, and has targeted 500 stores worldwide by 2027.
- Wagamama** has extended its “noodle union” scheme to include apprentices. The company launched the programme in September 2022 to help university students save money on a range of dishes. It has now opened up the scheme to apprentices too, with all new members, as well as existing ones, eligible to receive a free drink and a side when purchasing a main from Wagamama throughout March. Earlier this month, Wagamama also launched its “student hubs” programme, which sees students from 22 UK locations who are members of the noodle union offered space to study and socialise. The hubs operate every Monday and Tuesday, for 25 students at a time, on a first-come, first-served basis.
- Black Sheep Coffee** has signed for a site in Peterborough as the brand continues its rapid expansion across the UK. The group has agreed a deal for an 1,800 square-foot kiosk on the ground floor of the Queensgate shopping centre. The kiosk, adjacent to Primark, is set to launch in June. Black Sheep Coffee operates more than 50 sites in the UK.
- Foodco** has made its Northern Ireland debut with a Muffin Break store in the Buttercrane Shopping Centre, Newry. The new opening brings Foodco’s Muffin Break store count up in the UK to 63, with a further six in the pipeline, including sites in Leeds and Basingstoke. It also operates 18 Jamaica Blue stores in the UK.
- Fridays** was treating its Stripes Rewards Member with free Guinness pints to celebrate St Patrick’s day from 15 to 17 March as well as free prosecco for mums on Mother’s Day, 19 March. Adult’s main meals had to be purchased to enjoy the offer.
- Taco Bell** was offering £3 off £18 orders made on Uber Eats from 15 to 19 March, 2023.

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- Deliveroo** has reported that on-demand grocery deliveries accounted for 11% of revenues in the first half of its financial year – up from 9% a year earlier. It now delivers from about 8,000 grocery sites in the UK and more than 10,000 sites in 10 international markets including Europe, the Middle East and Asia. In 2022 its UK and Ireland business launched with Asda and expanded partnerships with Waitrose, Sainsbury's and the Co-op. It also works with Boots, which now delivers via Deliveroo from 125 stores. Delivery-only Hop grocery sites, similar to dark stores, are growing in number while the business is also experimenting with Hop as a Service – enabling grocers to use the Hop technology on their own sites with their own staff to pick and pack orders that are then delivered by Deliveroo riders in as little as 10 minutes – faster than the company's standard target of delivering in as little as 30 minutes.
- Nando's** has increased the price of its bottomless soft drinks by 10p. Customers will now pay £3.50 under the change. Other soft drink options, such as cordials and cans, remain unaffected by the rise. The announcement follows a 16% increase of some of its menu items in January. Nando's attributed the rise to the increasing cost of ingredients and the running of its restaurants. However, the spokesperson said it has been "extremely encouraged" by its performance in the current financial year.
- Nando's** has opened its ninth Northern Irish restaurant at Belfast's Odyssey complex. Nando's will be joined by Zizzi and Five Guys, which have also signed leases for new restaurants at the revamped scheme. Cineworld opened its first premises in Northern Ireland at the Odyssey in 2021, with Hollywood Bowl moving in last year.
- Just Eat** has launched a grocery delivery partnership with Iceland. It will initially launch with more than 200 Iceland sites by the end of April, with more than 5,000 products available to customers in locations including London, Manchester, Belfast and Leeds, with plans to roll out to many more towns and cities across 2023. Just Eat's grocery estate in the UK has expanded to more than 2,500 sites on the platform in the last year.
- Just Eat** has announced it is to cut 1,700 jobs as it ceases to employ its delivery riders and drivers. Instead, it will use gig economy workers to deliver food in the UK, as opposed to the hybrid system of employees and self-employed workers, despite strong comments by the chief executive against the gig economy. A further 170 people working in the company's operational department are also impacted. Delivery employees have been given six weeks' notice with pay, and it is understood office staff will begin a process of redundancy and may be moved to other parts of the business. The company has earlier reported that total customer numbers fell by 9% in 2022.

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- **Aldi** has given its store employees the third pay rise in 12 months, as the battle for staff intensifies. The supermarket group will lift starting pay to £11.40 an hour nationally and to £12.85 in Greater London.
- **Turtle Bay** will launch its 48th location, a 500-capacity venue at 245 Hammersmith Road, on Friday, 31 March, alongside a new menu launch. New dishes on the menu will include slowly-simmered butternut squash, sweet potato and coconut stew, served with classic rice and peas. The company said last year it is aiming to open 40 new restaurants over the next five years as part of a runway to 120-plus eventual UK openings.
- **The Real Greek** is opening a 160-cover restaurant in Glasgow's Silverburn shopping centre on 27 March. It will be The Real Greek's 27th site overall and 15th outside of London. The brand only made its Scottish debut three months ago, when it opened in Edinburgh's St James Quarter.
- **Mowgli** is planning to open a second site in Cheshire. The 15-strong business, which already operates a site at Cheshire Oaks, has applied to turn the former Barclays bank site on Knutsford's King Street into a restaurant. The company is currently gearing up to open in Brighton's Dukes Lane, with further openings lined up in Bristol, Beverley and Edinburgh.
- **Burger & Sauce** has opened locations in Bearwood Road, Birmingham, and High Street, Sutton Coldfield, to take its estate to 11 sites. While the Sutton Coldfield restaurant was opened by new franchisee Shahid Hamid, the Bearwood Road venue is a second for Kamil Munir, who also runs the Burger & Sauce in the city's Bullring shopping centre. Burger & Sauce is targeting to reach 20 sites by the end of 2023.
- **The Coffee House**, a North-West independent coffee shop, is to open its 14th site, in Kirkby town centre. The venue will launch this summer in two of the newly built units, occupying 1,668 square feet in Telegraph Way, and will include an outdoor seating area. This will be its second site in the borough of Knowsley, having opened in Huyton village centre in 2019. The Coffee House has a central production facility in Warrington where its menu items are made. In November, co-founder Chris Shelmerdine said the then 12-strong business was looking to double its estate in the next three years.
- **Fevertree** has reported full year results to the end-of December 2022 saying revenues rose to £344.3m from £311.1m whilst an adjusted EBITDA was £39.7m, down from £63.0m in the prior year. EPS is down by 44% at 21.3p but the dividend for the year rises by 2% to 16.31p. Fevertree says 'industry-wide inflationary pressures impacted the Group's gross margin, most notably in glass costs and trans-Atlantic freight costs, these were partially mitigated by positive pricing actions and improvements in sales mix...'

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- **Greggs** Primark café, its third, has now opened in Newcastle. It will be followed by further cafes in Primarks in Bristol (May), Liverpool and Leeds (both June). Greggs launched the Primark partnership, which included the introduction of a range of Greggs-branded clothes within Primark stores, last year with the launch of its biggest ever cafe, a 130-seater venue in the Birmingham High Street Primark. This was followed by a second opening, on the top floor of the department store's London flagship Oxford Street East store, in October.
- **JD Wetherspoon** has reported like-for-like sales in the seven weeks to 19 March 2023 have been 9.1% above the equivalent period in FY19 and 14.9% above last year.

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