



Macro and Market News

Week 2 2024 – Week ending 12/01/2024

12 JANUARY 2024





Macro/Economic News

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- **The ONS** has reported that real gross domestic product (GDP) is estimated to have fallen by 0.2% in the three months to November 2023, compared with the three months to August 2023. It says monthly GDP is estimated to have grown by 0.3% in November 2023, following an unrevised fall of 0.3% in October 2023.
- **The British Retail Consortium (BRC)** has said spending in cash terms in December was 1.7% higher than a year earlier, representing a fall in purchases after inflation is taken into account, and significantly lower than the 6.9% seen the year before, according to the BRC-KMPG retail sales monitor. The BRC warned that higher living costs will continue to squeeze household budgets. It pointed out that firms will also face higher business rates as well as potential disruption to shipments via the Red Sea. Separate figures released this week also suggested that shoppers held back on buying presents over Christmas, prioritising saving their money for travel, tickets for gigs and festivals instead. Holiday bookings, Glastonbury ticket sales and cinema releases such as Wonka all helped boost spending in December, although the shopping frenzy “fizzled”, according to data from Barclays. Consumer card spending grew 2.3% year-on-year in December, below November’s growth of 2.9%.
- **Heathrow Airport** experienced its busiest December ever with over 6.6 million passengers, contributing to a total of 79 million for 2023. The busiest day during the festive period was December 22, with almost 250,000 passengers. Transatlantic travel, especially to and from North America, remained a key driver. December 25 recorded 142,000 passengers, marking the busiest Christmas day ever with almost 800 flights.
- **The RMT** has called off planned strike action on the London Underground. Strikes were due to have lasted from January 8 to January 11 with minimal Tube service expected.



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Week 1 2024 – Week ending 05/1/2024

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- Motor Fuel Group (MFG)**, the UK's largest independent forecourt operator with 930 sites, has said it opened more than 50 food and beverage (F&B) outlets at its venues in 2023 – a circa 30% increase in F&B estate size in a single year. In 2023 they opened 31 Greggs, eight Prets, four Miss Millie's, three Subways, three Burger Kings (including business' first drive-thru) and two Coco Di Mamas. An MFG site in Monktonhall, East Lothian, was the site of the 500th Greggs franchise site when it opened in December, the company's 84th site with Greggs. Earlier the same month, Miss Millie's made its Scottish debut with an opening at the Old Craighall Services, between the A1 and the Edinburgh City Bypass in Musselburgh, its fourth roadside site with MFG. The previous month, MFG's first drive-thru Burger King opened at the Arterial Road in Purfleet, Essex, while MFG Cirencester became the site of Subway's first ever UK self-serve kiosk. The company now has more than 200 food-to-go outlets – Subway operates at around 100 sites within the network. It has stated that its food-to-go franchises are now supported by "expanded demand for food delivery services", which operate now out of a "significant number" of outlets.
- Mitchells & Butlers (M&B)** is planning to add to its 26-strong Browns brand with an opening near Sutton Coldfield. The business is understood to have lined up a conversion of its Toby Carvery (formerly Park House) in Sutton Park, near Sutton Coldfield, to a Browns. Over the past 18 months, M&B has been trialling its Browns brand in suburbia, stretching it beyond its usual high street location. The first trial site opened in August 2022 and the second opened in Ruislip, in December 2022, with both sites "performing strongly". Brown has potential to grow comfortably to over 50 sites, according to M&B. The company is set to debut Orleans Smokehouse, its new concept, on a former Harvester site in Solihull later this year.
- Zizzi** has partnered with Morrisons to launch an exclusive range of 17 retail products across mains, sides and desserts. It has launched in 208 stores, featuring dishes such as calzone carne piccante, garlic soul breads, chicken and mushroom risotto, and goat's cheese and caramelised red onion rustica pizza. There are also vegan options and desserts. Zizzi debuted its frozen brand in Sainsbury's in 2020, expanding the range to include pastas and sides in March 2022, and has since added a listing in Waitrose for its pasta meals in 2023. The company said its frozen range has consistently outperformed the market, growing value and volume sales by 176% and 159% respectively in 2023. Launching in Chiswick, west London, more than two decades ago, Zizzi now has 138 UK and Ireland restaurants.
- JD Wetherspoon** is to partner with Haven to operate on its sites. The exclusive agreement will see Haven become the first and only UK holiday park operator to offer guests an on-site Wetherspoon pub to enjoy. The company says some £1.1 million is being invested into the first Wetherspoon pub, which will open its doors in March at Primrose Valley in North Yorkshire.

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- **Wahaca** is to return to the expansion trail with an opening in London's Paddington. Set to open this April, the new restaurant will be the group's first opening under the Wahaca brand since 2018, and its 14th overall. The 150-cover site will be located at the heart of Paddington Square, a new dining destination integrated with Paddington Station. The company said that the bespoke design of the restaurant's interiors will reflect the vibrancy and style of contemporary Mexican gastronomy and is inspired by a recent visit to Oaxaca by Wahaca's head chefs, general managers and leadership team. The southern Mexican city and state served as the original inspiration for co-founders Thomasina Miers and Mark Selby, who opened the first Wahaca restaurant in Covent Garden in 2007. Around 50 jobs are expected to be created with the new opening, and the site will be led by seasoned Wahaca managers, general manager Rafael De Lima and head chef Mirko Emanuele.
- **Papa John's** is set to close as many as 100 locations. It comes after the chain, which operates 524 locations in the UK, told investors it anticipates "additional strategic restaurant closures of low-performing restaurants" in a bid to boost profits. Papa John's declined to say how many branches will be affected. A spokesperson for the company said: "As our second largest global market, the UK is critical to Papa John's long-term success. As we work to fully optimize our restaurant operations and improve profitability across the market, we will continue evaluating the growth potential of our restaurants. This includes working collaboratively with our franchisees to strategically close low-performing locations, when necessary, as well as continuing to invest in the right locations for the benefit of our customers. We will work to fully support team members through any transitions. However, it's important to note that no final decisions have been made at this time." Papa John's is the UK's second-largest pizza takeaway brand, with 118 company branches and 406 run by franchises. This compares to Domino's (1,253 locations) and Pizza Hut (150). The first Papa John's UK restaurant opened in 1999 in Grays, Essex, and in 2013 it opened its 200th UK store. It closed 22 restaurants in 2023 but opened 15 new branches. The closures included all four of its stores in Cardiff. Branches in Glasgow, Plymouth, Worcester, Hereford and Guildford have also shut in recent months.
- **Coffee#1** is set to open in Fleet, Hampshire, for its 118th UK site. It will open in the former Halifax Bank site at 130 Fleet Road on Friday, 19 January, creating nine jobs. Coffee#1 opened its first store in 2001 and joined The Caffè Nero Group in January 2019. The business recorded a first ever £1m sales week for the seven days from 23 October 2023, 8% higher than the company's previous record and underpinned by weekly customer numbers above 275,000 for the first time.

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- **Franco Manca** has opened its first site in Northern Ireland, in Portrush. Fulham Shore, the brand's operator, had appointed Marcel Khan, formerly of Nando's and Five Guys, as its new chief executive. Khan, who began his new role this month, joins Fulham Shore with more than 20 years of experience working with high-growth brands operating in the hospitality and leisure industry. As its first employee outside of the US, he spearheaded Five Guys' expansion in the UK and Europe as operations and brand development director, after spending more than ten years at Nando's as a regional managing director. He was also previously chief executive of Thunderbird Fried Chicken. Since March 2020, Khan has additionally served as an operating partner at Capdesia, the investment firm exclusively focused on European branded restaurant chains. In other news, Franco Manca will relocate from its first ever site in Brixton Market to a new 100-cover flagship restaurant, still in Brixton.
- **PizzaExpress** is offering its PizzaExpress Club members 50% off, and non-club members 25% off, dine-in pizzas in January. It comes after the company's survey of 2,000 UK adults showed that 82% agreed that seeing friends and family would help alleviate the "January blues". Furthermore, it showed that more than two-thirds of January birthdays "go uncelebrated" due to the post-festive slump, with 69% of those born in January admit to not celebrating at all and 66% agreeing that the first month of the year is the worst time to have a birthday. Over half (57%) opt to spend their birthdays indoors and nearly a third (30%) say the day is often forgotten by friends and family. But it's not just birthdays that go missed in January as nearly half (45%) of Brits put all celebrations on hold, with many putting off new job celebrations (22%), date nights (21%), promotions (21%) and wedding anniversaries (14%).
- **Domino's Pizza Group** has begun a 170-store Uber Eats trial in the UK, which will be followed by a similar one in Ireland. The UK stores will all become available on the app by the end of January, followed by 14 stores in Ireland from February. It follows the announcement in July 2023 of a global agreement with Uber by US-based Domino's Pizza. The trial will assess whether the partnership will drive incremental growth in customers and sales for Domino's, in particular among customers who tend to only use food delivery apps to order takeaways. If it is successful, the wider Domino's store network will go live later in the year.
- **Wagamama** is set to open a new restaurant in Wolverhampton, bringing its UK estate to 160. Located at Bentley Bridge Leisure Park, the 154-cover restaurant will open on Monday, 5 February, creating 67 jobs. It will offer Wagamama favourites such as chicken katsu and ramen as well as the brand's recently launched Korean-inspired menu, including its first hot pots.

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- Greggs** has updated on Q4 trading saying that it has made further strong progress through the fourth quarter. The company says that total sales for the FY are up 19.6% to £1.809bn with company managed shop like-for-like sales up 13.7%. The company says a record 220 new shops opened in the year, with 33 closures and 42 relocations resulting in a net 145 new shop openings, and 2,473 shops trading as at 30 December 2023. The company reports that it ended the year with net cash of £195m (2022: £192m). It says that it anticipates a full year outcome 'in line with previous expectations....'
- Crêpeaffaire** is set to expand with a target of up to 350 sites in the next five years, including 100 in the UK. Currently operating about 18 locations, mainly in London, the crêpe specialist aims for both national and international growth. It plans to launch in Texas within the next six to 12 months with its international expansion is expected to outpace the UK.
- Honest Burgers** has appointed Thomas Kelly, formerly of McDonald's and Costa Coffee, as its new chief executive to lead the 40-strong business. Kelly started out at McDonald's as a graduate trainee, working his way to become a member of the executive board as vice-president in the UK, and then chief executive in Finland and Sweden, where he delivered seven consecutive quarters of profitable sales growth and 40% Ebitda growth in three years. More recently, Kelly has been global executive director at Costa Coffee. His appointment comes as Frank Hayes has stepped down as chief executive of Honest Burgers to "pursue other opportunities", having navigated the business through covid and its aftermath. Last October, Honest Burgers closed its crowdfunding campaign after raising £2,905,631 from 3,457 investors. The campaign had a pre-money valuation of £31m and ended offering equity of 8.57%. The company plans to use the new funding to return to the expansion trail and launch a new premium quick service smashed burger concept called Honest Smashed. In December, the business plunged into a row with HM Revenue & Customs (HMRC) after pleas for more time to pay a tax bill fell on deaf ears. Honest Burgers was faced with a winding-up petition by the taxman last week after talks to agree a "time to pay" arrangement collapsed. The business said it was shocked by the speed at which HMRC launched legal action that could have resulted in the company being liquidated. Honest Burgers paid the outstanding tax bill at the end of November
- Boparan Restaurant Group (BRG)** plans to open nine new **Slim Chickens** company-owned sites and six franchise locations in 2024. The group has an international pipeline of 17 upcoming openings, including Carluccio's and Giraffe outlets in airports. BRG is also planning to sign a new franchise agreement to expand Slim Chickens in Europe.
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- **BrewDog** said that from April it will pay the government's national living wage rate of £11.44 per hour. In a letter issued to staff, leaked on social media platform X, BrewDog described the move as "important" and "necessary" as it warned about its trading loss last year. It said: "Even with a strong performance over Christmas, as a wider business, there is no hiding from the fact that in 2023 we made a trading loss. Despite many efforts in the past 12 months to reduce our spending, we still need to find more ways to get this business back to profitability and the financial stability that is needed. Inevitably, this does mean making some hard decisions." From 14 April, BrewDog will be using the new national living wage, which will rise by nearly 10%. If the company opted to continue to pay staff the real living wage, which is based on the cost of living, their pay would have risen to £12 per hour. Staff in London will not be impacted by the change, and they will remain on an £11.95 per hour pay. As a result of the changes the staff outside London will be getting a 4.95% increase in base pay, and crew currently working in London will be paid 4.5% above the national living wage. Last year, the company gave more than £350,000 to bars team via its unique profit share programme.
- **Krispy Kreme's** hot doughnuts straight off the line. It comes after Krispy Kreme saw out 2023 with two new airport locations, in Gatwick and Stansted.
- **D&D London** has reported strong trading for December. Compared with the same period last year, the group said it experienced healthy growth in overall revenue and Ebitda, both exceeding last year and budget. Highlights included a record month at German Gymnasium, 14 Hills in London and Queensyard in New York; a record Christmas Day at Quaglino's in London; and the biggest revenue day in D&D history at Madison in the City of London on New Year's Eve. Double-digit revenue growth for the six weeks to 31 December was achieved in several London restaurants, including Skylon and Madison (up 13%), Butlers Wharf Chophouse (up 18%), New Street Warehouse (up 12%) and German Gymnasium (up 11%). In October, Calveton, the backer of Byron, and Breal Capital, completed a deal to acquire D&D London, which owns and operates circa 40 restaurants across the UK and internationally.

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