



Macro and Market News

Week 33 2024 – Week ending 16/08/2024

16 AUGUST 2024





Macro/Economic News

Week 33 2024 – Week ending 16/08/2024

Macro/Economic News

Week 33 2024 – Week ending 16/08/2024

- **The ONS** has updated on the UK labour market in the period April to June 2024 saying that average earnings (ex-bonuses) rose 5.4% in the year, the slowest rate of growth in two years. It reports that the growth in earnings including bonuses was 4.5%. The ONS goes on to report that the UK employment rate (for people aged 16 to 64 years) was 'estimated at 74.5% in April to June 2024, below estimates of a year ago, but increased in the latest quarter.' It reports that the UK unemployment rate 'was estimated at 4.2% in April to June 2024, below estimates of a year ago, and decreased in the latest quarter'.
- **The ONS** has also updated on July inflation in the UK saying that the CPI rose to 2.2% in the 12 months to July 2024, up from 2.0% in June 2024. It reports that prices went down by 0.2% in July 2024, less than the 0.4% by which they fell in July 2023. The ONS reports that the largest upward contribution to the monthly change in CPI annual rate came from housing and household services where prices of gas and electricity fell by less than they did last year; the largest downward contribution came from restaurants and hotels, where prices of hotels fell this year having risen last year.
- **The ONS** has issued its first (and subject to revisions) GDP estimates for Q1 this year saying that monthly real gross domestic product is estimated to have shown no growth in June 2024, following unrevised growth of 0.4% in May 2024. It reports that 'real GDP is estimated to have grown by 0.6% in the three months to June 2024, compared with the three months to March 2024 with widespread growth in the services sector driving growth in this period.
- **Consumer Outlook** from accountant **RSM UK** has reported that over a fifth of consumers visiting restaurants and bars where a service charge is added will decline to pay the charge. The proportion is at its highest in the south-west, the east midlands and Yorkshire at 34%, 31% and 30%, respectively.



Market News

Week 33 2024 – Week ending 16/08/2024

Market News (1 of 5)

Week 33 2024 – Week ending 16/08/2024

- **Slim Chickens** franchisee KK Restaurants is set to open the brand's first drive-thru outside the US in Sprucefield (Lisburn) in early October. KK Restaurants was incorporated in 2020 and operates Slim Chickens locations in Bristol, Exeter, Plymouth, and Belfast.
- **Mitchells & Butlers (M&B)** has converted its Miller & Carter site in Wilmslow's Station Road in Wilmslow, Cheshire, to a Browns, the 26th opening under the brand. It has also lined up openings in Exeter in Devon, and in Sutton Coldfield in the West Midlands, for Browns. The former will be the conversion of its Harvester site, known as The Malthouse, in Exeter. Located in Haven Road near the quay, it first became a Harvester around 2007 after Whitbread sold 239 of its stand-alone Brewers Fayre and Beefeater sites to M&B. It is also planning to convert its Toby Carvery in Sutton Park, near Sutton Coldfield, to a Browns. Over the past two years, 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 in Beaconsfield in Buckinghamshire and the second opened in Ruislip in west London, in December 2022.
- **Rockfish**, the nine-strong seafood restaurant group, has opened the first site under its new seafood café concept. The company – which also has restaurant openings lined up in Sidmouth, Salcombe and Topsham – has opened on the former Longboat Cafe site in Budleigh Salterton, Devon. The format is smaller than company's usual restaurant, it's along the lines of a Spanish chiringuito, a beach cafe serving fresh seafood and drinks. It will be open for coffee and breakfast and have 35 inside covers, with a long burner for winter days and 65 covers outside on the beach.
- **The Ivy** is expected to open in Liverpool inside converted Liverpool's former Bank of England building, in Castle Street. Originally constructed between 1845 and 1848, the grade I-listed landmark has lay dormant for years but is now set to be The Ivy's third north west venue. The Ivy Collection also has openings lined up in Canterbury in Kent and Belfast. The company believe there's scope to open around 25 more branches across the UK.
- **Wingstop** has said it has "an ambitious pipeline of openings well into 2025", as it gears up to open its 50th site in the UK. The company has opened its latest site, its 49th, at the White Rose Shopping Centre, marking the third Leeds site for the brand. Wingstop will hit the milestone with its next site, opening next week in Bolton, on the ex-YO! Sushi site at Middlebrook Retail & Leisure Park. Wingstop also has openings lined up in Crawley in West Sussex, Parris Wood (Manchester), Lakeside in Essex and Whitechapel, Uxbridge and Ealing in London. It is aiming to have 57 sites open by the end of the year and is believed to have the potential for up 500 sites here. Wingstop's first UK site opened at Cambridge Circus in central London in 2018.

Market News (2 of 5)

Week 33 2024 – Week ending 16/08/2024

- **Honest Burgers** has reported a record-breaking year of delivery, with like-for-like delivery sales up 22% over the last six months, driven by visit growth of 16%. The burger business has extended its exclusive partnership with Uber Eats until 2026, and said it will “leverage its popularity on Uber Eats to help its UK expansion over the next 12 months”. The 39-strong business plans to launch its long mooted smashed burger concept later this year, and The Smashed Burger, Honest Burger and Plant Vegan Burger are currently the most popular menu items being ordered from Honest Burgers on Uber Eats.
- **Chopstix** has made its first move into retail with the launch of its “Wok Pot” range into more than 500 Iceland & Food Warehouse stores across the UK. Developed and brought to market in collaboration with Chopstix partners AAK Foods and Brandship, the new cooking sauce pots provide consumers with an opportunity to “recreate signature flavours from the much-loved quick service restaurant brand at home”. The “Wok Pots” are available in two variants – sweet and sour and a teriyaki, staple sauces of the Chopstix menu. The products are available currently at £2 a box. The company, which operates more than 150 sites, said that the launch of the retail line comes as it continues to deliver strong sales across its restaurant portfolio, while undergoing a busy period of brand development and expansion. The business said it boasts a strong pipeline of new sites, through both company operated and franchise ownership models, thanks to partnerships with established franchisees including Butlin's, Haven and Welcome Break.
- **Sbarro**, US pizza-by-the-slice brand, which is being rolled out in the UK by EG Group, has opened its first site in Scotland. The brand, which recently opened Britain's first dedicated drive-thru for pizza, in West Yorkshire, has opened a site on the City South Office Park, Portlethen, near Aberdeen. The brand, which now operates 18 sites in the UK, plans to open a handful more before the end of the year. The drive-thru site opened in Cleckheaton, West Yorkshire, at the end of June. The 750 square-foot venue offers a new breakfast range, available from 7am to 11am daily, including Sbarro's new breakfast Strombolini in two flavours – sausage, egg and cheese; and ham, egg and cheese – in addition to a breakfast pizza, available as an extra-large slice or whole pizza. EG Group agreed a deal in November 2020 to become the master franchisee for Sbarro in the UK. The brand operates around 630 sites in 28 countries.
- **Blank Street Coffee** has confirmed it will make its debut in the Midlands, in Birmingham, next month, and has lined up a second site in the city. Blank Street, which made its UK debut in summer 2022 and currently has 31 stores in London, will open on the outside of the Bullring shopping scheme on Saturday, 7 September. Blank Street has also submitted plans to open a site in the city's New Street, on the former Extrawurst site. Last month, the brand continued its expansion in the UK with the opening of its third store in Manchester and had lined up its first opening in Birmingham and was understood to be searching for sites in Edinburgh and Glasgow. It is also thought that Cardiff is on the company's radar for future openings.

Market News (3 of 5)

Week 33 2024 – Week ending 16/08/2024

- Starbucks** has hired Chipotle chief executive Brian Niccol to replace Laxman Narasimhan, who leaves the business with immediate effect. Narasimhan took over as chief executive of Starbucks last March, but the company's performance has struggled this year, impacted by weak sales in the US and China, its two largest markets. Former chief executive Howard Schultz, who handpicked Narasimhan as his successor and remains the largest individual shareholder in Starbucks, had written an open letter in May, weighing in on the company's issues and offering advice. Activist investor Elliott Management had acquired a stake in Starbucks in recent weeks. Elliott Management has now been joined by fellow activist investor Starboard Value, which has called on Starbucks to take steps to improve its share price. Niccol joined Chipotle as chief executive and a director in March 2018, and became chairman in March 2020. Before joining Chipotle, he served as chief executive of Taco Bell. Before becoming its chief executive, he held roles including chief marketing and innovation officer, and president. He also served in leadership roles at Pizza Hut, another division of Yum! Brands. He began his career in brand management at Procter and Gamble. Niccol will start in his new role on Monday, 9 September. Starbucks chief financial officer, Rachel Ruggeri, will serve as interim chief executive until that time. Mellody Hobson, Starbucks board chair, will become lead independent director.
- ABTA**, the UK trade body for tour operators and travel agents, has found more people were planning to go abroad this year than last year. Britons are still splashing out on holidays but cutting back on shopping, eating out and going to festivals as financial pressures hit households, travel industry experts have said. The Times reported that while signs of a travel slowdown are said to be surfacing in the US, the UK has seen overseas holidays "boosted" by bad weather at home. Consumers told the association that they would reduce their discretionary spending elsewhere to afford their holidays. A survey of 2,000 people found 57% planned to cut back on eating out, while 46% aimed to avoid leisure activities like festivals and 42% said that they would buy fewer clothes, shoes and accessories. More than half of respondents also said that they would spend "about the same" this year as they had during trips the year before, while 28% said that they would spend even more now. Overall, 64% of those surveyed said that they planned to travel this year, up from 61% two years ago.
- Wendy's** has added to its drive-thru estate in the UK, with an opening in Liverpool. The group's newest company-owned site is located on a main route connecting Liverpool and Manchester, in Kirkby. The site features the brand's new "global next generation design" with a high-capacity kitchen, and it opened with "huge crowds and record-breaking sales". Wendy's also operates drive-thru sites at Brampton Hut, Cambridgeshire, and in Colchester, Essex. At the same time, the brand, which recently opened its third site in the Hull area, had opened a second site in Sheffield on 15 August. It is located at the former Papa's Fish and Chips venue at 3 Arena Court, near the Utilita Arena, in the city. Earlier this summer, Wendy's said the UK serves as the foothold for growth across Europe. The company expects to see up to 50 restaurants in the market by year-end and said it was in a great position to continue growing the brand in the UK to 400 restaurants over time.

Market News (4 of 5)

Week 33 2024 – Week ending 16/08/2024

- **Honest Burgers** has announced that Thomas Kelly, who joined the business at the start of this year as its chief executive, is to step up to become its chairman from next month. At the same time, Matt Brandon, the 39-strong company's chief financial officer, will step up to become its interim chief executive. 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 was global executive director at Costa Coffee. Honest Burgers said that in his new role, Kelly will steer the board through the next phase of the brand's growth, whilst relinquishing his executive operational leadership role to allow him to focus on other opportunities. Brandon joined Honest in April 2022, after more than a year as group financial controller at the then Snowfox Group, the owner of YO! Sushi. Previous to that, he spent eight years at Restaurant Brands International (RBI), including a stint as vice president and head of global finance for Popeyes. Honest Burgers said it has been experiencing "exceptional sales growth" recently with 22 months of consecutive like-for-like growth, delivered through strong growth in like-for-like covers. In the first six months of this year sales were up 14%, delivering over 50% improvement in Ebitda performance.
- **Taco Bell**, which operates circa 135 sites in the UK, is keeping its doors open later with the launch of Encore Hours, a new initiative to reward music fans at select locations. The company said with current restaurant options closing as early as 10pm, music fans often face the choice of "missing their favourite artists' encore songs or grabbing a bite to eat". However, it added concertgoers "won't need to choose between tunes and tacos". The first Encore Hours will kick off in London at Taco Bell Wembley High Road from 15 August until 20 August, with the restaurant remaining open until 2am. Whilst the extended opening hours will pilot at Wembley High Road, selected locations across the UK close to various venues will also be launching Encore Hours this year. The following restaurants will extend their opening hours to 2am on the specified dates: 20 September – 84 Clapham High Street, London; 4 October – 75 Southampton Row, London; 22 October – 122 Camden High Street, London; and 12 December – 95-99 Western Road, Brighton. The unveiling of Encore Hours comes after the brand's launch of its Feed the Beat programme in the UK earlier this year. Launched in the US in 2006, the programme helps emerging musicians by picking up the bill. The programme is designed to connect upcoming bands with fans by fuelling artists on the road.

Market News (5 of 5)

Week 33 2024 – Week ending 16/08/2024

- **Loungers** has opened its 230th Lounge site and lined up an opening on a further former Banyan venue in Yorkshire. The Nick Collins-led business has opened its latest site, its 269th overall, in the former library in Nailsea, north Somerset. Earlier this year, the company transformed the former Banyan site in Brook Street, Ilkley, into the Vitello Lounge. The company has now secured the Banyan site in Street Lane, Roundhay, which announced its closure last month. It will reopen later this October as Hesco Lounge, creating 30 jobs in the process. The company also recently signed an agreement for a lease with Waverley Borough Council to occupy the former M & Co premises at 69 High Street, Godalming, Surrey, and secured planned permission to convert the former Burtons warehouse in St Peter's Wharf, Ipswich, into a Lounge. Last month, Loungers, which also operates Cosy Club and Brightside, said it was opening a site, on average, every ten days.
- **WHSmith** has launched its first own-brand café, **Smith's Kitchen** – with plans to roll it out to travel locations in the UK in the near future. The new café format opened in Princess Anne Hospital, Southampton, on 15 August, just three months after it launched its first food-to-go range. The 26-cover, 495 square-foot café sells coffee, tea, iced drinks as well as hot breakfast choices, fresh pastries and cakes. UK travel is the largest division in WHSmith, operating 590 stores across the UK in airports, hospitals and railway stations. The company said that with passenger numbers increasing, it is focused on becoming a “one-stop-shop for travel essentials”. It said that food-to-go and meal deals are one of the key reasons customers shop with WHSmith, with more than 11 million meal deals made from in excess of 900,000 product combinations sold by the retailer each year

For more information

Email Circana contactus@circana.com, or one of the UK Foodservice account representatives below:

Seton Leung

Head of UK Foodservice

seton.leung@circana.com

07795 430967

Gareth Nash

Commercial Lead

gareth.nash@circana.com

07503 629227

Sergey Chekmarev

Client Director

sergey.chekmarev@circana.com

07741 658042

Peter Linden

Senior Client Manager

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](https://www.circana.com).