



Macro & Market News

Week 4 2021 – Week ending 29/1/2021



Macro/Economic News

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- **ONS** reports that the UK's unemployment rate rose to 5% in the three months to November, up from 4.9% in the prior three months. The ONS says 'payroll numbers show the number of workers on payroll have fallen by over 828,000 since the pandemic began.'
- **Ahead of the Prime Minister's official reopening roadmap**, to be published on 22 February, it's been reported that pubs and restaurants will remain shut until May under a three-stage government plan to ease restrictions.
- **Furlough numbers** rose last month, with the ONS showing that the number of workers rose from 14% of the workforce in December to 17% in January. The latest survey found just one third of hotel and food businesses are currently trading.
- **Average weekly earnings** including bonuses (AWE) among employees increased from 2.8% in October to 3.6% in November 2020' says the NIESR. It adds 'despite a late surge in average pay driven by composition effects, 2020 will probably end up being the worst year for total pay growth since 2014, with AWE growing at 1½ per cent on average.'
- **The IMF** has raised its estimate for global economic growth to 5.5% this year and 4.2% in 2022. It has meanwhile lowered its estimate for growth in the UK to 4.5%. It is estimating a 10% contraction in the UK for 2020.
- **People travelling to England** from certain "high risk" countries will soon have to quarantine in "government-provided accommodation". Prime Minister Boris Johnson announced the measure, saying travellers would be picked up straight from the airport and transferred to places like hotels. People wishing to travel out of the UK must first make a declaration to prove their journey is essential.
- **The Treasury has stated that it has no plans to extend the VAT cut** for the hospitality sector, saying 'the relief comes at a significant cost, and while the government keeps taxes under review, it has no current plans to extend it further'.
- **The Chancellor has defended the Eat Out To Help Out Scheme**, after data showed no link to rising covid cases. More than 160 million customers were given 50% off meals to tempt people back into struggling pubs and restaurants, with the scheme credited for getting 400,000 workers off furlough. Data published by the Treasury shows areas with the high take up of the scheme also still had the low virus levels between August and October.

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- **Novavax**, a new coronavirus vaccine, has been shown to be 89.3% effective in large-scale UK trials. The Novavax jab is the first to show in trials that it is effective against the new virus variant found in the UK. The PM welcomed the "good news" and said the UK's medicines regulator would now assess the vaccine.
- **The Scottish Government's Budget** "provides a platform upon which hospitality can build" – if the chancellor steps up and delivers, sector trade bodies have said. The Scottish Budget includes an extension of 100% business rates relief for hospitality into the first three months of the new financial year; confirmation of payment of temporary closure and business restriction grants in February regardless of any change in the restriction levels applied; and doubling of the Rural Tourism Infrastructure Fund.
- **Wales** is to extend the country's coronavirus lockdown for another three weeks. The country entered the toughest 'level four' rules – effectively a national lockdown with a stay-at-home order – a few days before Christmas amid high case rates, but the Welsh government has said the situation is now improving. However, officials said the lockdown needed to stay for now to 'allow the NHS to recover'.



Market News

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- **McDonald's** has reported that like-for-like sales in the UK have been positive since August last year despite the imposition of restrictions – more than 20% of its sales in its most recent quarter were delivery sales. McDonald's has also reported global like-for-likes were down -1.3% in its fourth quarter ending 31 December 2020. Global like-for-like sales for the full year fell -7.7%, reflecting positive comparable sales in the US of +0.4%, and negative comparable sales in the “international operated” segment, including the UK.
- **A new report from Deliveroo** has found that 85% of consumers will order delivery more often or the same as they did before the pandemic. It finds that 65% are spending more on delivery food as 'something to look forward to' during the pandemic.
- **YO! Sushi** has raised £13m in order to see it through the pandemic. CEO of YO! Sushi, Richard Hodgson commented: 'When lots of restaurants and kiosks are closed and your revenue has all but disappeared, there is still a cost base and liabilities to pay so we needed to inject that money'
- **Pubs, bars and restaurant tenants paid just 23% of rent** in the final quarter as sales were decimated by Covid-19 restrictions in the crucial Christmas trading period. Poor Christmas trading left many pub, restaurant and leisure businesses unable to meet rent commitments.
- **FoodPenny**, a takeaway comparison app that allows customers to choose dishes from different online restaurants is being trialled in the North East, with a view to launching across the UK this year.
- **Wolt**, the Finland-based food delivery platform, has announced it has closed a \$530m (£387m) round of financing. The company intends to use the funds to expand its reach across key global markets and its offering beyond restaurants.
- **Azzurri Group**, the TowerBrook Capital-backed business, has further ramped up the roll out of its Coco di Mama delivery kitchens across its Zizzi restaurant estate, debuting the brand in regional cities, including Brighton, Oxford, Cambridge and Reading. Pre-pandemic, the company operated 30 Coco di Mama sites across London. It has now introduced the brand into a further circa 40 sites through its Zizzi restaurants.
- **Tim Hortons**, the Canadian QSR brand, has submitted plans to open its first drive-thru site in Wales. The brand, which has 25 branches open across the UK, is targeting Broughton Retail Park for its latest venture. The site in Flintshire used to be a Carphone Warehouse store.
- **Dodo Pizza**, the Russian-based pizza delivery chain, has created a takeaway and delivery concept that aims to have 50 UK sites by 2023.



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