



Macro & Market News

Week 46 2022 – Week ending 18/11/2022



Macro/Economic News

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- **Chancellor Jeremy Hunt has outlined plans designed to tackle rising prices and restore the UK's credibility with international markets.** The chancellor says we are in recession, and he will freeze income tax bands until 2028 (stealth tax) and cut allowances for capital gains & dividend receipts. He will clobber the energy companies and the oil companies and cut the salary level at which income tax is paid from £150k to around £125k. On the positive side, at least for workers if not for their employers, the National Living Wage will rise from £9.50 to £10.40. Pensioners will benefit relative to other consumers in that the triple lock is to be maintained. The dividend allowance cuts significantly impact limited company directors, which will see it move gradually from £2,000 a year to £500 a year over the next two years. The 2022/23 tax year is not affected, but in the 2023/24 tax year, it will reduce to £1000 per year, a 50% cut, and then in 2024/25, it will halve again to £500 per year.
- **Sector leaders have warned the government support in the autumn statement is “nowhere near enough”** to safeguard the industry despite a £13.6bn package of business rates relief. In his autumn statement, chancellor Jeremy Hunt said the transitional relief scheme over the next five years would benefit thousands of pubs, restaurants and retailers, “with two-thirds of properties not paying any more”. There will also be a re-evaluation of business rates in April 2023. Hunt said: “Businesses are struggling with prices rising and growing uncertainty. This scheme will help reduce the bills that businesses face.” Hospitality relief will continue for a further year and increased to 75% but still capped per business.
- **UKHospitality** chief executive Kate Nicholls tweeted: “This package of measures should see the vast majority of hospitality business rates bills fall. This is helpful for the immediate cliff-edge faced in April where default was 10%-plus inflation-linked increase but business rates remain not fit for purpose or modern economy and must be reformed ahead of the next revaluation. Hospitality was facing nearly £1bn extra bill so this is welcome relief. It’s disappointing relief will be capped, and online sales tax is also being abandoned – this was key to rebalancing, and we urge the government to work with industry to take forward root and branch reform, tackle structural constraints to growth and investment in high streets and communities.” But there was no reduction in the rate of VAT the sector has campaigned for while no details were given on the planned increase in alcohol duty.
- **The UK’s annual inflation rate has hit a fresh 40-year-high** of 11.1% after last month’s jump in gas and electricity bills. The Office for National Statistics said dearer energy was mainly to blame as it announced that the government’s preferred measure of the cost of living increased again last month from 10.1% in September. Energy bills rose in October despite the government’s decision to cap the annual amount paid by the average household at £2,500. Inflation as measured by the consumer prices index stood at 4.2% in October 2021 but has moved steadily higher over the past 12 months. The rise was anticipated by the Bank of England in its latest quarterly monetary policy report. It said inflation would remain high and only fall back towards 10% in the first three months of 2023.

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- **UK retail sales increased in October** but remain below pre-pandemic levels as the soaring cost of living hits households, official figures show. Sales volumes rose by 0.6% following a 1.5% drop in September, according to the Office for National Statistics. The rebound followed weak sales in September when shops were open for fewer hours or closed for Queen Elizabeth II's funeral, the ONS said. But economists suggested the latest uptick in sales will not continue. The ONS said petrol and diesel sales rebounded in October and non-food stores sales increased, though both remain well below February 2020 levels. However, the rebound was not seen by food stores, which saw sales drop. Non-store shops, which are mostly online retailers, saw sales increase by 1.8% after a fall in September. Unlike traditional High Street businesses, online sales remain around fifth higher than pre-pandemic levels.
- **More than 100 chief executives and business leaders across London, including those from the hospitality sector, will give up their warm beds on Monday (21 November)** to spend the night sleeping outdoors at Lord's Cricket Ground, in a bid to tackle homelessness in the capital. Industry leaders joining the CEO Sleepout 2022 include Martin Williams, chief executive of Gaucho and M Restaurants; Andy Hornby, chief executive of The Restaurant Group, among others.
- **Fears have arisen that shortages are beginning to materialise in the British egg industry.** Some estimates suggest Britain's egg production could plunge by eight million next year, while others said the UK could run out of eggs by Christmas, reports The Telegraph.
- **A tourism campaign led by the mayor of London**, Sadiq Khan, to encourage visitors back to the capital has helped bring in £289m additional spending, according to new figures. The mayor expanded his Let's Do London campaign earlier this year to reach international audiences and encourage even more people to enjoy everything London has to offer following the impact of the pandemic. The campaign has delivered a return on investment of £28 for every £1 spent, bringing in an additional £289m spending to London. It is also estimated the campaign will bring an additional 600,000 visitors to London from other parts of the UK, Germany, France and the USA.
- **Company insolvencies rose sharply last month** as businesses were faced with higher inflation and an uptick in winding-up petitions from HM Revenue & Customs. The Times reports the number of corporate insolvencies increased by 38% year-on-year from 1,410 to 1,948, according to figures from the Insolvency Service. The numbers were driven by 1,594 so-called creditors' voluntary liquidations. Compulsory liquidations rose by 357% annually to 242. The service said that this was partly due to HMRC issuing more demands for repayment from companies. The tax authority was barred from issuing winding-up petitions during the pandemic as businesses were forced to shut down by the government. However, these restrictions were removed on 1 April this year, leading to an increase in activity against companies.



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- **AMT Cofee**, a coffee shop chain with outlets in railway stations across the country is poised to collapse after losing customers to the working from home trend. AMT Coffee, which has about 50 cafes, largely serving commuters, has lined up Interpath Advisory to put it into administration, putting about 350 jobs at risk. A source told The Sunday Times a pre-pack deal was a possible outcome, with hopes a deal in the coming days could rescue jobs. AMT had hired Interpath to help it find fresh funding, but the advisory firm is now on hand to run the administration process. AMT's collapse will be seen as one of the classic results of the covid-19 crisis, and its troubles are reflected at a string of businesses reliant on commuting office workers. Sales more than halved to £7.6m in the 12 months ended January 2021, dragging it to a £3.2m loss.
- **South London Indian inspired plant-based restaurant, En Root**, has opened its third site, in Brixton. The venue inside the Ritzy Cinema makes it the first UK cinema to house a 100% plant-based kitchen. "En Root at The Ritzy" follows in the footsteps of its Clapham and Peckham siblings, serving up healthy, home-cooked Indian meals. Dishes include its classic Raja Wrap and Don Dada Platter alongside exclusive cinema-style small bites including the "Poppanachos", where India meets Mexico with a poppadom base snack topped with dhal, pickled cabbage, avocado, raita and spice krispies and a gluten-free beetroot blueberry cacao brownie.
- **Gunpowder to open first overseas site:** Harneet and Devina Baweja are to open a first overseas site for their home-style Indian kitchen concept Gunpowder. They will open Gunpowder Lisbon in the Portuguese capital later this month, "bringing forth the very best produce from Portugal's coastline and implementing the flavours of southwest India to each dish". The 60-cover restaurant will feature both an open kitchen and a 12-seater terrace, while the menu will showcase recipes collected from Harneet's travels to Bombay and Goa, with seasonal plates centred around fresh seafood from carefully selected local fishermen.
- **Coffee roaster and retailer 200 Degrees**, which is backed by Foresight, has unveiled new recyclable packaging. The new black and easy resealable coffee bags represent 200 Degrees' core "house beans" such as Brazilian Love Affair. The white coffee bags showcase its "guest beans", which are rotating single origin selections for those who are looking to experiment and discover new flavours from Africa, Asia and Central America. 200 Degrees is also offering another way to enjoy its signature blends at home, with the launch of coffee pods – in partnership with coffee pod recycling service PodBack – that will be compatible with Nespresso original machines.
- **JD Wetherspoon** has confirmed the appointment of CBRE and Savills to sell seven of its pubs, which are in addition to the 32 sites that were put on the market in September. The new properties, which comprise a mix of five freehold and two leasehold sites, are located in England and Scotland and are being considered for sale either individually, in small packages or as a portfolio. All of the properties will continue to remain open and trading as Wetherspoon outlets until they are sold.

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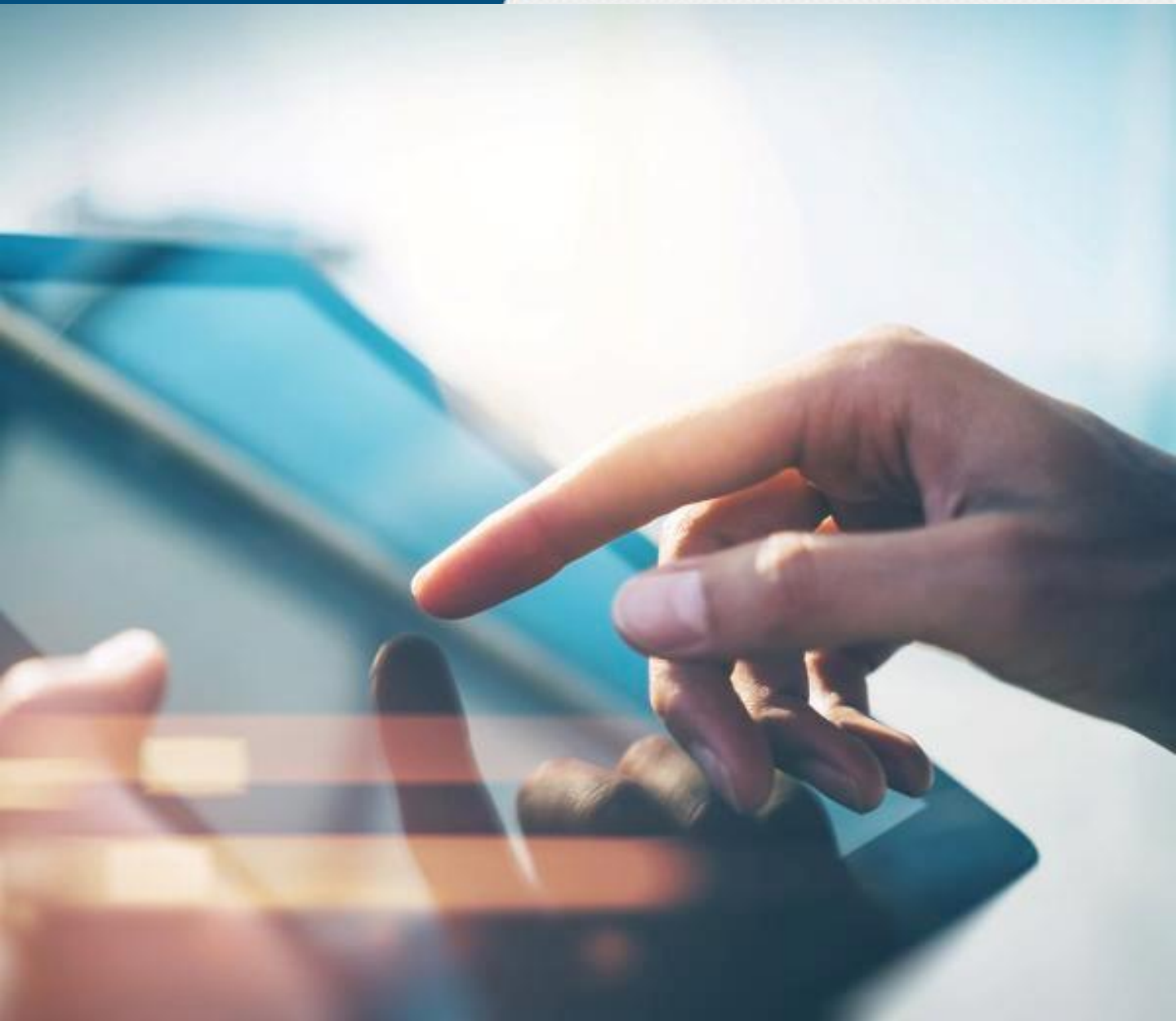
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- **Popeyes Louisiana Kitchen**, the US fried chicken quick-service brand, has announced its next raft of openings in the UK, including what is set to be its first drive-thru in the country, in Rotherham. The brand, which is led in the UK by Tom Crowley, has so far opened seven restaurants across the country and four delivery kitchens in Greater London. The business, which recently opened in Ealing, expects to open 20 restaurants in 2023. The brand – which is gearing up to open in Reading, Croydon and Cambridge – plans to launch sites in Rotherham, Cardiff and Glasgow early next year.
- **JD Wetherspoon** is to open a pub at The O2 in London. The company has agreed a deal with Waterfront Limited Partnership, a joint venture between AEG and Crosstree Real Estate Partners, for a site within The O2's Entertainment District, adjacent to Mamma Mia! The Party. With building work beginning this week, Wetherspoon is investing almost £3m in the pub that is set to open in February.
- **Itsu**, the healthy Asian food chain, is set to open a new site in Milton Keynes this winter. It has taken a 2,600 square-foot site in Midsummer Arcade in centre:mk, where it will serve Itsu's signature fresh, Asian-inspired menu. The majority of the meals on the menu are less than 500 calories and a third of the dishes are plant-based. Any unsold meals will also be sold half-price every evening in an efforts to avoid food waste.
- **Bar and restaurant group The Alchemist** has confirmed it will make its international debut next year, in Berlin, Germany. The Simon Potts-led company will open in the redeveloped Potsdamer Platz scheme in partnership with Brookfield Properties, next spring. The new 5,887 square-foot space will feature 212 covers internally and a further 50 external covers. The company said The Alchemist Berlin will feature "futuristic, divine influences from astrology and the cosmos".
- **Just Eat for Business** has expanded its partnership with sustainable packaging business ClubZero. The expansion will see more restaurants and cafes in the capital provide a convenient packaging return scheme to London businesses. Customers will have a choice to opt in for reusable packaging when placing an order through the Just Eat for Business platform, and having enjoyed their meals, the packaging will be collected by ClubZero bikes to be washed and redistributed for reuse. The expansion follows ClubZero's pilot with Just Eat in 2021.
- **The Cheese Bar**, the London restaurant business, has launched a crowdfunding campaign to raise £400,000 towards further expansion in the capital. The business, which was founded by Mathew Carver, currently operates three restaurants - Pick & Cheese, The Cheese Bar and The Cheese Barge, plus a shop. The crowdfunding campaign, which is running through Seedrs, is offering 4.48% equity and gives the business a pre-money valuation of £8.5m. The company plans to open two further sites under its conveyor-belt concept Pick & Cheese in 2023.
- **Rosa's Thai**, which is backed by TriSpan, has secured its first opening for 2023, in Exeter. Rosa's Thai, which made its international debut last month in Dubai, is understood to have secured the former Absurd Bird site in the city's Queen Street, for an opening at the end of January

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- **Azzurri Group-owned Zizzi** has reopened its debut restaurant following a revamp. Zizzi has grown to 130 UK and Ireland restaurants since first opening in Chiswick in April 1999, and that first site has now become the latest to benefit from the roll out of the chain's new look, with designs inspired by the River Thames. Among the dishes available are updated items including Orkney crab and hake fishcake bites, black truffle salami and mushroom rustica pizza, vegan aubergine and pesto rustica pizza, Creste Di Gallo sausage ragu and Zillionaire's fudge cake.
- **The Greggs Foundation**, the independent grant-making charity associated with the food-to-go operator, has partnered with food education charity, Rethink Food, to launch a free education programme. It said the programme has the potential to teach up to 50,000 UK schoolchildren the importance of food security and sustainability. The foundation said the partnership will play an important role in furthering the commitments of The Greggs Pledge to build stronger, healthier communities, support schoolchildren and grow the Greggs breakfast clubs programme.
- **Frankie & Benny's**, The Restaurant Group-owned brand, has launched its Christmas menu with a pledge that for every turkey dinner sold, it will donate a festive meal to someone in need. The campaign is in partnership with Feeding Britain, a charity with a vision of a UK where no one goes hungry. Frankie & Benny's yuletide stuffed turkey with apple and cranberries served with carrots batons, broccolini, spring onion mash, crispy parsnip, gravy and crisp bacon costs £16.90
- **Club Mexicana**, the vegan restaurant concept that offers Mexican and Californian-inspired street food, has opened its new site in London's Spitalfields. The Edition Capital-backed business has opened on the former HotBox site in Commercial Street for its third site. As previously reported, the concept, which started out as a sold-out supper club in east London in 2014, confirmed in September that it would be opening a 70-seater restaurant in the listed building. The restaurant offers a bigger plant-powered menu than ever before.
- **McDonald's UK** is to ramp up its hunt for new sites, with a target of opening 50 a year. McDonald's is on the lookout for "drive-tos" – small restaurants designed to cater primarily for click-and-collect orders. The company is also looking for home delivery hubs, which will cut back heavily on restaurant space to make room for couriers picking up online orders, as well as dark kitchens on industrial parks. On top of that, McDonald's and its franchisees are spending £250m to reconfigure 800 restaurants over the next four years. The intention is online orders can be prepared and served in a way that does not compromise the experience for those eating in.



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