



Macro and Market News

Week 29 2024 – Week ending 19/07/2024

19 JULY 2024





Macro/Economic News

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- **The ONS has updated on UK CPI saying that 'the Consumer Prices Index (CPI) rose by 2.0% in the 12 months to June 2024, the same rate as the 12 months to May 2024.'** The ONS says that restaurant and hotel prices rose relatively strongly in the year to June. It adds that 'on a monthly basis, CPI rose by 0.1% in June 2024, the same rate as in June 2023.
- **The IMF reports that economic growth in the UK is set to pick up under the new Labour Government but it cautions that growth will only be 0.7 per this year, unchanged on the IMF's last projection in May.** The IMF goes on to say that 'services price inflation is holding up progress on disinflation, which is complicating monetary policy normalisation.' It says that 'upside risks to inflation have thus increased.' It adds that 'rising services prices and wages may keep overall inflation higher than desired' and says that 'even absent further shocks, this is a significant risk to the soft-landing scenario.' This may push back likely interest rate reductions further into the future.
- **Pay is rising at its slowest rate in almost two years as the job market continues to cool.** Wages grew at an annual pace of 5.7% in the three months to May, but are still outpacing rising prices. The number of job vacancies has fallen while growth in the number of employees on payrolls has slowed, the Office for National Statistics (ONS) said. The unemployment rate remained at 4.4% in the three months to May.
- **The pound hit its highest level against the dollar in a year on Wednesday as investors bet on UK interest rates staying higher for longer.** Fresh data on Wednesday showed the rate of inflation was proving more stubborn than expected by some analysts. This prompted traders to cut bets on an easing of rates in August, and sent the pound above \$1.30 for the first time since last July. The pound has also been boosted by market hopes that the new Labour government will offer economic stability. Higher rates in the UK increase the pound's value, because it can attract more overseas investment. This creates more demand for sterling, pushing up its value relative to other currencies.

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- **The UK's national debt has reached its highest level since 1962, according to new official figures.** The total stock of government debt was worth 99.5% of the value of the economy in June, exceeding the highs reached during the coronavirus pandemic for the first time. The Office for National Statistics (ONS) figures, external also showed that the amount the government borrowed was more than expected in June.
- **The FT reports that the UK is set to become the first country in Europe to commercialise 'lab-grown' meat after regulators approved chicken cultivated from animal cells for use in pet food.** It reports that 'Meatly will begin selling its cultivated or cultured chicken to manufacturers as early as this year. The FT goes on to report the CEO and co-founder of the company, Owen Ensor, as saying 'I think that's one of the things that's very exciting about this approval. It shows the intention of the UK to be positioned as a leader in these new innovative fields and in food technology.' The UK has yet to approve the products for human consumption though Israel, Singapore and the US have already done so.
- **Barclays has reported that card transactions rose by 195.8% (i.e. they almost tripled) over the Euro 2024 final on Sunday.** It says that, across England's seven Euro 2024 matches, UK pub and bar transactions were up 86.4% year-on-year.



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- McDonald's has confirmed the appointment of Zoe Hamburger as its new chief restaurant officer for the UK and Ireland.** Hamburger joins the brand's operations here after more than ten years in the US, most recently as field vice president at the brand's Bethesda field office in Maryland. She will report to chief executive Alistair Macrow and be responsible for the company's circa 1,450 restaurants in the UK and Ireland, which employ 135,000 people.
- Pizza Hut has launched a "major brand reset" alongside a new range of handcrafted pizzas.** It said all team members have been retrained in "the art of handcrafted", which sees sourdough style dough hand-stretched to create light and airy pizzas. This follows research by the business which showed that 75% said the new range tasted better than Pizza Hut's current classic dough base, and 92% said they'd buy it over the current range. There will also be new flavours such as Pepperoni and Nduja and The Spicy Goat.
- The Liberal Democrats targeted constituencies with Gail's bakeries during the election campaign as it sought to attract voters in "Operation Cinnamon Bun".** Party activists were told to "get out the Gail's vote", referring to fans of the upmarket bakery chain. It developed a spreadsheet of Gail's sites around the country and mapped them according to which party had previously won the seat in 2019 and which came second place. They found that around half of the cafes outside London were located in Liberal Democrat marginals. While Gail's towns were not specifically pinpointed for campaigning, the findings led to the chain becoming a "buzzword" in party headquarters. Slogans "Operation Cinnamon Bun" and "Get out the Gail's Vote" were coined during the campaign, according to party sources. Sir Ed Davey even visited a Gail's bakery on the campaign trail in June, in Esher. Towns with Gail's cafes which are now represented by newly elected Liberal Democrat MPs include Henley, Horsham, Guildford, Tunbridge Wells and Whitney in Oxfordshire.
- The owner of Tapas Revolution has said the business is now ready to look at expansion opportunities under the brand's bar-focused format,** and for its sister concepts La Vina and Appleyard, after experiencing a return to growth across a number of locations this year. The Tapas Revolution business was acquired out of administration last April for a total consideration of £235,000 by Tapas Bidco, a new vehicle led and owned by the brand's former managing director, James Picton. The business, which previously operated 11 sites under the Tapas Revolution brand, has spent the past year consolidating its estate with a focus now on the remaining three bar format sites in Bluewater, Birmingham Grand Central and Westfield London.
- Wingstop UK, which is being rolled out here by Lemon Pepper Holdings,** has opened in Milton Keynes (Monday, 15 July). Launching at the city's Midsummer Place Shopping Centre, the store will offer 80 covers and create 60 new jobs. The brand's 49th opening since 2018, a further eight launches are slated before the end of 2024, including Crawley, Whitechapel and a third site in Leeds.

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- Popeyes UK, the US fried chicken quick service restaurant (QSR) brand backed here by TDR Capital**, will open its latest site, in Watford, next week. The 400 square-metre site will open at the Atria Watford shopping centre on Friday, 19 July, creating 80 new jobs.
- Plan Burrito has appointed advisors to assist with its next stage of growth as it eyes national and international expansion**, including 500 UK sites. Founded in 2015, the award-winning business, which was voted best street food brand in England in 2022 and best commended in 2023, has grown to 12 locations across the UK. But with aspirations to become “the leading Tex-Mex brand in the UK”, it has appointed consultant Catesby to help it scale up both here and abroad.
- US sports bar and grill brand Hooters is set to open in Newcastle for its third UK site.** Although the exact location and opening date has not yet been confirmed, it will be a fifth location for a franchisee who already operates several Hooters in the UK and Canada. Hooters currently has UK sites in Nottingham and Liverpool. “Meanwhile, in Newcastle, UK, another thrilling development is taking place as one of our esteemed multi-unit franchisees, with more than 25 years of experience with Hooters of America, is bringing the brand to a new location,” a Hooters spokesman said. “This will mark the fifth venture for this seasoned franchisee, who already manages multiple locations throughout the UK and Canada.” In January, franchise consultant Paul Davies, who is working with Hooters on its expansion plans here, said the brand is “confident of success this time” in the UK and has targeted up to 75 new openings.
- Pretzel business Auntie’s Annes has opened two new sites, alongside a UK debut for its new international store design**, and said eight further launches are planned over the next four months. The two new openings, in Walthamstow and Bexleyheath, bring the UK and Ireland estate of the US brand, operated here by Freshly Baked, to 38.
- Café bar operator Loungers has opened its “largest and most ambitious Lounge to date” (Wednesday, 17 July), in Bristol and the business is opening a site, on average, every ten days.** Ritorno Lounge will open on the former Pitcher & Piano site in the city’s Harbourside. The site will have circa 250 covers internally and 100 externally, plus a private dining room complete with bar and a DJ area. The site will become the group’s 228th Lounge and 267th overall and follows the opening of its 36th Cosy Club, on the former Pitcher & Piano site in Sheffield on Monday (15 July), and the opening of Leo Lounge in Faversham in Kent last week.
- Lavaal Group, owners of London restaurant group Spaghetti House, has said that the year to 31 March 2024 was “an extremely difficult year” due to the current economic and political climate.** The business said footfall has not gone back to pre-pandemic levels and inflation and wage costs have been the biggest challenges. Turnover for the year stood at £10,002,683 (2023: £9,800,997), with a pre-tax loss of £177,011 (2022: profit of £334,681).

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- Food-to-go retailer Greggs is to launch a new national distribution centre in the Midlands, in partnership with Tritax Symmetry.** A planning application has been submitted for 311,551 square feet of space on a 25.1-acre plot at Symmetry Park in Kettering. The initiative is part of Greggs' 2021 strategic growth plan, which set out ambitious expansion targets requiring investment in significant supply chain capacity. It currently has 2,500 shops and plans to eventually have significantly more than 3,000 in the UK. Tritax Symmetry is also seeking permission for an additional 100,000 square feet to enable Greggs to expand the site further. Subject to approval, Greggs the centre to be operational in the first half of 2027.
- Indo-Chinese brand Oodles has revealed a pipeline of eight further openings in 2024, including a Welsh debut, which will take it past the 50-site mark in the UK.** The franchise brand has so far this year launched in Northampton, Portsmouth and Glasgow, with an opening in London's Tottenham High Road also coming up. It is also gearing up to open its first international location this year.
- Cineworld has opened talks with some of Britain's biggest commercial landlords about its plans to axe up to a quarter of its British cinema estate.** Sky News reported that property owners including Landsec and Legal & General, which between them own about 30 Cineworld multiplexes, are engaged in active discussions with the company about a looming restructuring plan. City sources said a date had been set for a hearing at which a majority of creditors would need to approve the cinema operator's proposals to close about 25 sites, with rent reductions being sought at a further 50. Several landlords are said to be considering opposing the proposals, although it is unclear whether that would be in sufficient numbers to block the restructuring plan. The remaining 25 sites would be left untouched by the restructuring. Cineworld initially held talks about a sale of the business with prospective buyers but has now switched its focus to a formal restructuring process.
- Wagamama, The Restaurant Group-owned brand, has launched 'soul club', its first-ever loyalty programme.** The business said that soul club is a unique platform where members can redeem free menu items, exclusive content and engage with a new line up of ambassadors. For every visit to the programme's app, guests receive a stamp in their digital stamp-book, inspired by the Japanese tradition of hanko stamps. At the same time, content is brought to you by a line-up of senior Wagamama chefs and introduces its founding members: social media star and podcaster, GK Barry, culinary expert and vegan blogger, Alfie Steiner and food entrepreneur and supper club sensation, Rahel Stephanie.
- Grind has partnered with British Airways (BA) to offer its coffee on short-haul flights from London Heathrow and London Gatwick airports,** offering speciality, café-quality coffee to millions of customers on board. Grind has created three coffee blends exclusively for BA, including a flat white coffee, long black coffee and decaf black coffee, as well as its ready-to-drink iced caramel latte, which will all be available to purchase on board.

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- Street food cafe franchise Chaiiwala has opened its second drive-thru location.** The brand made history at the start of 2023 when it opened the first Indian drive-thru in the UK, in Bolton, in partnership with EG Group. It has now launched a second, in Preston New Road in Mellor Brook, Preston, offering 100-plus covers as well as a drive-thru options. The firsts have kept coming for Chaiiwala this year with the opening of its debut airport site, at London Luton, last month, followed by the launch of its first university location, in Calgary, Canada, also in June. Chaiiwala has more than 100 locations globally and has a long-term target of 500 stores both here and abroad.
- Pret A Manger is shaking up its Club Pret subscription scheme.** Currently, subscribers receive five free drinks a day for £30 a month. However, from 3 September, subscribers will receive 50% off up to five drinks a day for the reduced price of £10 a month -- and £5 for existing and new subscribers until 31 March 2025. Pret will also remove the 20% discount on food. From today (Thursday, 18 July), Pret is also reducing the price of its 100% organic Arabica Filter Coffee to 99p and its all butter croissant to £1.99. Pret's UK & Ireland managing director Clare Clough said: "It's almost four years since we introduced our coffee subscription at the height of the pandemic, and I'm proud of the role Club Pret has played for us and our customers since. It was an innovative way to reconnect with our loyal customers and introduce Pret to tens of thousands of new ones, bringing customers back into our shops with an offer that almost seemed 'too good to be true'. Four years and more than a quarter of a billion coffees later, we have decided that it's time to rethink how it works. So, the current subscription benefits

will end in September and be replaced by a new and simpler offer. Club Pret subscribers will get 50% off up to five Barista made drinks a day for a reduced monthly fee of £10 – and just £5 for existing and new subscribers until 31 March 2025. This also means we will remove the 20% discount on food and get rid of dual pricing across our food products – something we never really got comfortable with. We know this is a change. But with Club Pret subscription, our coffees, teas, coolers and iced drinks will continue to be the best offer on the high street, and at a much more accessible price than the £360 a year people have to pay for the current scheme. Given the majority of our customers are not Club Pret subscribers, our priority now is to focus on better value for everyone. Starting today, every customer can once more enjoy Pret's signature 100% organic Arabica Filter Coffee for just 99p, a nostalgic price we once held for more than a decade. Our all butter croissant will also drop to £1.99. This follows price reductions that we made earlier this year to other best sellers, like our free-range egg mayo sandwich and pole & line caught tuna baguette. By making these changes, we are underlining our commitment to providing better value for all our Pret customers, as well as the Pret quality and service you've come to know and expect. I am extremely grateful for the ongoing loyalty of all of our customers and I hope to see you in our shops very soon." The change comes after Pret began cracking down on Club Pret members who share their free drinks with others in March this year. To get their free drink, all people needed to do was scan a QR code that was located in the Pret app, but users could also download to their Apple Pay or Google Wallet.

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