



# Macro and Market News

Week 33 2023 – Week ending 18/08/2023

18 AUGUST 2023





# Macro/Economic News

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- **The UK Government** is expected to allow pubs to carry on selling take-away pints to help them boost income. They were due to lose the right to so-called “off sales” when alcohol lockdown alcohol rules expire next month. But prime minister Rishi Sunak is reported to have personally stepped in to allow them to carry on. It means pubs and bars will not need to complete a separate application for the extra licence needed for off-site sales. A No 10 source told The Sun: “Takeaway pints and al fresco drinks are not just a much-enjoyed addition to pub menus, but also a welcome source of income for businesses recovering from the impacts of the pandemic. The PM will always back British pubs. He’s listened to the industry and heard them loud and clear – now is not the time to call last orders on takeaway pints and the boost to business that they bring.”
- **ONS** has reported that consumer price index measure of inflation fell to 6.8% in the year to July, down from a rate of 7.9% in June. Further falls are expected, with the Bank of England forecasting the rate will drop to 5% by the end of the year, still more than double its 2% inflation target. Core inflation which does not track items susceptible to sharp rises and falls, such as food and energy, remained at 6.9%. Food price inflation was at 14.8% - a significant fall from the June 17.3% rate. For the first time in nearly two years, wage growth in the private sector surpassed the rate of inflation.
- **RMT** union workers will strike next Saturday, 26 August, during the busy bank holiday weekend. It will be followed by another 24-hour strike the following Saturday, 2 September. The RMT has orchestrated more than 20 walkouts since June last year. The union struck a deal with Network Rail over pay in March this year. But a separate dispute involving workers for the train operators is yet to be resolved. Another dispute with train drivers’ union Aslef is also ongoing.



## Market News

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- **The Burger King's UK** owner, the London-listed private equity firm Bridgepoint, is close to striking a long-term deal with Restaurant Brands International (RBI), the US-based owner of the Burger King brand, Sky News reported. Sky added: "City sources said that under a new master franchise agreement (MFA) that would run until about 2034, the owner of Burger King UK would be required to invest in at least 20 new openings annually, rising to close to 40 over time." A deal is likely to be announced within weeks, they added. It follows talks between Bridgepoint and RBI in which the private equity firm is said to have expressed unhappiness about the financial returns it was seeing amid a highly inflationary cost environment.
- **McDonald's** has launched a new discount portal to help parents entertain their families this summer, with trips to theme parks, zoos and the cinema on offer. Those signed up to My McDonald's Rewards will get access to McDonald's Days Out, which will give back to customers with discounted day trips, reports The Daily Mail. Meanwhile, people ordering through the app will be treated to two weeks of discounts on their favourite meals from Monday, 14 August. Each day will see a different item with a slashed price, with a McChicken Sandwich and a six-piece Chicken McNuggets both reduced to £1.49 on certain days. Rewards will also include artificial intelligence-powered audiobooks in the shape of McDonald's Audio Journeys.
- **Buns from Home**, London independent bakery business, has opened its 12th site, a kiosk within Canary Wharf. It is a fourth opening in three months for the concept, having also opened a store in Canary Wharf, as well as further stores in Fulham and Baker Street. The business has started out as a pandemic project for west Londoner Barney Goff.
- **Pepe's Piri Piri** has opened its landmark 175th store. The franchised business opened the new store at 1 Wood Lane in Shepherd's Bush, west London. Its next opening is set to be in the former Coral bookmakers premises in Knaresborough Road, Harrogate. Pepe's Piri Piri operates restaurants across the UK, as well as Pakistan and the UAE, offering a range of grilled food such as wraps, burgers, burritos, quesadillas, wings and platters.
- **Creams Cafe** will serve its full range of gelato alongside waffles, milkshakes, crepes, and sundaes at more than 300 Tesco Cafés across the country. Meanwhile, Tesco Cafes will provide customers with a core selection of breakfasts, light meals, hot and cold beverages as well as an extensive range of baked goods. Essentially, there will be a Creams Cafe located within the Tesco Café rather than a small kiosk, giving diners the full brand experience. Diners can expect to find welcoming Tesco Café interiors alongside the vibrant accents that are synonymous with Creams Cafe, including pops of fluorescent detailing, graffiti-esque street art motifs, skateboards and neon signage. The partnership with Tesco however, will enhance and not replace Cream's growth strategy. Since the pandemic, Creams has shifted its focus from the south of England and going further north. Recently, Creams opened a new cafe in Manchester at Trafford Centre and Sheffield along with its standalone launch with Tesco in Glasgow and Newcastle.

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- Frankie & Benny's** is offering free pizza and coke to students celebrating their A Levels and GCSE results. Guests who show their exam results to a staff member on Thursday, August 17 (A Level results) and Thursday, August 24 (GCSE results), will be entitled to a free margarita pizza (vegan and gluten-free available) and regular coke (regular, Diet or Coke Zero). Additional pizza toppings can be bought from the menu. The promo follows Frankie & Benny's last month announcing two summer meal deals to help families during the cost-of-living crisis, available until the end of August. The first, available Monday to Friday after 7pm, allows guests two main courses of pizza, burgers and or pasta dishes for £20, while the second offers two-for-one main meals all day on Sunday.
- Carlsberg** has raised its 2023 profit forecast following good results in the first half of the year. The Danish group said its operating profit grew 5.2% in the first six months of the year, ahead of analyst expectations of 0.5%. The company said like-for-like revenues grew 11.2%, while like-for-like sales volumes grew 0.8%. The world's third-biggest brewer said it now expects organic operating profit growth this year of between 4% and 7%, versus a previous range of minus 2% to plus 5%.
- Gail's** has opened its latest site, in Epsom. It has launched a 5,958 square-foot unit, spanning three floors adjacent to the East Square entrance at the town's Ashley Centre. Gail's has circa 110 sites in the UK but has recently been focusing on its expansion in the north west.
- Marks & Spencer** has launched its new-look coffee shop with the opening of its new store in Liverpool ONE's South John Street. The new concept offers a transformed menu with a selection of freshly made sandwiches and pastries, chilled drinks – including Colin the Caterpillar and Percy Pig slushes – plus cakes and treats. The store will also feature a market-style food hall offering daily-baked bread and pastries and a dedicated wine shop. The opening completes the evolution of the former Debenhams unit and follows the recent opening of Gravity MAX on the remaining upper two floors, marking Gravity UK's biggest investment (£10m) and largest site (100,000 square feet) to date.
- Pret A Manger** has confirmed its first shop in Northern Ireland is set to open later this year, in Belfast city centre, operated by its longstanding franchise partner Carebrook Partnership. The shop in Donegall Square West will be Pret's fourth on the island of Ireland, having opened three shops in the Republic of Ireland capital, Dublin, in the last 18 months. It plans to open 20 shops across the island of Ireland in the next decade. Pret now operates in 15 markets on three continents and expects to have more than 700 shops worldwide by the end of 2023.
- Black Sheep Coffee** has opened its first site in Wales, in a unit in Southgate House in Wood Street, Cardiff. It has also opened a new site in High Wycombe, in the town's Eden shopping centre. It comes after the business opened its 70th UK site in June, in The Sidings, the new destination space within the former Eurostar terminal at London's Waterloo station. The company has more than ten sites confirmed for its openings pipeline in the UK, including sites in London, Aberdeen, Edinburgh, Manchester, Warrington and Colchester, and is also set to open a site at Luton airport.
- Tops Pizza**, which has about 70 branches across the UK, has launched its first Brighton branch on 17 August. It replaced the former site of Dodo Pizza in York Place, which closed last year. Tops Pizza's offering includes a German doner pizza with gherkins and tomato sauce; the "Peri Peri Lover" with chicken, chorizo, peppers, red onion and tomato; and the "Tops Club" with chicken, bacon, tomato, three different cheeses and ranch sauce.

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- Chick-fil-A** has begun reaching out to landlords and seeking to secure sites as it gears up to make a return to the UK market. The company, which has more than 2,800 restaurants in the US, Canada and Puerto Rico, is understood to have retained property firm Newmark Group to help it with its expansion in the UK. The business is seeking high street sites between 2,000 and 5,000 square feet; “free-standing restaurant with drive-thru” sites between 3,000 and 5,000 square feet; and mall/food court sites that are 1,000-plus square feet with remote storage. The requirement brochure seen by Propel also touches on Chick-fil-A’s commitment “to helping foster connections that strengthen communities and enhance people’s lives”. It reads: “While our UK corporate social responsibility programmes are being developed ahead of opening, we will match our commitment in the United States and are excited to make a positive impact on a new market.” One of its initiatives in the US sees the brand donate \$25,000 to support a local food bank in that community every time it opens a new restaurant. Earlier this year, the company said it planned to invest \$1 billion to open restaurants in Europe and Asia. New restaurants in the region should appear by 2026, with locations in five international markets by 2030. In 2020, the chain closed its UK locations – in Reading and inside the Macdonald Aviemore Resort in the Scottish Highlands – just six months after opening, amid protests over its history of donating to anti-LGBTQ political causes. Chick-fil-A subsequently said it no longer contributes to political causes.

- Mowgli**, an Indian street food concept, has added to its openings pipeline after securing a site in Chelmsford. The 17-strong business has secured the former Byron site, which closed earlier this year, in Bond Street, with the aim of opening before Christmas. The business will open its latest site at the end of this month in Beverley. A site in Bristol’s Corn Street is due to open in November, while a site in Knutsford’s King Street is also scheduled to

open this year. The company has also applied to open in the former Two Seasons store near the House of Fraser site in Lincoln’s High Street.

- Knoops** is looking to expand its north west operations with its first store in Chester. It is lining up a November opening in the former Blackstocks fish and chips shop at 33 Northgate. It will be Knoops’ third site in the region, with two in Manchester, and 13th overall, following an opening in London’s Notting Hill earlier this month.
- Gaucha** is to open its first restaurant in Wales next month. It will open on Friday, 1 September, at The Hayes, in Cardiff city centre, set over two floors and a terrace. It will be the 20th Gaucha opened by Rare Restaurants, the owner of Gaucha, following an opening in Covent Garden in June, its first London launch in more than a decade. The previous month, the group reported record-breaking full-year results and a “strong” start to the first quarter of 2023. It reported turnover of £73.5m for the year ending 1 January 2023, up 38% from 2022 and up 29% from 2019. Group Ebitda (before pre-opening costs) was £9.7m, 13.2% of revenue, while like-for-like sales up were up more than 30% compared with the previous year. The group said strong trading has continued post year-end, with first quarter like-for-like sales above 2022’s first quarter.
- Nando’s** has opened its latest site, on level one in the newly restored Battersea Power Station. The new restaurant has 120 covers and also offers click and collect and takeaway.
- Island Poké’s** opening on 23 August at 155 Fenchurch Street will be the 19<sup>th</sup> site overall for the business and 16<sup>th</sup> in the capital. Already this year, the business has grown its regional estate, with openings in Newcastle, Edinburgh and Brighton. It is also set to open a site in Queens Road, in Bristol’s Clifton area, later this autumn.

# For more information

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## About Circana

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