



# Macro and Market News

Week 1 2024 – Week ending 05/01/2024

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## Macro/Economic News

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- The British Retail Consortium has reported that UK food inflation eased to its lowest rate since June 2022** last month with prices up by 6.7% year on the year to December compared with 7.8% in the year to November. The drop should help consumers though prices are clearly nowhere near actually falling.
- The Bank of England is poised to cut interest rates at least twice in 2024**, economists polled by The Times have said, as inflation slides to within touching distance of the official 2% target and as economic growth stalls. A majority of the 41 economists who took part in The Times's seventh annual economists' survey said the Bank would partly reverse its aggressive tightening of monetary policy dented economic growth and weaker price pressures. Almost half (45%) of respondents predicted that the central bank would lower rates three times or more in the coming year.
- From March 3, 2024, UK rail passengers, particularly in England, will experience a 4.9% increase in fares**, following a government announcement on the annual price cap for regulated rail fares. Scotland faces a higher 8.7% fare increase for ScotRail journeys from April 2024.
- Tube strikes are set to impact travellers in London between 7 and 12 January.** Services are likely to be severely disrupted on most of the above days. The strike action comes after RMT members voted against the latest pay offer of 5%. TfL has advised travel on the strike days only if journey are 'essential'.
- Mortgage provider The Nationwide has reported that UK house prices ended 2023 down by 1.8%.** It says consumer confidence "remains weak" and adds that it sees little, if any, growth in prices in the current year.
- The average rate on a two-year fixed mortgage has fallen to its lowest level for nearly seven months as lenders compete for custom.** Financial information service Moneyfacts said the average rate had fallen from 5.92% to 5.87% in a day. Major lenders, such as the Halifax and HSBC, have begun the year with rate cuts to keep hold of customers, as their own funding costs have dropped. More reductions are expected, but many homeowners still face rising bills.
- The price cap for gas and electricity costs rose by 5% on 1 January.** Forecasters believe that prices should fall in of Q1.
- S&P released its UK Services Sector PMI saying that its activity index rose to 53.4 from 50.9 in November.** An absence of train strikes in a number of critical weeks in the month could have helped. Nonetheless, the number is a significant positive. UK service providers signalled stronger growth momentum in December, with business activity and incoming new work both picking up at the strongest rates for six months. **Card provider Barclaycard has reported on UK consumer spending for calendar 2023 saying that 'card spending increased just 4.1% year-on-year.'** This is a fraction ahead of CPI (albeit a November figure) of 3.9% but Barclaycard says it is 'noticeably lower than the growth seen in 2022 (10.6%).' It says it believes 'Brits cut back on buying new clothes, eating out and investing in home improvements amid rising inflation and household bills.'



## Market News

Week 1 2024 – Week ending 05/1/2024

# Market News (1 of 4)

Week 1 2024 – Week ending 05/01/2024

- Aldi and Lidl, the discount supermarket chains, reported record-breaking Christmas sales in the UK for 2023.** Aldi achieved sales exceeding £1.5bn, marking an 8% YoY increase, while Lidl reported a 12% YoY growth, with around 4.5 million more shoppers visiting its 960 stores over the festive month, citing December 22 as its busiest-ever trading day.
- Fireaway Pizza** has reported that it has raised £390k (out of its target of £500k) from some 540 investors. The pre-new money valuation of the business is £20m.
- Jollibee, the Philippines fast food group,** has said it plans to “significantly increase its number of UK stores by the end of 2028” as it reported record turnover but increased losses. Turnover in the UK increased to £17,897,195 for the year ending 31 December 2022 compared with £11,029,351 the previous year. Ebitda stood at a loss of £4.1m compared with a loss of £2.9m the year before. Pre-tax losses were up to £6,480,634 from £4,012,151 the year before, which is “partly due to relatively modest sales during the initial year following store openings”. The business operates 12 sites in the UK having consolidated its estate during 2023.
- Auriga Holdings, which trades under 15 KFC franchised restaurants and 12 Costa Coffee franchise sites** and receives a small amount of income from leased properties, has reported turnover fell to £31,951,452 for the year ending 31 March 2023 compared with £32,358,148 the year before. Ebitda was down to £1,957,000 from £6,005,000 the previous year. The business posted a pre-tax loss of £376,402 compared with a profit of £3,901,842 the year before.
- London pizzeria concept Zia Lucia has confirmed it will open its regional debut site in Reading later this year,** which will mark the start of its national rollout. The nine-strong company is opening on the Ask Italian site in Mary’s Butts, in Reading town centre. It has signed a 15-year lease for the 1,173 square-foot property. Founded in 2016 by Italian born Claudio Vescovo and Gianluca D’Angelo, Zia Lucia said the opening in Reading will mark the start of its national rollout, as it looks to open up to ten sites throughout the UK over the next three years following the “significant success of its neighbourhood London restaurants”.
- London restaurant, bar and coffee-roasting concept Caravan has lined up an opening in Manchester,** which would mark a regional debut for the Active Partners-backed business.
- JD Wetherspoon (JDW) is launching a nationwide sale at over 800 of its pubs,** offering discounted prices on drinks and meals from January 2 to January 17. The sale features a variety of drinks, including a pint of Bud Light at £1.99, a pint of Doom Bar at £1.99, and a classic cocktail at £2.99.
- From January 3 to February 18, BrewDog is offering a 'buy one, get one £1' deal on burgers and pizzas at its UK locations.** Customers can enjoy a £1 burger or pizza with the purchase of a regularly priced one.



# Market News (2 of 4)

Week 1 2024 – Week ending 05/01/2024

- Premier Inn owner Whitbread has sold its stake in café chain Pure after almost eight years of 49% ownership.** Whitbread says 'as Pure was not a core part of Whitbread's strategy, the group has sold its interest to a third party.' Documents lodged at Companies House show Whitbread Plc ceased to be a body with significant control of Healthy Retail Limited on 22 December 2023.
- Gong Cha, the fast-growing bubble tea brand headquartered in the UK, has struck a franchise deal to expand to Saudi Arabia.** The company, which was launched in Taiwan but is now based in London, has signed a master franchise agreement with Shahia Foods Group, one of the Gulf's biggest food companies, to open at least 300 units in the Middle East. Shahia Food Group is a leading franchised operator, running more than 800 retail sites under brands including Dunkin' Donuts and Arby's, which collectively employ about 7,000 workers, reports The Times.
- A meal deal that allowed JD Wetherspoons customers to enjoy three small plates for just £10 has almost doubled in price since its 2018 launch as the chain is hit by soaring costs, reports The Daily Mail.** One customer posted a photo on X complaining that the deal, which offers customers their pick of three dishes from a large range of items on the menu including nachos and small pizzas, cost £17.75 at a branch in Manchester. At other locations, such as Holborn in Central London, prices are even higher at £18.09 for three small plates. A current menu from the website of Wetherspoon Manchester, located in the city's Northern Quarter, confirms the price of three small plates is £17.75. Meanwhile, the Cooper Rose site in Sunderland lists the deal for £14.93.
- Karma Kitchen, the Crosstree Real Estate Partners-backed dark kitchen operator,** says it has eight sites in pipeline and will open two more in London this year, and acquire its first regional sites while exploring international opportunities. Siblings and co-founders Eccie and Gini Newton opened a fifth site for their concept in October, in Sydenham, which will be followed this month by a sixth, in south west London. At the same time, construction will begin on a site in west London, and the first spade will go into the ground on an eighth site in the middle of 2024.
- Mission Mars, the BGF-backed operator of Albert's Schloss and Rudy's Pizza Napoletana,** has added further sites to its 2024 openings pipeline for the latter 20-strong brand. The company, which aims to open a further ten pizzerias in FY24, has already secured openings in London's Shoreditch High Street, Tottenham Court Road and Spitalfields, plus in Durham's Silver Street. It has also lined up sites in High Ousegate, York, and on the former Black Pearl site in Bridgford Road, West Bridgford.

# Market News (3 of 4)

Week 1 2024 – Week ending 05/01/2024

- **US brand Chipotle has lined up a new opening in Uxbridge, as it said it plans additional stores “for the London metropolitan area in early 2024”.** The business, which currently operates 18 sites in the UK – 16 in London plus one each in Watford and Guildford – has lined up an opening on Uxbridge’s High Street in a former retail unit adjacent to Pret A Manger. It opened its most recent UK site, in the former Santander bank building in Putney High Street, last November. It said at the time that expansion in London remains a “top priority for our international strategy”. The previous month, Chipotle reported turnover for its UK business climbed to £17.9m for the year to 31 December 2022 (£11.1m). It comes as the business announced the launch of a menu of “lifestyle bowls” across its UK restaurant estate, which were previously only available on Chipotle’s digital menu for pre-order, delivery and pick-up.
- **US coffee shop concept Roasting Plant Coffee, which last year secured \$7m (£5.7m) of new funding, has opened its sixth site in the UK.** It has opened in the ex-Starbucks site in Gracechurch Street, in the City of London. The business is also understood to be close to securing a further site in the capital’s West End. The company said the new site was “off to a cracking start”. The company said the new funding would help in part with its goal of opening 345 new sites over the next five years in the UK and US.
- **Street food collective Kerb has let four traders worth £5m in annual sales go to make space for four new independent businesses at its flagship food hall in London’s Seven Dials.** Exiting the venue this month are Truffle, Club Mexicana, El Pollote and Curry on Naanstop, which between them generated a combined monthly revenue of more than £465,000, and which now own nine bricks and mortar sites. Truffle now has five sites across the capital and Club Mexicana three, while El Pollote opened its first site in summer 2023. The four slots will be filled by four new independent, owner-operated businesses, including Lucky’s Hot Chicken, which most recently held a two-year residency in The Understudy at the National Theatre. Joining them will be Colombian tacos concept Los Gordos, better burger brand Motherflipper and Indian kati wraps concept Kolkati. To date, 111 independent food operators have come through Kerb’s inKERBator programme, with just under a third going on to open their own restaurants.

# Market News (4 of 4)

Week 1 2024 – Week ending 05/01/2024

- **Vapiano, which is owned by the Mario C Bauer-led consortium Love & Food Restaurant Holdings, experienced a 14% increase in like-for-likes sales across its five-strong UK estate in December.** The business said all of its sites generated double-digit like-for-like sales growth and an overall 6% transaction increase. Paddington, the group's newest restaurant at a year old, and its smallest with 160 covers, traded "significantly ahead of expectations" in both the period and the year. The business said it was now "very well positioned" and in 2024 is expected to return to strong levels of Ebitda. It reiterated that 2024 will see the brand returning to estate growth with a development plan for a "significant number
- **Costa Coffee, the Coca-Cola Company-owned chain, has launched a new food and drink menu, including a new range of hot milkshakes and a further link up with BOSH!, the "plant-based culinary experts".** Launching in Costa stores from yesterday (4 January), the milkshakes are available in three flavours; white chocolate and strawberry, salted caramel coffee and chocolate hazel, topped with light whip and a choice of sprinkles, sweet caramel vermicelli or chocolate brownie crumbs. At the same time, Costa has expanded its collaboration with BOSH! to offer an array of products which cater to the growing demand for plant-based options. This includes a new plant-based saucy chicken fajita wrap, a plant-based smokin' bbq chicken panini, a plant-based crackin' ham and cheeze toastie and a plant-based smashin' sausage bap.



# For more information

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