

Lumina Intelligence

2023

# Lumina Intelligence Top of Mind Report 2023

Sample Slides



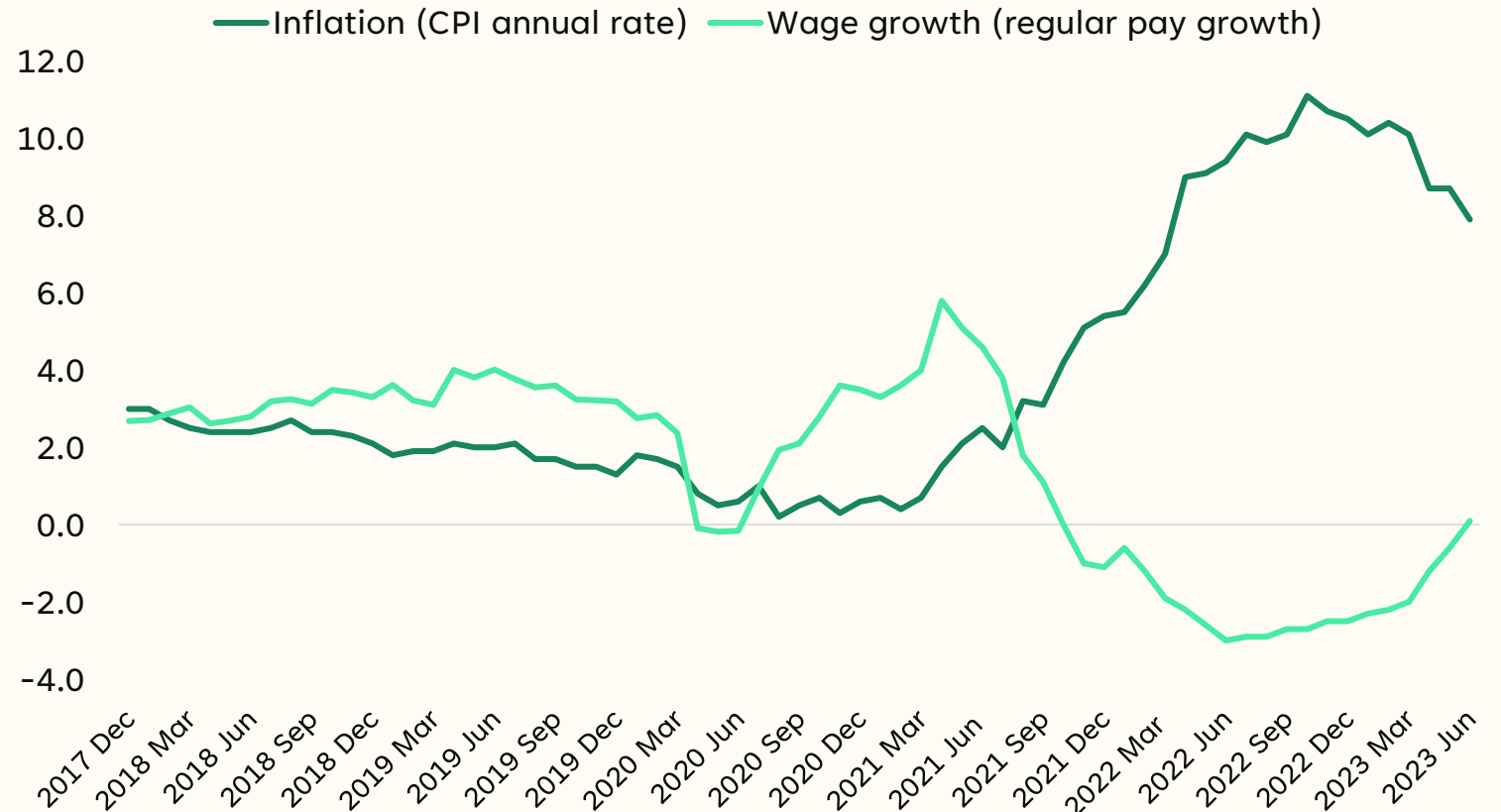


## Wage growth is beginning to pick up

Wage growth has begun to increase, after remaining consistently below zero between September 2021 and June 2022, alongside exponential inflation.

Notable divergence between the two is continuing, despite improvements.

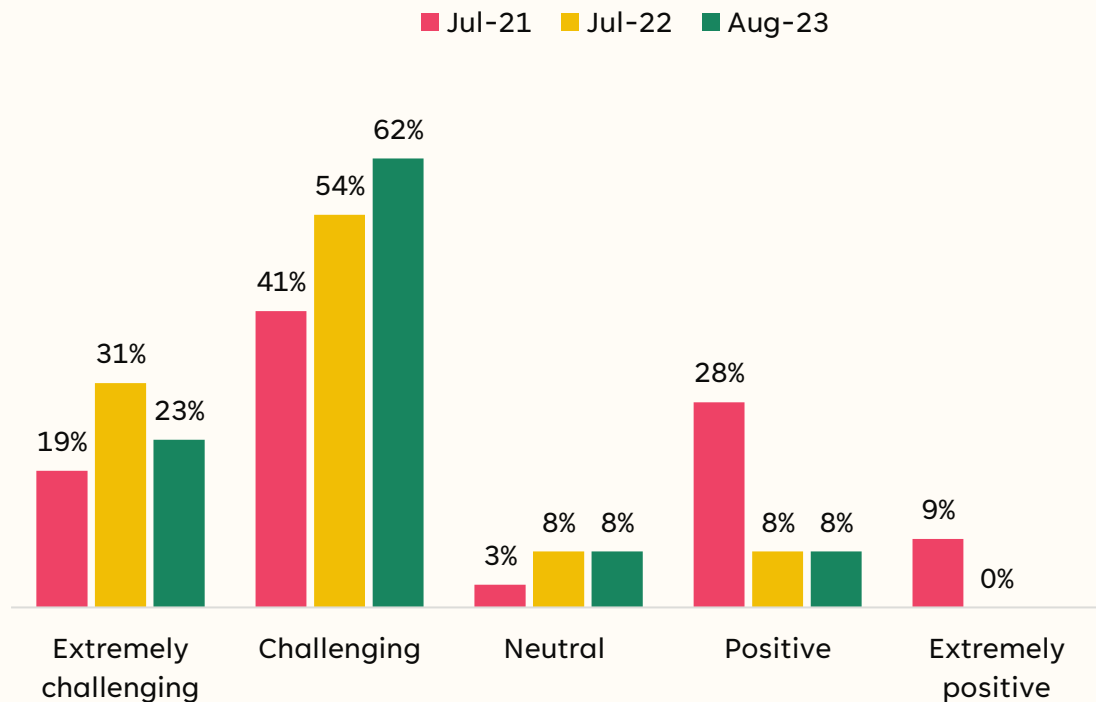
### UK inflation and wage growth, 2016-2023



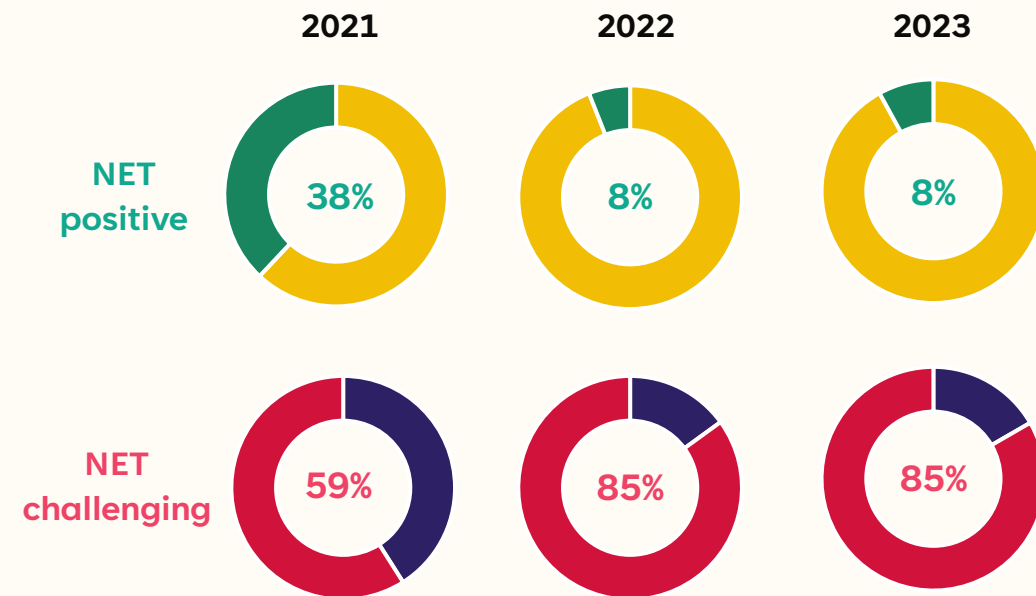
Source: ONS 2023

# Conditions for grocery retail are increasingly challenging

## Q. How would you describe the current trading environment in the? – Grocery retail market



Challenging conditions have continued within the grocery retail market this year, with 85% describing conditions as challenging. Continuing inflation is presenting grocery retailers with a difficult sales climate. Businesses are having to place a huge focus on value whilst managing increasing costs.



Source: Lumina Intelligence Top of Mind Business Leaders Survey, August 2023

# Improvements in the challenges faced by businesses



## Passing on price rises

**57% (-25ppts YoY)**

of surveyed hospitality businesses commented that the biggest impact of the cost-of-living crisis was the need to increase the price of items on sale.

**58% (+20ppts YoY)**

of surveyed grocery retail businesses commented that the biggest impact of the cost-of-living crisis was consumers switching to more affordable brands.

## Business closures among hospitality brands

**66% (-15ppts YoY)**

of surveyed hospitality business professionals **agree or strongly agree** that the next 12 months will see an increase in business closures among eating out brands.

## Merger and acquisition activity

**62% (-27ppts YoY)**

**agree or strongly agree** that more merger and acquisition activity is inevitable in the grocery and retail market

Mergers and acquisitions within the food and drink industry rose for the third consecutive quarter in three months to the end of June, to 42, a 61% year-on-year increase\*.

## Shoppers moving to discounters

**77%**

**agree or strongly agree** that there will be an increase in shoppers moving to discounters over the next 12 months.

Source: Lumina Intelligence Top of Mind Business Leaders Survey, August 2023, \*Grant Thornton, August 2023

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## Market Context

- Inflation and higher interest rates
- Wage growth
- Interest rates
- Consumer Confidence

## Trading Environment

- Grocery retail conditions
- Condition expectations for next year
- Positive outlook and inflation
- Continuing cost of living
- Food service positivity
- Optimism in the eating out market
- Optimism about inflation
- Rising interest rates

## Market Trends

- Finance driven factors
- Experience and its influence in eating out
- Top 3 trends across grocery and hospitality
- Consumer need for value
- Businesses and new initiatives in 2023
- Sustainability initiatives

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## Challenges and Opportunities

- Improvements in challenges faced by businesses
- Pricing challenges
- Eating out businesses and rising costs
- Eating out market and staffing challenges
- Brexit, shifting attitudes, and low pay
- Schemes to attract staff

## Challenges and Opportunities continued

- Decreases in footfall in eating out and grocery
- Businesses focus on reviewing processes and prices
- Impact of calorie labelling on menus

## Most Admired Brands

- Companies aligned with consumers
- Consistency and innovation in foodservice

**To learn more about how Lumina Intelligence can support you,  
please get in touch using the contact details provided below.**

**Get in touch**

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