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France

Promotion Opportunities

France: Supermarket Profiles and Entry Strategies

2008

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Report Highlights:
This report is a U.S. Exhibitor handbook with tips on market entry and recommended strategies to prepare for meetings with retail and food service sector representatives. While this report is oriented toward exporters of U.S. food products participating in SIAL, it should be viewed as a tool for market entry at any time.

Includes PSD Changes: No
Includes Trade Matrix: No
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Average Exchange Rate used in this Report:
Calendar Year 2006: USD1 = 0.796 Euros
Calendar Year 2007: USD1 = 0.7312 Euros
Source: Central European Bank

This report is intended to supplement the Retail Food Sector report which can be found at: http://www.fas.usda.gov/gainfiles/200806/146294851.pdf, as well as the Hotel/Restaurant/Institutions (HRI) food service sector report which can be found at: http://www.fas.usda.gov/gainfiles/200703/146280654.pdf

To maximize and expand marketing opportunities for U.S. food product exports, FAS Paris met with representatives of major French food retailers and purchasing offices. Our goals were two-fold: to further develop contacts with food buyers prior to the International Food and Beverage Trade Show (SIAL 08) on behalf of U.S. exhibitors, and second, to identify effective entry strategies for selling non-meat food and beverage items to these establishments. This report includes company information, tips on market entry and import requirements.

We detail market information for each establishment, types of products in which they are interested and how to access their buyers. In an effort to maximize exposure to these retail outlets at SIAL, and to target meetings during the show, we request that your company send product brochures and information, with samples, to our office before August 15, 2008. We will pass this information to interested buyers, in advance of SIAL.

Please note that the following products may not be exported to France:

- Any products made with flour enriched with vitamins, with the exception of approved health/diet food products;
- Exotic meat (alligator);
- Live crayfish.

Some products are subject to inspection requirements and/or trade restrictions such as:

- Bovine genetics;
- Fightless bird meat (ratite);
- Beef and bison meat;
- Animal by-products for human consumption, and pet food.

For more information, please visit:
http://www.fas.usda.gov/gainfiles/200708/146291922.pdf

In addition, any product containing more than 0.9 percent of a genetically modified organism, must be labeled as containing biotech. Such products are virtually non-existent in retail stores in France.
For more details on current biotech products regulations, please visit:
http://www.fas.usda.gov/gainfiles/200806/146294857.pdf
http://www.fas.usda.gov/gainfiles/200707/146291890.pdf

I. FRENCH FOOD RETAIL AND FOOD SERVICE SUMMARY

A. Retail Food Sector

France’s retail food distribution network is diverse and sophisticated. The food retail sector is generally defined by six types of establishments:

- hypermarkets;
- supermarkets;
- hard discounters;
- convenience;
- gourmet centers in department stores;
- and traditional outlets (See definitions, page 11).

In 2007, the first five categories represented 75 percent of the country’s sales in the retail food market, and the sixth, which includes neighborhood and specialized food stores, represented 25 percent of the market.

France’s major retailers, by 2007 sales within France, were: Carrefour; Leclerc; ITM Entreprises; Auchan; Casino; Systeme U; and Cora. In 2007, sales of the top 15 French food retailers, without taxes, totaled 177.9 billion euros ($243.3 billion), a 12 percent increase compared to 2006.

There have been some noteworthy changes in the major retail sector recently. Following food price increases and consumer concerns relative to their decrease in purchasing power, hard discounters, which represented 13.7 percent market share in 2007, have gained ground against the hyper/supermarkets.

Large retailers increased development of private label branded products to capture more value in-house in response to increased competition from hard discounters. Private label sales were at an all-time high, and accounted for 32 percent of all food product retail sales in 2007. The interest in finding new and unique products continues, particularly in the areas of ethnic foods, fruit juices, frozen ready to eat, wine, beer, coffee, seafood, exotic fruits, biscuits, snacks and confectionery products. For several years, Hyper/supermarkets have eroded the restaurant/fast-food market share, by selling ready-to-eat products, such as roasted meats (i.e., cooked chicken), fresh-baked bread and pastries, to consumers.

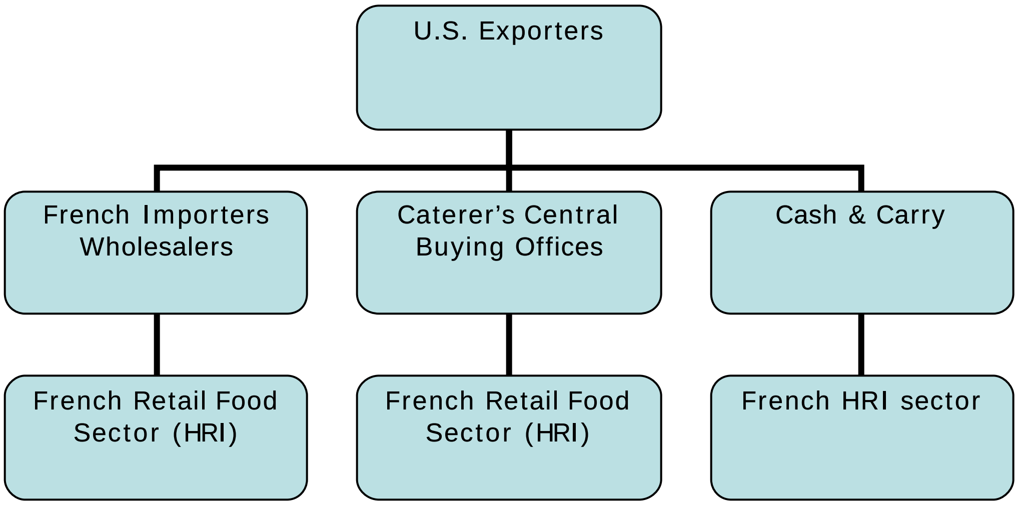
Enacted in 2006, French legislation limiting the number of new hypermarket/supermarket openings has prompted large stores to expand their existing surface area. Complaints that this new measure benefitted existing hyper/supermarkets may see the law modified or repealed in 2008. Mergers and alliances among major hyper/supermarkets have linked the country's 5 largest retailers with seven central purchasing offices. There is currently a law under consideration in France to allow retail establishments, like food stores, to open on Sunday, which may impact consumption patterns.

B. Food Service Sector

In 2007, the French hotel, restaurant and institution (HRI) food service sector served over 9.5 million meals valued at $107.2 billion. Commercial catering dominated the sector with 78 percent of the market. The recent figures indicate that traditional restaurants, including chains, are the leading segment of commercial catering. Institutional catering represented 22 percent of the market.

II. TIPS ON MARKET ENTRY

U.S. exporters can gain market entry to the retail and food service sectors in several ways: through representation by an importer, through having their products placed in a central purchasing office catalog and by selling to cash and carry outlets. Food buyers use central buying offices, importers and cash and carry dealers to procure their products.



The most common method of market entry is using an importer to place your product in the French market. Thus it is important to establish a relationship with an importer and, to do so, you must provide a product promotion kit, including samples and prices. The importer will verify that your product meets EU import requirements, such as labeling and ingredient regulations and will verify your financial reliability. If interested, the importer will engage in price negotiations, discuss logistical requirements and the length of the contract. FAS Paris maintains a list of importers for your use.

Importers place your product with retail and food service stores and with central purchasing offices. In France, it is common for large retailers to participate in a central purchasing office to share the costs of purchase and distribution. The central purchasing office buys products direct as well as from importers and distributors and provides them to the retail and food service outlets.

General Import Requirements

For products exported to France, the following general requirements apply:

Labels should be in French with the following information:

- Product definition
- Shelf life: indicated "used by" and "best before" dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: Ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with a specific group name or "E" number
- Country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

You will find additional labeling rules on food allergens and nutritional products, packaging, container, food additive regulations and trade barriers at:

http://www.fas.usda.gov/gainfiles/200707/146291677.pdf
http://www.fas.usda.gov/gainfiles/200708/146291922.pdf

III. FOOD RETAIL OUTLET PROFILES

1. Groupe Carrefour

(a) Background Information

Carrefour is the world's second largest retailer, after Wal-Mart, and the largest in Europe. Carrefour has four main store formats: Hypermarkets; supermarkets; hard discounter stores; and convenience.

Carrefour began in 1959 in southeast France and grew rapidly into international markets. Carrefour currently has over 456,000 employees worldwide (138,000 in France) and stores in 30 countries (Europe, Asia, South America, North Africa). 2006 sales in France were 37.2 billion euros ($46.7 billion)

Carrefour has stores under the following names in France:

- Carrefour: 227 stores (hypermarkets)
- Champion: 1069 stores (supermarkets), to be renamed Carrefour Market by 2010
- Shopi: 576 stores (city center stores)
- 8 a huit: 807 stores (city center stores)
- Proxi: 1466 stores (small supermarkets)
- ED: 848 stores (hard discount)
- Promo Cash: 154 stores (cash & carry)
- Marche Plus (small supermarkets)
- Ooshop (cyber market)

(b) Products of Interest: Carrefour is looking for new, innovative American oriented products.

(c) Entry Method: Carrefour does not import directly but works strictly through importers/distributors. Post recommends U.S. suppliers wishing to approach Carrefour contact French importers/distributors, particularly with innovative products.

(d) Entry Steps: FAS Paris can provide you with a list of French importers/distributors who work with Carrefour.

2. ITM Entreprises/Les Mousquetaires

(a) Background Information

This chain is focused on low prices, proximity, and smaller scale stores. The group currently has stores in Denmark, Germany, Romania, Spain, Italy, U.K., and also in Canada, South Africa, Switzerland, Australia and China. (There are none in the United States).

- ITM Entreprises/Les Mousquetaires: 3rd largest group in sales behind Carrefour and Leclerc
- Total sales in 2006: 31.5 billion euros ($43.1 billion)
- 11,200 employees
- 4,000 stores in Europe, 2552 in France
- Food trading names:
    - Intermarché: 1474 stores (supermarkets)
    - Ecomarché: 321 stores (city center stores)
    - Netto: 407 (hard discounter)
    - Relais des Mousquetaires. 350
    - Restaumarché (cafeteria)

(b) Products of Interest:

- ITM Entreprises/Les Mousquetaires is interested in national brands and private labels. Their private label (Les Mouquetaires) represents 4,000 products, or 50% of volume and 36% percent of sales by value
- Very few halal products
- 70% of their products are either French or European origin; very few foreign suppliers but they are open to expanding their suppliers

(c) Entry Method: Central buying office for their stores throughout France. The buyers meet with suppliers, select products, determine potential, and then provide the information to their stores which are independently managed**.** They can also import direct from the seller.

(d) Entry Steps: If your company is interested in marketing to ITM Entreprises/Les Mousquetaires, please prepare brochures and prices of your products, and send them to our office, no later than August 15, 2008. We will forward the information to their buyers.

3. Auchan – Auchan Import/Export

(a) Background Information

Group Auchan is a family company owned by the Mulliez family and the Schiever, Picq, Courgeon families (Schiever group). Group Auchan follows a progressive and controlled international growth policy and concentrates its investments on priority development areas, such as western, central and eastern Europe and Asia. Auchan is present in 12 countries (but not the United States).

- Total sales in 2006: 27.6 billion euros ($34.7 billion) – 53% of sales in France
- Auchan has 156,000 employees, and the following stores:
    - 414 hypermarkets (in 12 countries and regions)
    - 708 supermarkets (in 5 countries)
    - Immochan – Real estate: Promote, invest, develop and manage in 12 countries

- Banque Accord – Banking financial products and services in 9 countries

➢ Major store names:
- Auchan
- Atac
- Simply Market
- Maximarche
- Poximarche
- Winny

(b) Products of Interest:

➢ Private labels represent about 3,000 products or 25 percent of total sales in France

➢ Auchan is interested in the following private label products for their French and European stores:
- Wines –which could be sold in their stores at 4 euros/bottle or less- between 60,000/100,000 bottles per year
- Alcohol
- Beer
- Coffee
- Fish
- Fruit juices
- Exotic fruits
- Biscuits
- Snack foods: seeds, nuts (pistachios, almonds, cashew nuts)
- Confectionery
- Tortillas (wheat or corn without GMOs) and with no potassium sorbate (E202)
- Very little interest in halal or kosher products

(c) Entry Method: Auchan will import directly from the seller. Auchan is open to market promotions – they are generally fixed in September for the following year

(d) Entry Steps: If your company is interested in marketing to Auchan, please prepare brochures and prices of your products, and send them to our office, no later than August 15, 2008. Auchan will choose products and contact our office for meetings during the show.

4. Casino

(a) Background Information

➢ EMC Distribution is the central purchasing office for Groupe Casino

➢ Fifth largest group in terms of sales in France

➢ In 2006: 9,537 stores throughout France, including:
- 344 hypermarkets (Geant Casino)
- 2,328 supermarkets (Casino)
- 5,757 small supermarkets & city center stores (Petit Casino, Vival, Spar, Eco Service, Le Marche Franprix, and Monoprix)
- 734 Hard discounters (Leader Price)
- 261 restaurants (Casino cafeteria)

➢ 213,000 employees worldwide

➢ 2006 total sales worldwide: 24.9 billion euros ($34.05 billion)

- 2006 total sales in France: 22.5 billion euros ($30.8 billion) – representing 72 percent of total sales
- 3,339 private label products with 500-600 new products per year. For private label, Casino works directly with small to medium-size companies
- First price brands: Casino brand manufactured by small to medium-size companies
- Halal foods but not in private label
- Launching of "Premium Casino Delices" (gourmet products)

(b) Products of Interest: Group Casino is looking for:

- Food products not sold by competitors
- Innovative products (i.e., as to packaging)
- Recipes for new products
- Functional foods
- Private label

(c) Entry Method: EMC Distribution, its central purchasing office**.**

(d) Entry Steps: If your company is interested in marketing to Casino, either under your brand name or for Casino's private label, please prepare for their review:

- PowerPoint presentation of your company
- PowerPoint presentation for your products corresponding to above needs
- Price quotations

Send all this information to our office no later than August 15, 2008. We will send the information to our contact at Casino.

5. Systeme-U

(a) Background Information

- Systeme U is the sixth largest retailer in France in terms of sales and the fifth largest retailer in France in terms of stores. U Brand Private label expansion is a priority for Systeme-U, with the sourcing of 800 new products and 790 new designs. Systeme-U currently imports primarily Alaskan sustainable seafood from the U.S.
- 900 stores in France – 56,000 employees
- 2007 Total sales: 15.6 billion Euros ($21.3 billion); +3.3% from 2006
- Private label market share: 32% - Systeme U brands are:
  - Bien Vu – Low price
  - U Les Nouveaux Commercants (leader brand: ready-to-eat, deserts, seafood, wines and vegetables)
  - U Bio
  - Les Saveurs U (Premium Brand: oils and condiments, alcohol, ready meals, starters, desserts)

(b) Products of Interest:

- Wine
- Fruit juices
- Frozen ready-to-eat foods
- Ethnic foods (Tex-Mex)
- Lobsters from Florida

(c) Entry Method: Systeme-U will import directly from the seller, depending on the product, and especially for their private label.

(d) Entry Steps: If your company is interested in marketing to Systeme-U, please prepare brochures of your products, and send them to our office, no later than August 15, 2008.

6. Groupe Monoprix

(a) Background Information

- Monoprix is a family group with 50% ownership by Casino Group and 50% by Galeries Lafayette
- Monoprix has 300 city stores under the following names:
  - 264 Monoprix
  - 6 Inno
  - 13 Monop
  - 17 food points under the names of Nouvelles Galeries and Galeries Lafayette

- Monoprix is in 85 percent of cities in France with over 50,000 inhabitants
- Sales in 2006: 3.4 billion euros ($4.3 billion)
- 18,000 Employees
- 80% of food products are national brands
- 20% are private labels including:
  - Brand M
  - Premium: Low prices
  - Monoprix Gourmet: Gourmet foods
  - Commerce equitable: Fair Trade
  - Monoprix verts
  - Bout'chou: Baby foods
  - Daily Monop: Convenience foods: sandwiches, salads, etc.
  - Monoprix Bio: Organic foods

(b) Products of Interest: Monoprix is looking for GMO free products. Open to all kind of products provided they are innovative.

(c) Entry Steps: Monoprix works only with importers. If your company is interested in marketing to Groupe Monoprix, please prepare brochures only, and send to our office no later than August 15, 2008. Monoprix will make a selection and request meetings on Monday and Tuesday at the show in private rooms.

IV. CENTRAL BUYING OFFICES PROFILES

1. Provera

(a) Background Information

Provera is the central purchasing office for Cora hypermarkets and Match France supermarkets. Cora and Match are part of the Belgium group Louis Delhaize. Upon request, Provera refers products to Cora (hypermarkets) and Match (supermarkets). Note that each Cora and Match store has buyers by sector. Generally, Cora determines food product purchases and Match orders the same products with different packaging sizes.

Store names are:

- Cora (hypermarkets)
- Match (supermarkets)
- Profi (hard discounter)
- Truffaut (garden centers)
- Ecomax (city stores)
- Houra (cybermarket)
- SNTC (freight forwarder)
- Revillon (bank)

Cora hypermarkets:

- 59 stores in France (Paris area and northern/eastern France)
- 7 stores in Belgium
- 2 stores in Luxemburg
- 7 stores in Hungary
- 3 stores in Romania + 1 Profi (small hard discounter)
- 4 stores in French Antilles

Match supermarkets:

- 152 stores in France (except Paris and Paris area)
- 56 stores in Belgium
- 16 stores in Hungary
- 13 stores in Luxemburg
- 15 stores in French Antilles

- ➢ Total sales Cora/Match in 2006: 5.2 billion euros ($6.5 billion)
- ➢ Cora and Match private labels represent 20 percent of their sales

PROVERA will host an Ethnic Show November 20th for their grocery buyers (salted and sweet) and would welcome French importers/distributors of American products at this event. U.S. exhibitors interested in featuring their products at the showcase should send our office the following information no later than August 15, 2008:

- ➢ Brand name of product
- ➢ Type
- ➢ Name of French importer, if any
- ➢ Name of European importer, if any
- ➢ European countries where the product is already sold

(b) Products of Interest: CORA/MATCH offers very few halal and kosher products but is open to new products.

(c) Entry Method: Provera buys only through importers/distributors.

(d) Entry Steps: If your company is interested in marketing to Provera, please prepare brochures on your products, and send them to our office, no later than August 15, 2008. We will relay the information to our point of contact.

2. Francap Distribution

(a) Background Information

Francap Distribution acts for a group of independent small supermarkets, city stores, and food service wholesalers located around France.

Services offered by Francap include:
- ➢ Negotiations with suppliers
- ➢ Advice on purchase and sales policies
- ➢ Central buying office for small supermarkets, especially for the distribution of confectionery, liquids/beverages, fresh products, and non-food products (hygiene)
- ➢ Communication and promotional support

Francap Distribution is affiliated with 40 companies, representing about 6,000 stores, throughout France (mainly outside Paris and the Paris area), which include:

- ➢ Over 360 supermarkets
- ➢ Over 1,170 small supermarkets
- ➢ Over 4,500 urban convenience stores

Francap operates two national supermarket store names (originally created by affiliated companies):
- Coccinelle for supermarkets, and
- Cocci Market for small supermarkets

Francap also acts as an advisor to the following independent supermarkets which distribute Francap private label products:
- G20
- Diagonal
- Colruyt
- Sitis
- Votre Marche
- Viveco
- Panier Sympa
- Atoo Alimentation

Francap also regroups specialized distributors in the following sectors: Fresh products, confectionery and non food (hygiene)

Francap private labels which represent 25% of their total sales include:
- Belle France
- Les Delices de Belle France (gourmet line)
- Ecoprix and Winny (economic and low price product line)

Francap food service provides a range of support including:
- A group of independent distribution companies forming a network recognized among the leaders in the food service sector
- Close to the customer: These companies offer a constant service, adjustable to customer needs
- Medium size companies participating in professional trade shows (Sirha) and organizing national conventions with professionals
- Promotional and communication support: Les Mercuriales and Resto'Com

- Francap food service represents a total of 20 companies
- Total sales: 460 million euros ($578 million)
- 40 distribution platforms
- 30,000 customers

(b) Products of Interest: non-GMO products in the following sectors:
- Beverages/liquids
- Grocery items
- Frozen foods

(c) Entry Method: Francap buys only through importers/distributors.

(**d) Entry Steps:** If your company is interested in working with Francap Distribution, please prepare brochures of your products, especially in the above sectors, and send them to our office no later than August 15, 2008. We will relay to our point of contact at Francap Distribution.

V. FOOD SERVICE CENTRAL PURCHASING OFFICES

The Hotel/Restaurant/Institution (HRI) food service sector is an open, highly competitive market in France which is supplied primarily by domestic and EU producers. There are opportunities for U.S. suppliers for reasonably-priced, high quality and innovative products. In 2007, trade sources estimated the HRI food service sector served over 9.5 million meals valued at $107.2 billion.

1. Trans Gourmet

(a) Background Information

Trans Gourmet is the market leader for distribution and delivery to hotel/restaurant/institutions and the food service sector. It mainly delivers to hotels/institutions/restaurants/and bakeries (artisans boulangers).

Trans Gourmet is a combination of two networks, Aldis (Group Metro – German- Annual sales of 619 million euros ($778 million) mainly general companies) and Prodirest (Group Carrefour: Annual sales of 526 million euros ($661 million) mainly hyper/supermarket groups) all under the funding of two groups: Rewe (German – 4th commercial group in Europe) and Coop (Swiss – 2nd largest retail Swiss chain). Trans Gourmet is in the process of reorganizing into one entity under the German group Rewe.

Trans Gourmet works with Group Accor, Sodexho, Elior, Compass, etc.

- Annual sales: 1.3 billion euros ($1.6 billion)
- Halal/kosher foods occasionally
- Organic still a niche but should develop

(b) Products of Interest:
- New and innovative products

(c) Entry Method: Trans Gourmet imports via importers/distributors

(d) Entry Steps: If your company is interested in working with Trans Gourmet, please prepare brochures of your products, especially in the above sectors, and send them to our office no later than August 15, 2008. We will relay to our point of contact. Trans Gourmet will choose products and contact our office for meetings.

2. Metro Cash & Carry

(a) Background Information

Metro Cash & Carry has 615 stores in 29 countries with 2007 sales of 31.7bn Euros with over 103,000 employees. The company offers a broad selection of high-quality goods at wholesale prices targeted at professional commercial customers such as hotel, restaurant and kiosk operators, caterers and small food retailers, hospitals, authorities, and to an increasing extent, service providers. "Cash & Carry" means that the customer chooses the goods, pays cash and transports them in their own vehicles. The advantage, compared with conventional wholesale, lies in the favorable price-performance ratio, the scope of the food and nonfood assortment, the immediate availability of the merchandise and the customer-oriented opening hours.

(b) Products of Interest: Metro is open to new, innovative products not currently sold in France. It is not interested in niche products, such as organic or halal. The best opportunities for U.S suppliers are in confectionery products. Metro is not looking for chocolate bars or chewing gum. Nevertheless, innovative products with clever marketing or packaging are in demand. Metro is interested in:

- Side dish products for coffee, like small cookies to serve with a cup of coffee
- Confectionery products (halal certified)
- Hot and/or cold beverages (chocolate, tea and coffee only) like Starbuck's
- New types of popcorn
- Products like Mr. Freeze

(c) Entry Method: Metro does not import directly from the United States; for logistical reasons, they prefer dealing with local importers.

(d) Entry Steps: Even though Metro prefers buying through an importer, it will meet with an importer and its U.S. supplier as the supplier can give a better explanation of its products. Currently, they are approximately 35 different U.S. grocery products referenced at Metro (mainly tex-mex products and sauces), which accrued 600,000 euro sales (about $930,000) in 2007.