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France

HRI Food Service Sector

Annual Report

2005

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Report Highlights:
In 2004, trade sources estimate the total French Hotel, Restaurant and Institution (HRI) food service sector is valued at $85.8 billion and serves over 9 billion meals. Commercial catering (restaurants, hotels and resorts, cafeterias, brasseries, cafes and fast foods) dominates the sector with 76 percent of the market. Institutional catering (education, healthcare, business catering, schools, hospitals, air and sea catering) represents 24 percent of the market. The HRI/Food Service Sector is an open, highly competitive market in France offering U.S. suppliers opportunities for a variety of reasonably-priced, high quality and innovative products such as fresh and frozen fish and seafood, beef and bison meat, dressings and seasonings, canned fruits and vegetables, alcoholic beverages including wine, and frozen ethnic/U.S. regional foods.

Includes PSD Changes: No
Includes Trade Matrix: No
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Table of Contents

SECTION I. MARKET SUMMARY

Note: Exchange rates used in this report are as follows:
Calendar Year 2001: USD 1 = 1.116 Euros
Calendar Year 2002: USD 1 = 1.057 Euros
Calendar Year 2003: USD 1 = 1.13 Euros
Calendar Year 2004: USD 1 = 0.806 Euros
(Source: Central Intelligence Agency Fact Book)

1. France in Profile:

With a total area of 551,000 square kilometers, excluding its overseas departments and territories, France is the largest Western European country. In 2004, France's population was approximately 62.4 million (French National Institute for Statistics (INSEE) with a per capita Gross Domestic Product (GDP) of $32,400. France has approximately 24.9 million households and expects to increase this number, on average, by 228,000 households per year until 2010. The average number of persons per household has steadily decreased from 2.57 in 1991 to 2.39 in 2004.

France ranks first in Europe, and third in the world in overall expenditures on food and related items after the United States and Japan. In 2004, the French household expenses for food and beverages, including alcoholic beverages, represented 16 percent of the total French household consumption. The table below shows French household consumption by sectors for 2003 and 2004.

French Household Consumption by sectors for 2003 and 2004 and Percentage

Sector	Total Spent in 2003 in billion $	% Total Household Expenditures	Total Spent in 2004 in billion $	% Total Household Expenditures	% Difference Spent 2004/2003
Food and non-alcooholic beverages	110.6	14.6	161.0	14.4	45.5
Alcoholic beverages and tobacco	25.2	3.3	37.1	3.3	47.2
Clothes and shoes	34.5	4.6	56.1	5.0	62.6
Lodging, heating and lightling	184.7	24.4	273.3	24.4	47.9
Health	28.6	3.8	37.5	3.3	31.1
Transport and Communications	131.2	17,4	79.4	7.1	-39.5
Leisure and culture	69.3	9.2	105.4	9.4	52.1
Education	4.9	0.6	7.7	0.7	57.1
Hotels, cafes and restaurants	58.0	7.7	69.5	6.2	19.8
Other goods and services	63.2	8.4	120.8	10.8	91.1

Source: French National Institute for Statistics (INSEE)

2. France's Food Service Sector Overview:

France has a large and highly fragmented food service sector with many small to medium-sized players. During calendar year 2004, the French Hotel, Restaurant and Institution (HRI) food service sector served approximately 9.2 billion meals worth approximately 69.2 billion Euros ($85.8 billion*)*, chiefly in two sub-sectors:

- Commercial catering - including restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, and fast food outlets, including street vendors. In 2004, this sector's total sales were 52.7 billion Euros ($65.4 billion) with 4.9 billion meals served.

- Institutional catering - including education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. In 2004, this sector's total sales were 16.5 billion Euros ($20.4billion) with 4.3 billion meals served.

The food service market today is comprised of the following segments:

Structure of Food Service Market (Estimated Sales of $69.2 billion)	
Fast food, cafeterias, cafes and brasseries	26%
Traditional restaurants, incl. chains	50%
Institutional Catering	24%
Total	100%

The food service sector is supplied by both domestic and imported products. The table below shows the value of the food service sector.

Value of French Food Service Sector

	Estimated Sales (Billion Dollars)
2000	48.9
2001	51.4
2002	62.0
2003	N/A
2004	85.8

N/a: Not Available
Source: Estimates provided by trade sources

The table below provides trade estimates of the future growth rate in the food service sector:

Future Growth Rate of the Retail Food and Beverage Sector

	2004	**2005**	**2006**
Restaurants	*-1%*	*+1%*	*+2%*
Hotels and resorts	*+5%*	+5.5%	*+6%*
Other (fast foods incl nomad foods, cafes, snacks, brasseries)	*+1.5%*	*+2%*	*+3%*
Institutional catering	*+5%*	*+5.5%*	*+6%*

Source: Neo-Restauration and Trade estimates

In 2004, increases in commercial catering sales were attributed mainly to chain restaurants, with consumers looking for moderate priced meals. From the 4.9 billion meals served in that sector, 65 percent represented less than 10 Euros ($12), 13 percent between 15 and 20 Euros ($19-25), and 11 percent between 10 and 15 Euros ($12-19). For 2005 and 2006, expectations are for very slow growth in the commercial catering sector as generally slow growth in France and the European Union threatens growth in this relatively insulated sector.

Institutional catering (education, healthcare, business catering, schools, hospitals, air and sea catering) is expecting about five percent growth during the next two years. Business catering is expected to develop new concepts of snacking to better compete with commercial catering. Healthcare/hospital catering will increase their focus on nutritional/health foods.

3. Key Macro-Economic Factors Driving Demand in France's Food Service Market:

- An aging population (20 percent over 60 years old) boosting the demand for institutional senior citizens centers/facilities.
- Shrinking average household size fuels the catering services. The French household has an average of 1.8 children.
- Greater urbanization draws people to the cities where they more frequently eat out.
- Changing eating patterns: a growing number of people eat 5 to 6 times a day outside of the home instead of the traditional three meals a day.
- Growing workforce participation rate among women (40 percent of the working population) has raised the frequency of eating out and use of catering services.
- Decline in the number of working hours has freed up more time for leisure and related activities.
- Increasing independence of French teenagers to choose what foods they eat, increasing interest in fast foods, including snacks and ethnic foods.

Advantages, Opportunities and Challenges Facing U.S. Products in France

Advantages/Opportunities	Challenges
The French food service sector has been growing over the twenty past years, currently growing at a rate of six percent per year, it is forecast to reach 95 billion Euros within the next ten years.	The French “food culture” is very strong and dominates the French food sector output. Local products and those originating from other EU countries dominate the supply of food and beverages. Therefore, U.S. suppliers need to offer high-quality and innovative alternatives.
Relative weakness of the U.S. dollar low rate vis-a-vis the Euro should benefit U.S. products.	Price competition is fierce and U.S. exporters to France must comply with French/European standards and regulations.
European and French fish/seafood catch is decreasing and imports from all over the world are increasing.	Fierce competition places enormous pressure on suppliers not only for fish/seafood but also for all other foods. They must deal with many requirements such as food safety, registration fees, logistical constraints, ISO norms and labeling regulations.
France is Europe's leading meat consumer, looking for natural and lean meat.	Necessity for U.S. suppliers to comply with European and French regulations.
French consumers demand quality, innovative, healthy products.	U.S. suppliers to adapt products to French consumers' expectations and tastes at

	moderate prices.
U.S. fast food chains, theme restaurants, and the food processing industry are pushing up demand for American food ingredients.	Certain food ingredients are banned or restricted from the French market.

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Commercial Catering:

The commercial catering sector dominates the food service market in France accounting for 76 percent of the food service market. Trade sources estimate the commercial catering sector to be worth 52.7 billion Euros ($65.4 billion) with about 4.9 billion meals served annually. The sector is made up of:

- Traditional restaurants including chains - This sector includes individual proprietor restaurants, multi-restaurant companies and large corporations, and represents 50 percent of the total food service market. A large number of these restaurants in Paris, around Paris and in major French cities are medium/high end restaurants serving a large range of traditional food, although an increasing number specialize in serving exotic cuisine from Asia, Africa and America. Restaurant chains represent 12 percent of the commercial catering market and are growing at a faster rate than the independent restaurants with 156 new outlets opened in 2004, an increase of 3.2 percent, compared to 2003.

  Customers are middle to high income families, business clients, tourists, and the affluent young French. Customers frequent this category of restaurant to dine in style and comfort and to have access to the best and most sophisticated culinary standards in the country.

- Hotels and resorts with restaurants - Operated by individual proprietors, companies or large corporations and estimated to have around 6 percent of the total food service market with 16,000 restaurants. In general, the French do not frequent hotels for their restaurants, except for dinner when traveling or for a small number of luxury hotels, high to top class well-known restaurants, classified by famous guides such as "Michelin" or "Gault & Millau." These restaurants serve a large range of traditional or ethnic foods.

- Leisure parks - France has about 50 leisure parks, three world-class (Disneyland Resorts Paris, Futuroscope and Parc Asterix). Disneyland Resorts Paris receive about 13 million visitors annually with food sales estimated at 230 million Euros ($285 million). It is the leading leisure park in France serving approximately 28 million meals and snacks yearly. Disneyland Resorts Paris has its own central buying office "Convergence Achats".

  The second largest leisure park in France is Futuroscope serving approximately 3 million meals per year and third is Park Asterix serving about one million meals yearly. Futuroscope and Asterix have their own buying offices. Asterix, a French history themed park, serves only traditional and neo-traditional French food.

- Cafeterias, Cafes and Brasseries - Operated by individual proprietors, companies or large corporations, they are estimated to have around 19 percent of the total food service market. These outlets serve sandwiches or a quick lunch at reasonable prices to customers who are mainly workers, young business people and students.

- Fast food outlets, including street vendors - Operated by companies and large corporations, these outlets represent 25 percent of the total food service market. Food sales in U.S.-style fast food restaurants, led by McDonald's and followed by Quick, a distant second, continue to rise in France. French fast food outlets that offer typically French food such as baguette sandwiches, quiches and salads, are on the rise as well. The French fast food segment sales, headed by Brioche Dorée and Paul, and the non-French fast food segment sales are growing practically at the same rate (6.2 percent, and 6.4 percent respectively). Most U.S.-style fast food restaurants and restaurant chains buy their food in France and Europe. For example, 95 percent of McDonald's food purchases for restaurants in France are made in Europe.

  Customers that frequent fast food outlets in France are low to middle income workers, families, teenagers, young adults, students and grandparents with their grandchildren.

1.1 Company Profiles:

The tables below provide information on the categories in the French commercial catering sector:

Categories of Commercial Catering, number of outlets and total sales In Calendar Year 2004

Category	Number of outlets	Total sales i(In Million $)	Sales Percentage Change 2004/2003
Traditional Restaurants	72,000	24,365	-0.95
"Bistrots" and "Cafes Restaurants"	40,600	7,439	-3.00
Fish/seafood type restaurants	97	185	-0.35
Theme restaurants	555	703	-0.28
Pizzerias	195	321	+0.25
Grills	569	891	+8.48
US-Style Fast Food	1,381	3,674	+6.43
French Fast Food	1,614	1,097	+6.19
Cafeterias	539	1,006	-3.96

N/A = Not Available
Source: Gira Sic Conseil

Leaders in the Commercial Catering sector in France in Calendar Year 2004

Rank	**Groups**	**2004 Sales (In Million $)**	**Sales % Change 2004/2003**	**Number of Outlets**
1	McDonald's France	2,854	+5.5	1035
2	France Quick	744	+7.1	314
3	Agapes Restauration	702	+3.0	300
4	Servair (Air Catering)	695	+14.3	N/A
5	Elior/Eliance	631	+2.1	689
6	Buffalo Grill SA	434	+8.4	265
7	Groupe Flo	407	+5.1	143
8	Casino Cafeteria	387	+0.1	313
9	Groupe Le Duff	344	+0.9	376
10	Accor	305	+5.0	N/A
11	Groupe Holder	293	+3.1	270
12	Autogrill	267	+7.4	90
13	Euro Disney SCA	242	--	68
14	Yum	202	+8.4	151
15	Compass SSP	201	+12.5	190
16	Brasseries Kronenbourg	188	-1.5	84
17	Serrare SAS	186	+16.3	160
18	Bars & Co.	117	+12.5	192
19	Groupe Bertrand Toatissimo	171	+20.0	91
20	Cora Cafeterias Cora	129	+0.1	58
21	PJB Holding	124	-0.6	24

N/A: Not Available
Source: Neo-Restauration Magazine

Commercial Catering in France: Leading Groups and Brands
In Calendar Year 2004

Groups	**Brands**
McDonald's France	McDonald's
France Quick	Quick
Agapes Restauration	Flunch, Pizza Pai, Amarine, les 3 Brasseurs
Servair (air catering)	Servair
Elior/Eliance	Arche, Boeuf Jardinier, Jules Verne, Drouant, Phileas, Pomme de Pain
Buffalo Grill SA	Buffalo Grill
Groupe Flo	Brasseries Flo, Petit Bofinger, Hippopotamus, Flo Prestige, Bistro Romain
Casino Cafeterias	Cafeterias Casino, Cœurs de ble
Groupe Le Duff	Brioche Doree, Pizza Del Arte
Accor	Lenotre, Wagons Lits
Groupe Holder	Paul, St Preux, Laduree
Autogrill	Autogrill Relais, Cote France, Spizzico, le Petit Cafe
Eurodisney SCA	Disneyland Paris
Yum	Pizza Hut, KFC
Compass SSP	Salmon House, Cafe Select, Scappucci, Upper Crust, Tarte Julie, Ritazza Caffe, Le Train Bleu
Brasseries Kronenbourg	Tavernes, Comptoirs de Maitre Kanter
Serrare SAS	Courtepaille
Bar & Co	Au Bureau, Irish Corner, Cafe Leffe, Brussel's Cafe, Hoegaarden Cafe, etc.
Groupe Bertrand Toastissimo	Restaurants a Themes, Sandwicheries Bert's, Cafeterias Eris
Cora	Cafeterias Cora
PJB Holding	Brasseries, Chez Clement

Source: Neo-Restauration Magazine

Fast Food Segment in France in Calendar Year 2004:

Groups	**Number of restaurants**	**Sales in 2004 (In Million $)**	**% Sales Increase 2004/2003**
McDonald's France	1037	2,858	+ 6
France Quick	314	744	+ 7
KFC France	30	71	+41
Major French Fast Food			
Paul (Groupe Holder)	244	268	+ 2
Brioche Doree (Groupe Le Duff)	296	223	+ 3
La Mie Caline	135	99	+12
Relais H/Relay	185	89	+11
La Croissanterie	117	62	+18
Aubepain/Pomme de Pain (Groupe Elior/Eliance)	71	60	+ 5
Pat a Pain	33	41	+ 8
Coeur de Ble (Casino Cafeteria)	98	37	+ 7

Class Croute	58	37	+11
Point Chaud	121	34	- 1

Source: Neo-Restauration Magazine

1.2 Entry Strategy

The majority of the larger restaurant businesses, including chains, do not use a large quantity of imported food products as most offer local cuisine or only use imported products if local alternatives cannot be found. However, niche opportunities for U.S. suppliers exist for a range of diverse products such as fish/seafood, exotic meats, sauces (prepared sauces or dehydrated sauce bases) and salad dressings, a variety of food ingredients, wine, and frozen ethnic/regional food service meals in any outlet where the clientele is looking for "ethnic and/or regional" cuisine, or something non-traditional. U.S. product can successfully replace some local and imported product and successfully fit into the local cuisine. U.S. exporters will need to study the market to identify opportunities available to them.

U.S. exporters should consider the financial strength, number and location of outlets, menu diversification, and purchasing policy of the business when selecting major restaurants or chains to target. In addition, U.S. exporters should also consider the following when planning to enter this sector:

- Check EU and French regulations, e.g., hormone free meat, biotech regulations, etc., and carefully verify the acceptibility of each product ingredients and additives. For information on EU regulations, you may visit the following website: http://www.useu.be

- Check EU and French food safety requirements: As of January 1, 2006, one French decree will reinforce and supplement the 178/2002 EU Food Law and the 852/2004 "H1" regulation on food safety.

- Verify the price competitiveness of product compared to local and other imported product; check customs clearance requirements and any additional import charges based on sugar, milk, fat and starch content.

- Identify local agents/distributors, who can promote and distribute U.S. product to restaurants that order small volumes on a regular basis.

1.3 Distribution Channels

Some restaurant chains have their own central buying offices, but most, including traditional restaurants, as well as hotels and resorts, buy either through Cash & Carry or specialized wholesalers, the two major distribution channels for this segment.

Cash & Carry wholesalers display in large stores a wide selection of food and non-food products. They sell to food retailers, and the food service sector restaurants and restaurant chains. Cash & Carry offer competitive prices, a variety of products, extended operating hours and immediate product availability. Major Cash & Carry groups are Metro (French subsidiary of Metro/Germany) and Promocash (a subsidiary of Carrefour) together representing 75 percent of total sales in the wholesale sector.

Specialized Distributors/Wholesalers have, as their main activity, distribution of food products. They have dry and cold storage facilities with refrigerated/freezer trucks for deliveries. They buy from processing companies, foreign exporters or importers. Their largest clients are in the catering sector.

Major Specialized Distributors/Wholesalers for the Food Service Sector

Name of Wholesaler/Distributor	Specialization
Pomona (Privately Owned)	Fresh Fruits and Vegetables
Aldis (Group Metro)	All fresh and Frozen foods, including seafood and meat
Prodirest (Group Carrefour)	Frozen food
Davigel (Subsidiary of Nestle)	Frozen food and seafood
Brake France (Subsidiary of Brake Bros, U.K.) (*)	Frozen food and seafood
Demarne Freres (Privately Owned)	Fresh/chilled and frozen fish and seafood
PRF (Privately Owned)	Fresh/chilled and frozen fish and seafood
Francap	Buying office and wholesaler for small supermarkets and restaurants

(*) Brake purchased Carigel in 2002.
Source: Neo Restauration

Top Four Hotel & Resort Chains in France & Europe with Restaurant and Catering Services

Hotel/Resort Name	Nationality	Number of Outlets	Purchasing Sources
Accor	French	(Etap Hotel, Formule 1, Ibis, Mercure, Novotel, Sofitel)	Importers/wholesalers/direct or cash & carry
Envergure	French	(Bleu Marine, Campanile, Kyriad, Premiere Classe)	Importers/wholesalers/direct or cash & carry
Six Continents	U.K.	(Crowne Plazza, Holiday Inn, InterContinental)	Importers/wholesalers/direct or cash & carry
Choice Hotels	U.S.	(Clarion, Comfort Hotels, Quality)	Importers/wholesalers/direct or cash & carry

Source: La Revue HRC (hotel, Restaurant, Cafe)

2. Institutional Catering (including schools, universities, health & elderly care, company catering, air and sea catering, and others including army and prison catering):

The institutional catering sector represents 24 percent of the food service market. Trade sources value the institutional catering sector at 16.5 billion Euros ($20.4 billion) with approximately 4.3 million meals served in 2004. This sector includes:

- Contract catering businesses

This catering segment includes company restaurants, schools and universities, hospitals, nursing and retirement homes and is dominated by specialized companies such as Sodexho, Compass, Elior, etc. French Consulting Company, Gira, estimates the contract catering business increased at an annual rate of 5.2 percent from 1996 to 2004 and is expected to grow at a rate of 7 percent annually through 2010.

- Concession Catering
  Concession catering includes the transportation (highways, railway stations and airports) catering, as well as in-town and leisure catering (museums, exhibition and sport centers). According to industry analysts, this segment increased at an annual rate of 3.6 percent from 1996 to 2004 and is expected to grow at a rate of 4 percent annually through 2010.

  Elior group is the largest player in this segment and Compass, the second largest (mainly supplying airports), then comes Autogrill (highways and railway stations) and Horeto for city sites and leisure sites.

- Air and Sea Catering
  In France, the major supplier in this segment is Servair (subsidiary of Air France). Most of the food purchased by Servair is of French origin. Second, but far behind, is Catair a subsidiary of Eurest (Compass Group).

  The leader in France for sea catering is Cofrapex (subsidiary of Metro/Cash and Carry). The major competitor of Cofrapex is SHRM (Societe Hoteliere de Restauration Maritime), which was bought in 1998 by Compass Group.

2.1 Company Profiles

The institutional catering sector in France has three major players (82.1 percent market share), 10 medium-sized regional companies and 37 small companies. This sector has been growing at a rate of 5 percent annually since 1999. The tables below provide information on the major groups and businesses involved in the various segments of the institutional catering sector.

Major Groups & Businesses in the Institutional Catering Sector

Rank	Group/Firm	Total Sales in 2004 (In Million $)	Sales % Change 2004/2003	Nbr. Of Restaurants	Meals Served in 2004 (In Million)	% Change Meals Served 2004/2003
1	Group Sodexho France (*)	1,970	+3.4	5466	310	+2.2
2	Group Elior	1,451	+8.2	3530	249	+3.3
3	Compass Group France	1.308	+4.4	2766	195	-0.6
4	Group Score	151	+12.4	387	18	+10.4
5	Group API	150	+15.9	766	43	+13.8
6	Groupe Dupont Restauration	100	+30.1	476	24	+36.2
7	Alsacienne de Restauration/Vivae	94	+14.5	364	17	+11.0
8	Groupe Ansamble	88	+15.4	320	20	+14.6
9	Apetito France	41	-0.2	99	7	-37.3
10	Multi Restauration Service	41	+3.4	91	5	+0.4
11	Resteco-Bretagne Rest.	28	+7.5	73	7	+0.2
12	Ascoger	24	+9.0	41	2	+4.0

Source: Club Restauration
(*) Includes Sodexho, Sogeres, RGC, La Normande, Siges.

Top 10 Companies in the Health and Elderly Care Segment

Sales in this sector total approximately $6.6 billion in 2004, with 1.8 billion meals served in 2004, representing 32 percent in value of the total institutional catering sector. The annual growth rate is 13 percent for the top 10 companies. Experts estimate that this steady growth in this segment will continue due to the aging population. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	***Group/Firm***	***Sales in 2004 (In Million $)***	***Sales % Change 2004/2003***	***Total Meals served (In Million)***	***% Changed Meals Served 2004/2003***
1	Sodexho France	516	+4.1	86	+1.7
2	Medirest (Compass Group)	N/A	N/A	46	-0.8
3	Avenance (Elior Group)	N/A	N/A	48	+9.6
4	Sogeres	83	-2.8	15	-0.2
5	Groupe API/RDR	61	+16.6	17	+13.8
6	Dupont Restauration	33	+11.6	6	+9.8
8	Alsacienne de Restauration	23	+24.8	5	+17.5
9	Ansamble	22	+28.6	5	+14.0
10	Amphytrion	20	+6.7	4	--

Source: Neo-Restauration Magazine
N/A: Not Available

Top 10 Companies of the Education (School and University) Segment

Sales in this segment of the institutional catering sector total approximately $5.7 billion, or 28 percent of the market with 1.5 billion meals served in 2004. This segment grew 9 percent in 2004. Few opportunities exist for U.S. suppliers due to low per meal costs.

Rank	**Group/Firm**	**Total Sales in 2004 (In Million $)**	**% Change Sales 2004/2003**	**Meals Served in 2004 (In Million)**	**% Change Meals Served 2004/2003**
1	Avenance (Elior Group)	N/A	N/A	118	+4.3
2	Sodexho France	324	+1.8	81	-0.1
3	Scolarest (Compass Group)	N/A	N/A	61	-1.7
4	Sogeres	139	+20.0	28	+21.5
5	Group API/RDR	59	+17.0	21	+15.0
6	Ansamble	25	+35.7	10	+18.0
7	Dupont Restauration	22	+12.3	8	+4.0
8	Resteco Bretagne Restauration	15	+7.7	4	N/A

9	Alsacienne de Restauration	11	+6.1	3	+4.6
10	56 Restauration	10	+39.5	4	+37

Source: Neo-Restauration Magazine
N/A: Not Available

Top 10 Groups/Firms of the Company Catering Segment

Sales in this segment of the institutional catering sector totaled approximately $6 billion, or 29 percent of the market with 0.7 billion meals served in 2004. This sector shows annual growth of 15 percent in number of meals served, and offers opportunities for U.S. suppliers of sophisticated, innovative and quality semi-prepared meals, including meat, fish and seafood.

Rank	**Group/Firm**	**Total Sales in 2004 (In Million $)**	**% Change Sales 2004/2003**	**Total Meals Served in 2004 (In Million)**	**% Changed Meals served 2004/2003**
1	Avenance (Group Elior)	N/A	N/A	83	-1.2
2	Eurest (Compass Group)	N/A	N/A	83	+0.1
3	Sodexho France	646	-1.0	77	-1.1
4	Sogeres	174	+7.2	18	+2.2
5	Group SCORE	119	+12.0	14	+7.1
6	L'Alsacienne de Restauration	55	+13.0	9	+9.5
7	Ansamble	33	+10.0	5	+9.2
8	Multi Restauration Services	33	+1.9	4	+0.4
9	Group API/RDR	30	+11.1	5	+9.1
10	Ascoger	25	+9.0	2	+4.0

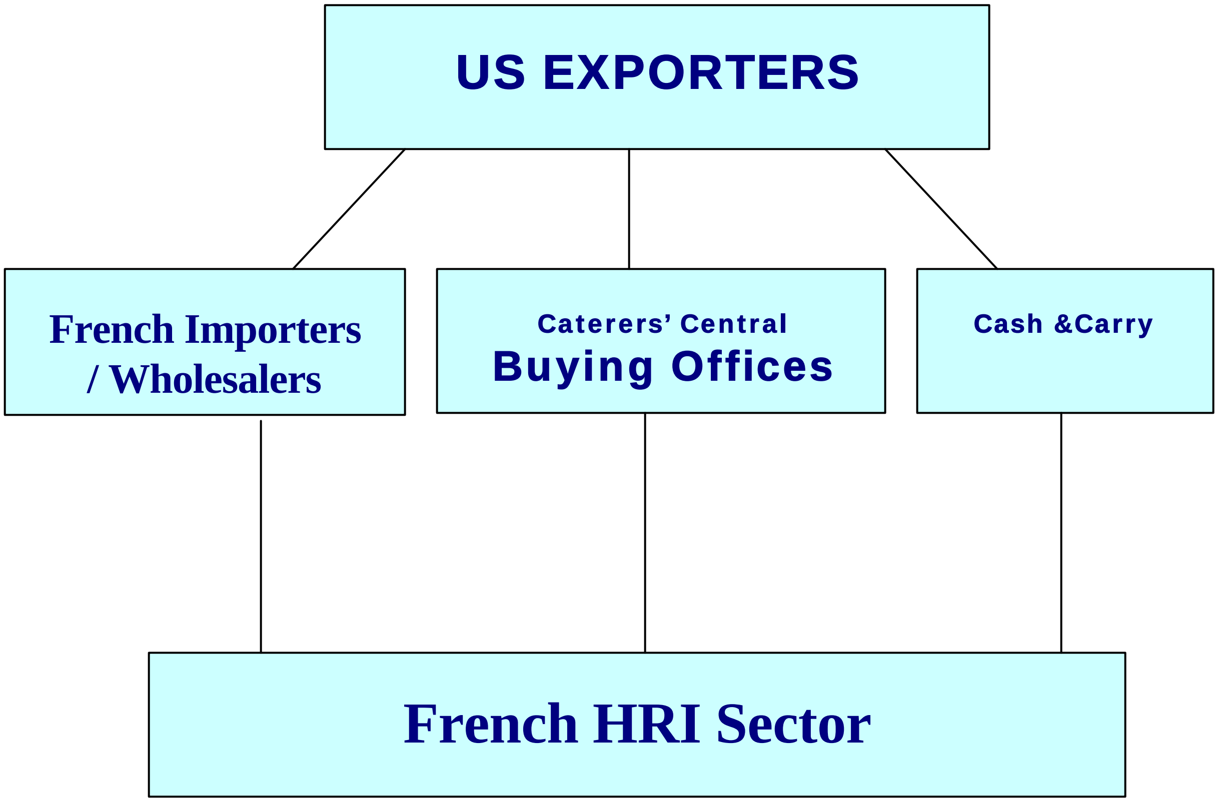
Source: Neo-Restauration Magazine
N/A: Not Available

Other Institutional Catering Sector: Army and Prisons

Sales in this segment of the institutional catering sector totaled $2.1 billion, or 11 percent of the market. Lack of available data makes it difficult to project annual growth and to identify any opportunities for U.S. suppliers in this segment.

2.2 Entry Strategy

The diagram below indicates product flow in this market segment.



To ensure all sanitary and health requirements are fulfilled, major operators from the institutional catering sector often buy through central buying offices. These central buying offices are able to negotiate with potential suppliers based on specific requirements. Suppliers are selected mostly on the basis of price and quality.

3. Competition in the Commercial and Institutional Sectors

Local food and beverage products dominate the food service market. Of imported products, 75 percent originate from EU countries, which have the advantage of no duties and less restrictive regulations than third country imported products. The table below shows the major supply sources of imported food and beverages.

Product	Import Market Size in 2004 (in Billion $)	Major Supply Countries in 2004	Reasons for Strengths of Key Supply Countries
Fish and seafood	3.3	U.K., Norway, Spain, Denmark, Netherlands, USA	U.K. and Norway are both very price competitive and able to supply the fish and seafood varieties demanded by local consumers.
Sauces, salad dressings and seasonings	0.3	EU countries USA	Price competitive and no custom duties. However, the U.S. is able to supply a variety of ethnic/regional sauces.
Canned fruits and vegetables	0.3	West and Eastern Europe and Morocco	Price competitive. No duties for EU imports.
Bison meat	N/A	Canada USA	Although France is beginning to produce bison meat, Canada remains the major supplier. U.S. bison meat is less price competitive than the Canadian meat.
Wine	0.6	Italy, Spain, Portugal and New World wines, including USA.	Price competitive since no duties inside the EU. However, "exoticism" and quality create opportunities for U.S. wines.
Fruit juices	0.1	Brazil, Spain, USA	Lower prices from Brazil and Spain. However, Florida juices have a good image.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Given the growth for exotic cuisine, Tex-Mex products are growing, however, opportunities exist for other US/Regional cuisine such as Cajun.
Ready-to-eat meals	0.1	EU countries. China, Japan, India, Africa	France is a large manufacturer of ready-to-eat meals. Imports from other countries offer competitive prices.
Dried fruits and nuts	3.5	USA, Turkey, Israel, Iran	Lower prices from key supply countries. However, U.S. products lead in almonds and pistachios.
Fresh fruits (including grapefruits & Exotic fruits	3.5	Spain, Italy, Morocco, Israel, South Africa and USA.	Preference is given to EU suppliers and neighborhood countries having special tariff rates. However, Florida grapefruit is a market favorite.
Rice	0.3	Thailand, China, India, USA	France is a producing country. Thailand, China and India offer quality and low price products. USA rice has a premium image, is mostly exported brown to avoid higher import tariff of white rice.
Dry legumes (peas, lentils and beans)	0.1	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most of all other dry legumes (beans, and peas). USA competitors in the sector offer lower prices. The US advantage is quality and variety.

Sources: Various trade reports

4. Best Product Prospects

Frozen foods represent 20 percent of the product used in the food service industry. These products must be easy to use and unpack. Best opportunities for U.S. frozen foods in the food service sector are for fish and seafood, meat, fruits and vegetables, frozen deserts (such as cakes and ice creams), ready-to-eat meals and ethnic/regional sides or meals and bison meat. There is also demand for salad dressings, tomato sauces and spices.

Other opportunities for U.S. suppliers include: salad dressings, fruit juices and soft drinks (including flavored spring waters), dried fruits and nuts, fresh fruits including grapefruits and exotic fruits, vegetables, frozen foods (ready-to-eat meals and specialty products), snack foods, tree nuts, ethnic products, seafood, soups, breakfast cereals, bison meat, rice and pulses.

5. Post Contacts and Further Information

The Office of Agricultural Affairs of the American Embassy in Paris can supply any U.S. companies with the complete list, addresses, telephone/fax numbers, Emails and contact names of the major players in the HRI/Food Service sector. Just contact:

Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08, France
Tel: (33-1) 43 12 2264
Fax: (33-1) 43 12 2662
Email: agparis@usda.gov
Internet: www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage. The Office of Agricultural Affairs homepage includes information on the Retail Food and Food Processing Sectors, U.S. Exporters Guide information, Food Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, and upcoming promotional trade shows and fairs in France.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page of the U.S. Department of Agriculture at:

www.fas.usda.gov